

Report for September 2002 Quarter

Principal Points

PRODUCTION

- Short production quarter at Southland as July was dominated by the longwall move to SL3. Run-of-mine production for the quarter was nonetheless a disappointing 177,000 tonnes, 130,000 tonnes less than budget.
- Elevated risk management at Southland in response to a series of roof falls at the longwall face during September. Poor ground conditions are expected to continue until December but measures have been taken to further mitigate risk and lift production.
- For October, Southland's run-of-mine production was 67,000 tonnes to 22 October – in line with budget for this period. Updated 2002-03 outlook is to mine 1.4 to 1.7 million tonnes, comprising 1.3 to 1.5 million tonnes coking coal and 0.1 to 0.2 million tonnes steaming coal, with two-thirds being in the second half.
- Gold production of 14,430 ounces at a low cash operating cost of \$216/oz and total cost of \$426/oz. Mined 75,000 tonnes of ore grading 7.4g/t (containing 17,800 oz gold) and over 6 months supply of gemstone.
- Forecast 2002-03 gold production at Gympie Eldorado has increased to 65,000 ounces and may increase further if the mill is able process additional ore.

EXPLORATION

- Launched 3-year \$25 million Gympie Exploration Program - the largest exploration program in Queensland.
- Further mineralisation intercepted 700 metres west of mine area in the Partridge Graben.
- Mineralisation intercepted on the Inglewood Structure 700 metres along strike to the north of mine area. This potentially doubles the known mineralised strike length of this major gold feeder structure, which has already produced 2 million ounces.
- Also, strong geophysical evidence of Inglewood Structure striking further north and south of mine area.
- Stockwork ore zones intercepted near recent Lewis Decline extensions, including 23.5 metres at 10.1g/t.
- At Southland, starting in-fill drilling and seismic program to refine long-term mine layout and commenced planning for potential small open-cut project on existing mining leases.

MARKETING

- Coal export sales during the quarter were to Japan, Korea and South America. . A third contract has been secured with Brazilian steel mills, with a trial shipment planned for January 2003.
- Gympie Gold® Gemstone revenue exceeded \$500,000 for the quarter.

CORPORATE

- Operating results for the September quarter have been negatively impacted by some \$6 million due to production setbacks at Southland significantly reducing revenue and increasing costs.
- Cash and gold bullion at quarter-end totalled \$15 million after reducing short-term loans.
- Gold hedging is now only 27% of resources and will reduce further.
- Currency hedging in place for half of expected coal sales over next 15 months at \$A/\$US rate of 0.542

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CORPORATE OVERVIEW

Gympie Gold Limited has two principal businesses:

- **Gympie Eldorado Gold Mines** has re-established production from the high-grade Gympie Goldfield in southeast Queensland. The core activity of exploring for large, high-profit gold orebodies is supported by mine development and gold production. Gympie Gold® Gemstone is also extracted, processed and marketed internationally as a range of high value-added products.
- **Southland Coal** controls the strategically important Greta Seam and produces high-quality coking coal in the Hunter Valley, New South Wales. Southland Coal products include Australia's lowest ash, highest-fluidity metallurgical coal which also has exceptionally high calorific value.

Gympie Gold Limited's objective is to generate above-average returns to shareholders, as has been achieved over the past 6 years, during which time the company has delivered shareholder returns averaging about 18% per annum as at 30 September 2002. In that time the company has made two equal access share buybacks and the market capitalisation has increased 2.5 times while the shares on issue have increased only 26%.

Business Plan Update

Priorities for the 2002–03 financial year are to:

- Continue to implement the major gold exploration program at Gympie Eldorado to substantiate estimates of the plus 6 million ounce potential while targeting to maintain excellent historical discovery costs of \$14 per ounce of resource;
- Substantially increase sales of coal and, to a lesser extent, gold;
- Reduce unit costs at Southland Coal by efficiency improvements and scale economies through implementation of alliance agreement with Thiess and, at Gympie Eldorado, by integrating the two mine operations and increasing mechanisation;
- Extend the Gympie Gold® Gemstone business further to new markets and downstream into Gympie Gold® Jewellery as gemstone recovery from the mines permits; and
- Take advantage of opportunities to maintain and improve current \$A product pricing, which for both gold and coal is higher than the average prevailing in the past 10 years.

Full-Year Financial Results

The Company reported a \$2.5 million loss after tax was reported for the 2001-02 financial year, partly the result of low production at Southland as it ramps up to output exceeding 1.5 million tonnes per annum and partly the result of a conservative approach taken in charging the start-up and remediation costs against profits. During the 2001-02 financial year there was very strong growth at both the gold and coal operations, resulting in sales revenue increasing 76% over the previous year to \$85.0 million. The cash operating surplus increased by 31% to \$17.5 million.

Profit Outlook for 2002-03

Southland is not expected to move into profitability until production from underground increases to a rate of at least 100,000 tonnes per month. Underground production is expected to be in the order of 450,000 tonnes for the first half of the 2002-03 year and 900,000 tonnes for the second half of the 2002-03 year. Production delays significantly reduced revenue and increased costs at Southland during the September quarter, negatively impacting operating results by approximately \$6 million. Southland's poor operating result during the first-half of 2002-03 will outweigh the profitability of Gympie Eldorado and lead to a group operating loss for the first half.

Financial Position

Cash at quarter-end totalled \$15 million. A \$32 million loan facility with a new banking syndicate was finalised during the quarter. This facility replaced an existing smaller short-term loan facility, thus enabling more funding capacity and flexibility.

Convertible Notes

The initial interest payment on Convertible Notes was paid on 30 September 2002. Noteholders receive interest payments at a fixed rate of 8.5% per annum on the \$A1.00 Issue Price. The initial interest payment was for the 99-day period from 24 June 2002 (the Issue Date) to 30 September 2002. This equates to 2.305% for the period or \$A23.05 per 1,000 Convertible Notes.

Gold and Currency Hedging

Some hedging is seen as necessary insurance and the general rationale of our hedging policies is to protect the company's exposure where a change in product pricing would be damaging, but to leave upside potential uncapped as much as practical.

The gold hedge book was restructured during the quarter and less ounces are now committed in the 2002-03 financial year, providing some flexibility to deliver into the spot market rather than forward contracts.

Only 27% of Mineral Resources at Gympie Eldorado are subject to price caps (hedging commitments). The remaining 73% of resources and additional gold discovered is exposed to gold price movements.

During the quarter, a total of 13,971 ounces were sold at \$A529/oz. Combined with revenue received from by-products, aggregate revenue received per ounce of gold sold was \$A572/oz for the quarter.

Gold Hedging Position as at 30 September 2002

Disclosure as per Australian Gold Council standard		02-03	03-04	04-05	05-06	06-07	Totals/ Averages
Total Hedged (Forward Sales)	ounces	42,000	74,100	36,000	36,000	18,000	206,100
Estimated Net Realisable Price	\$A/oz	530	530	520	520	520	526

- Estimated Net Realisable Price is after allowing for gold lease fees on all ounces, which are fixed until August 2003 or later, and then assumed to be 1.0% per annum thereafter.
- Margin calls do not apply to gold hedging contracts.
- Mark-to-market of negative \$A21 million at quarter-end gold price of \$A590/ounce.
- No options, contingent hedging contracts or foreign exchange contracts exist in relation to gold operations.

As at 30 September, \$US44.0 million of coal revenues were hedged at an average \$A/\$US rate of 0.542 with a forward-sale commitment schedule spread over 15 months. This insures the \$A price of approximately half of coal sales expected over that period. The negative mark-to-market value of this position is approximately \$A2 million at the quarter-end \$A/\$US spot rate of 0.543.

The \$A coal price received by the Company in 02-03 should be about 15% more than achieved in 01-02 because of the lower \$A/\$US rate and higher contracted \$US per tonne prices for 02-03.

GYMPIE GOLD® GEMSTONE

Gympie Gold® Gemstone revenue exceeded \$500,000 and has increased steadily since this new business innovation was launched. Long-term profit potential is significant.

SOUTHLAND COAL, HUNTER VALLEY NSW

Safety and Environment

The colliery continues to have a lost time injury frequency rate of less than 10 which is best-quartile for underground coal mines in New South Wales.

No significant environmental incidents occurred during the quarter. Southland continues to remove old coal refuse and revegetate land associated with coal production by previous operators over some decades.

Alliance with Thiess

In early 2001, Gympie Gold entered into a strategic alliance with Thiess on the following basis:

- An \$11 million investment by Thiess for a 10% joint venture interest in the Southland Colliery;
- An initial operating contract based on a schedule of payment rates for the extraction and development of longwall panels SL2 (completed June 2002) and SL3 (commenced July 2002) and the development of SL4; and
- An alliancing contract to operate the colliery after completion of the initial operating contract.

The commencement of this alliancing contract has, during the quarter, been brought forward to 1 November 2002 and covers the entire operation including mine, coal washery and despatch. It was agreed between Southland Coal and Thiess to bring forward the alliancing contract because of the following benefits to the project:

- Full transparency in cost and performance measurement, through an open-book approach;
- Integration of the management teams of owner and contractor;
- Minimisation of contractor's margin and administrative overheads; and
- Joint focus on long-term planning, including earliest achievement of 2 million tonne per annum production rate.

Thiess will still provide its extensive resources and capabilities but direction will flow from the alliance leadership team headed by Southland Coal as the principal owner.

Operations

Development of panel SL4 proceeded well during the quarter and advance of 1,695 metres was on target. The development rate for 2002-03 is forecast to average 1,600 metres per quarter, which can still support expansion of production to more than 2 million tonnes per annum within 2 years.

Raw coal production of 176,588 tonnes for the quarter was 130,000 tonnes lower than planned, principally because the longwall move to SL3 constrained production in July and localised ground conditions that adversely impacted production during September.

A zone of poor ground conditions (low angle in-seam thrust faulting) impacted on the operation and its effect has been exacerbated by the elevated abutment stress levels normally experienced at the commencement of any longwall panel. At Southland such stress typically occurs until the longwall production unit has advanced about 220 metres (plus or minus 15%) along the panel. As at 22 October 2002, the longwall has advanced some 200 metres into new longwall panel SL3.

Southland Production and Sales Statistics

		September 2002 Quarter	June 2002 Quarter	March 2002 Quarter	December 2001 Quarter	September 2001 Quarter
Development Advanced	metres	1,695	2,533	2,756	3,152	2,159
Raw Coal Produced "ROM"	tonnes	176,588	256,599	285,233	251,580	233,100
Washed Coal Produced	tonnes	173,224	243,629	262,585	248,120	205,262
Coal Sales (including purchases)	tonnes	267,252	281,281	303,843	272,217	260,245

Notes:

1. All figures quoted are for 100% of the project. Southland Coal's share is 90%.
2. Washed coal for the September 2002 quarter include 23,829 tonnes drawn down from raw coal stockpiles. Recovery from 177,000 tonnes of raw coal produced for the quarter will be approximately 160,000 tonnes.
3. Coal sales include 50,102 tonnes purchased and 22,173 tonnes of steaming coal recovered from surface coal dumps and sold to local power stations.

Conditions are expected to improve as the face advances through the faulted zone and abutment loads reduce on commencement of caving of the overlying strata. Based on extensive independent expert advice, ground conditions are predicted to progressively improve as mining advances through panel SL3.

Action taken to reduce the impact of the difficult ground and improve the advance rates includes:

- Grading the longwall unit up to mine the upper portion of the seam face – in essence to mine closer to stone roof to improve roof integrity;
- Effecting speedier roof support at the face by bolting into stone rather than relying on injecting polyurethane adhesive into coal;
- Reducing the longwall cutting horizon to increase face stability;
- Changing longwall procedures to reduce the span of unsupported coal in front of the longwall by advancing chocks immediately after the shearer has passed; and
- Converting longwall operations from a 5-day to a continuous 7-day roster.

These actions have been successful with October's run-of-mine production up to 22 October being 67,000 tonnes which is double that achieved for the same period in September. Steps are being taken to further improve the situation including the planned installation of a higher-capacity shearer in November, which will tighten control of the seam-cutting horizon at the longwall face.

Various measures are being examined to effect a catch-up with budgeted production of about 1.5 million tonnes for the full 2002-03 year but it is clear that ground conditions will constrain first-half production. Updated 2002-03 outlook is to mine 1.4 to 1.7 million tonnes comprising 1.3 to 1.5 million tonnes coking coal and 0.1 to 0.2 million tonnes steaming coal, with two-thirds being in the second half.

A pre-feasibility study is in progress for open-cut mining of up to 2 million tonnes of steaming coal on existing mining leases. In-fill drilling and seismic studies have also commenced in order to refine long-term mine layout.

Marketing

Southland is a unique coal mine in the Hunter Valley and therefore has a long-term strategic role as an exporter of high-quality coking coal from the port of Newcastle – the world's largest coal port. Coal from the renowned Greta Seam is low ash, low phosphorous and also retains its fluidity for an exceptionally long period, thereby facilitating penetration into Europe and South American coking coal markets.

As an independent coal company, Southland Coal is able to add value to its products by its flexibility and ability to customise quality and service for a wide range of markets in North Asia, Europe, South America and the Indian sub-continent.

Coal export sales during the quarter were to Japan, Korea and South America. Market development during the quarter continued to focus on potential customers in Europe and South America. A third contract has been secured with Brazilian steel mills, with a trial shipment planned for January 2003.

GYMPIE ELDORADO- GYMPIE, QUEENSLAND

Safety and Environment

The improving safety record of the past several years unfortunately slipped during the quarter as the lost time injury frequency rate increased to 33. No single contributing factor is apparent for recent injuries, rather a series of sprains and strains resulting from diverse causes. Initiatives to re-inforce safety awareness and practices were implemented.

No significant environmental incidents occurred during the quarter.

Operations

Gold production of 14,430 ounces was consistent with budget for the September quarter and was nearly double the corresponding period last year. The cash operating cost for the September quarter was a low \$216/oz (\$US119/oz). Revenue of \$529/oz provided a strong cash operating margin of \$A313/oz (\$US172/oz).

Total production cost was \$213 /oz more than the cash operating cost at \$429/oz (\$US236/oz) for the quarter, as amortisation of drive development was unusually high due to several production areas in the Lewis Mine being completed.

Summary of Gold Production and Costs

Cost disclosure as per US Gold Institute standard.		September 2002 Quarter	June 2002 Quarter	March 2002 Quarter	December 2001 Quarter	September 2001 Quarter
Mine Development	metres	2,328	2,935	2,503	2,427	2,100
Ore Mined	tonnes	74,875	66,388	58,563	50,445	33,691
Mill Throughput	tonnes	60,073	65,127	52,582	41,746	35,034
Head Grade	g/t	8.16	8.65	8.29	9.95	7.01
Mill Recovery	%	90.0	93.3	93.1	96.6	96.1
Gold Produced	ounces	14,183	16,884	13,049	12,900	7,589
Gemstone Gold	ounces	247	236	206	664	250
Total Gold Production	ounces	14,430	17,120	13,255	13,564	7,839
Cash Operating Cost	\$A/oz	216	239	293	345	484
Total Cash Cost	\$A/oz	240	254	310	377	498
Total Production Cost	\$A/oz	429	278	415	485	693

Note: Appendix 1 at the end of this report contains detailed gold production and cost statistics.

Mechanised, bulk mining of Stockwork Block 6A increased ore mined to a record 74,875 tonnes, 14,802 tonnes more than mill throughput for the quarter. The primary sources of ore during the quarter were the Inglewood Lode in the Lewis Mine and Stockwork Block 6A in the Monkland Mine.

As part of the program to upgrade and debottleneck the processing plant, the SAG mill's girth gear and pinion were replaced. This planned shutdown constrained plant throughput for the quarter by more than 8,000 tonnes.

Mine development during the quarter focussed on:

- Extending the Lewis Decline to connect with the Monkland Mine by early 2003 and support production growth as well as exploration activities; and
- Developing level access from the Monkland Mine to the Museum Shoot on the Inglewood Lode, some 300 metres north of current mine stoping.

Forecast 2002-03 gold production at Gympie Eldorado has increased to 65,000 ounces and may increase further if the mill is able process additional ore.

GYMPIE EXPLORATION – SEPTEMBER QUARTER

Search for a Major New Gold System

A three-year \$25 million Gympie Goldfield Exploration Program has been launched. This is the largest gold exploration program in Queensland. This program is aimed at discovering a major new gold ore system analogous to the Inglewood-Stockwork-Gympie Vein System in the current mine area which has yielded over two million ounces since 1867. The success of this program is important to future growth at Gympie, and a more complete overview of its rationale and approach is presented later in this report.

This increase in the Company's commitment to exploration reflects recent improvement in the gold market and the substantial increase in geological knowledge achieved through exploration over the past five years.

The exploration budget for 2002-03 is \$7 million for drilling-based activities of which \$4 million is directed at grassroots targets mainly in the Gympie Goldfield. Exploration expenditure for the quarter totalled \$1.8 million. Grassroots exploration utilised two diamond drill rigs during the September quarter, and will increase to three diamond drill rigs during the December quarter.

Project generation work during the quarter included detailed ground magnetics and ground gravity surveys. By the end of the December quarter, these geophysical surveys are planned to have been completed over the entire length of the known Goldfield, particularly the interpreted extensions of the Inglewood Structure under cover of alluvium and barren caprock. These surveys will provide a valuable tool in the search for ore bodies, especially for targeting scout drillholes.

Exploration West of Mine Area

The **Partridge** prospect is located 500 to 1,200 metres southwest of the Lewis Decline (see Figure 4 on page 12). Infill drilling at 25 metre spacing continued on the recently identified 96,000 ounce Inferred Resource. The best grades occur where the Partridge Fault is in contact with carbonaceous sediments known as Productive Beds. The mineralisation is now interpreted to be packets of Gympie Veins along and across the Partridge Fault. Potential for the zone drilled is therefore for lesser tonnes but higher grades than stated in the published Inferred Resource.

A total of 19 diamond drillholes were completed during the quarter. Nearly all holes intersected gold mineralisation and encouraging results included:

Hole	From (metres)	Length (metres)	Grade (g/t gold)
G162	138	2.0	17.8
G162	144	3.5	34.8
G165	130	1.0	4.4
G167	89	3.0	3.1
G179	153	1.9	8.3

Follow-up drilling, particularly of hole G162, continues with a view to establishing an initial exploratory target for cross-cutting from Lewis Decline.

The **Inglewood Horst** prospect is located between the Partridge prospect and the Lewis Decline. Mineralisation interpreted to be packets of Gympie Veins has been intersected in two holes, with a best result of 6.2 g/t gold over 1.3 metres. Visible gold has been noted in two intersections.

Exploration of the Inglewood Structure North and South of Mine Area

The **Inglewood Hill** prospect is located north of current mine workings and any significant discoveries could be readily accessed from the Lewis Decline. During the quarter, two drillholes tested for extensions of the Inglewood structure. The first hole intersected 1 metre at 16.1 g/t gold from 120 metres downhole. The second hole intersected Inglewood lode style of mineralisation and contained visible gold (assays not yet available). The location of these drillholes is noted on Figure 5 on page 12. These intercepts potentially double the known mineralised strike length of this major gold feeder structure.

The **West Phoenix** prospect covers a large area 2 kilometres to 7 kilometres northeast of the current mine area. Interpretation of aeromagnetic data indicates that the Inglewood structure continues through the prospect under extensive cap rock and alluvial cover.

During the quarter, a scout hole was drilled to gain a better understanding of the geology in this area. In the projected position of the Inglewood structure, a zone of dolerite dykes and anomalous gold similar to the Inglewood was intersected.

Drilling of the West Phoenix prospect is planned to recommence in the December quarter after the results of detailed ground geophysical surveys enable better targeting of drillholes.

Similarly, drilling of the **Inglewood South** prospect is planned to commence soon, which will target potential southern extensions of the Inglewood Structure defined by the ground geophysical surveys.

Mine Exploration

In the **Monkland Mine** area, Drilling above Level 11 has intersected Stockwork mineralisation with the following encouraging results above **Stockwork Zone 6C**.

Hole	Horizontal Width (metres)	Grade (g/t gold)
K08	23.5	10.1
K16	10.1	14.0
K16	4.2	16.5

Follow-up drilling during the December quarter should delineate the extent of the mineralisation and establish a resource.

In the **Lewis Mine** area, three high-grade Inglewood Lode shoots are the Museum Shoot, the Great Eastern Shoot, and the Aurelia Shoot. Drilling is continuing on the Museum Shoot.

Infill drilling has delineated economic ore in the **Museum Shoot** between 10 Level and 14 Level. Drilling continues to return intercepts of good grade and results during the quarter include:

Hole	Horizontal Width (metres)	Grade (g/t gold)
M120	1.6	0.5
M121	2.2	2.9
M122	1.8	7.9
M123	0.5	5.5
M124	1.0	31.6
M125	1.7	17.7
M126	3.3	11.7

Development of the Museum Shoot has commenced on Levels 10 and 12.

OVERVIEW OF GYMPIE GOLDFIELD EXPLORATION PROGRAM

A three-year \$25 million Gympie Goldfield Exploration Program was launched during the September 2002 quarter and is aimed at discovering a major new gold ore system analogous to the Inglewood- Stockwork-Gympie Vein System in the current mine area which has yielded over two million ounces since 1867. If only 2 million ounces are found, the resulting discovery cost of about \$12 (US\$7) per ounce would be slightly better than the industry average but would compare with our historical discovery cost of \$14 per ounce at Gympie.

Substantial prospects identified in the Gympie Goldfield range from conceptual targets to actual discoveries, which in total, could host over 6 million ounces of gold. Most prospects are in low confidence categories (ie. "high risk") due to limited information - only 20 drillholes have been drilled more than 500 metres from the current operations area. Gympie Gold holds the mineral rights for the entire Goldfield and surrounding district.

This overview summarises recent advances in understanding of the Gympie Goldfield, particularly stratigraphy, mineralisation feeder structures, extensions to the key Inglewood Structure, effective tools to explore beneath cover rocks, and the advantages of utilising the Lewis Decline to explore and then access new discoveries.

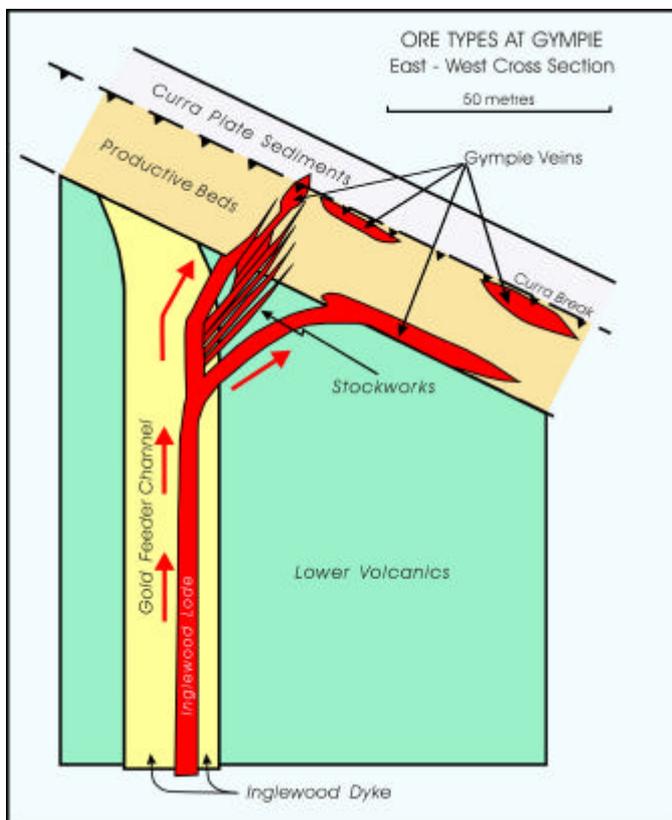


Figure 1 : The Inglewood Lode has been the main orebody for the past 6 years. It was the feeder channel for the two other major ore types: bulk-mineable stockwork orebodies and high-grade Gympie Veins, which provides gemstone and a grade sweetener to ore production.

The Importance of Stratigraphy

Curra Plate sediments are un-mineralised shales and limestone that were thrust over the Productive Beds by the Curra Break fault.

Productive Beds comprise carbon-bearing sediments and volcanics which help Gympie Veins to form and be highly enriched in gold.

Lower Volcanics contain many quartz veins but Gympie Veins and Stockworks in the Lower Volcanics are often low grade, probably due to the lack of carbon.

The Inglewood Structure, on the other hand, has produced 600,000 ounces of gold from the Lower Volcanics, because the

Inglewood Lode is wide (1 to 7 metres) and occurs extensively within the favourable Inglewood Dyke and gold deposition is thus not controlled by the occurrence of carbon.

Geophysics Has Identified New Prospects - Major Extensions to Inglewood Structure

The Inglewood Structure was the feeder channel that introduced gold into Gympie Veins and Stockwork orebodies in the mines. Recent reprocessing of the airborne magnetic data has identified possible extensions of the Inglewood Structure to the northwest and southeast of the current mining area (see Figure 2). These extensions are concealed by the Curra Plate and are unexplored. The total length of the Inglewood Structure is now interpreted to be at least 10 kilometres.

Detailed ground magnetics and ground gravity surveys are being undertaken to confirm the position of the Inglewood Structure and other potentially mineralised structures.

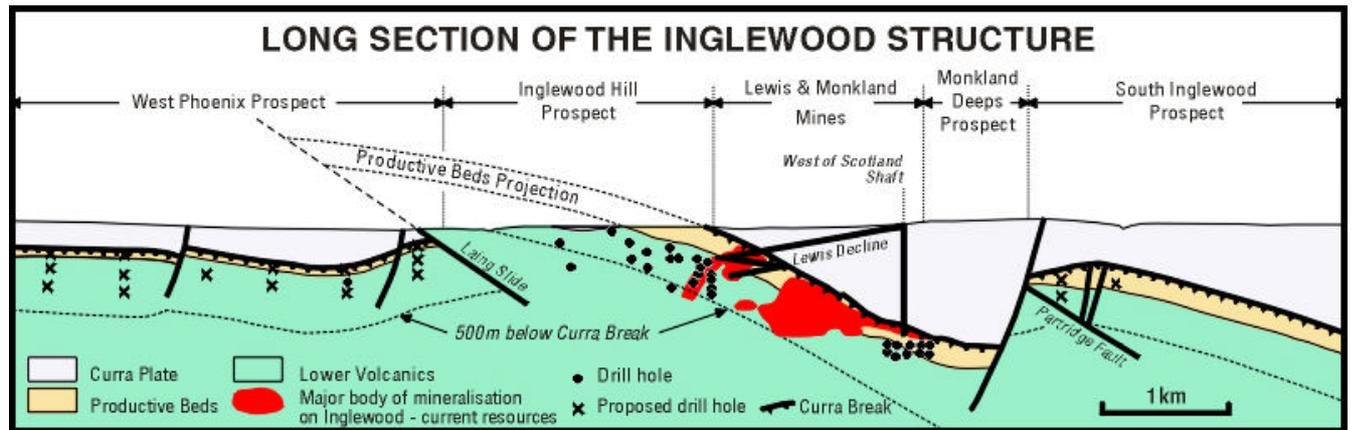


Figure 2. Long Section of the Inglewood Structure (the dashed line in Figure 3 below) showing prospect areas. Note that the two-kilometre long area of the Lewis & Monkland Mines has produced 2 million ounces since 1867. This Inglewood Structure has now been identified beneath shallow cover and extends for 10 kilometres - a major exploration target.

The Importance of Cover Rocks and Alluvial Cover

The old time miners at Gympie started on outcropping reefs and progressively followed the "Productive Beds" under the barren cover rocks of the Curra Plate, finding veins at depth. Most of the gold production came from beneath the barren cover rocks. Exploration was done by shaft sinking, so that concealed areas some distance away from areas of outcropping gold reefs received little or no attention.

An equal deterrent to early exploration was the alluvial cover of the Mary River. There were no shafts sunk through the river alluvium for fear of flooding. Many areas of Productive Beds were not discovered because the Productive Beds are soft and tend to be eroded and covered by river gravel.

Gympie's Exploration Technology For Exploring Beneath Alluvial Cover

A simple, effective method to find shallow gold ore systems concealed by alluvial cover was developed.

A grid of shallow aircore holes drilled at 50-metre centres penetrated the 5 to 20 metre thick river sands and collected a sample of the fresh bedrock. These holes are the grey dots in Figure 3.

Chemical analysis for a suite of elements in the fresh rock, including low levels of gold showed areas of anomalous chemistry. These "aircore geochemical anomalies" are marked in purple in Figure 3.

This method worked well: initial follow-up diamond drilling on a selection of the anomalies hit potentially ore grade gold mineralisation in over 60% of the anomalies tested. This geochemical tool will be refined further by using the recently completed geophysics discussed above.

Only one of the 20 anomalies from the aircore drilling has been systematically drilled out to date - the Partridge Prospect which is located only 700 metres southwest of the Lewis Decline

The Strategic Importance of the Lewis Decline

The new Lewis Decline is a large, modern tunnel that can transport more than 1 million tonnes of ore a year, many times its current production. It can be extended to provide access to mine extensive parts of the goldfield. The Lewis Decline is marked on Figure 3 - note its proximity to the Partridge prospect and the Inglewood Hill prospect which are discussed below.

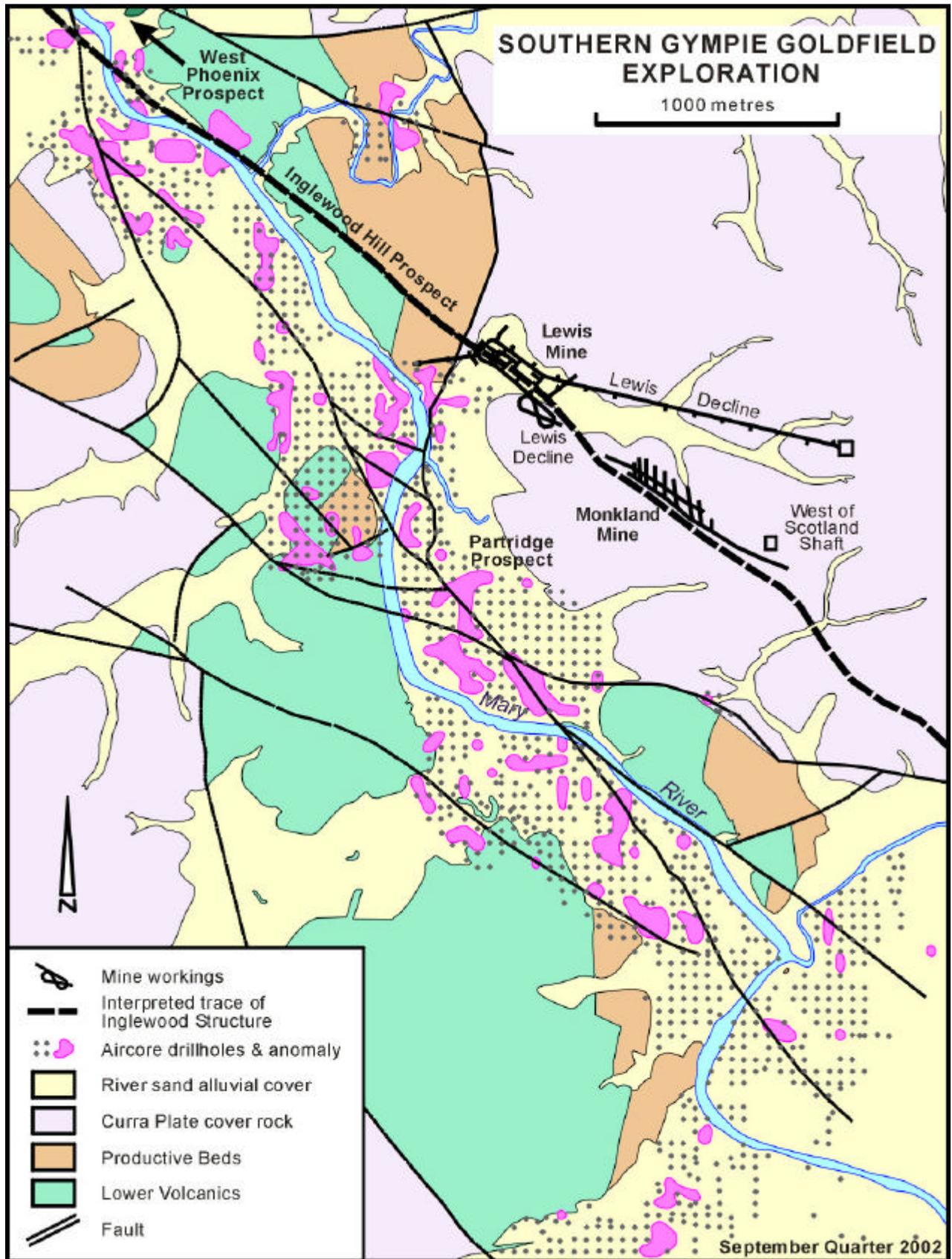


Figure 3: Map of the Southern Gympie Goldfield showing current operations, alluvial covered areas (light yellow) and aircore geochemical anomalies (light purple patches).

Partridge Prospect

The Partridge prospect is located approximately 700 metres southwest of the Lewis Decline (see Figure 4). The prospect consists of a structural wedge of Productive Beds in a down-faulted block ("Graben") which is bounded by the Partridge Fault at the base, Bronwyn's Fault to the west and the Curra Break at the top. The Partridge Fault is a carbon-bearing fault zone containing gold-rich quartz veins resembling Gympie Veins. Bronwyn's Fault or the Footwall Structure may be feeder structures similar to the Inglewood Structure.

Partridge prospect was discovered by drilling beneath the aircore geochemical anomalies as shown in Figure 3 above. An Inferred Resource of approximately 96,000 ounces of gold has been estimated for the area tested to date, which confirms that the aircore geochemical method is capable of discovering concealed orebodies beneath alluvial sediments at Gympie.

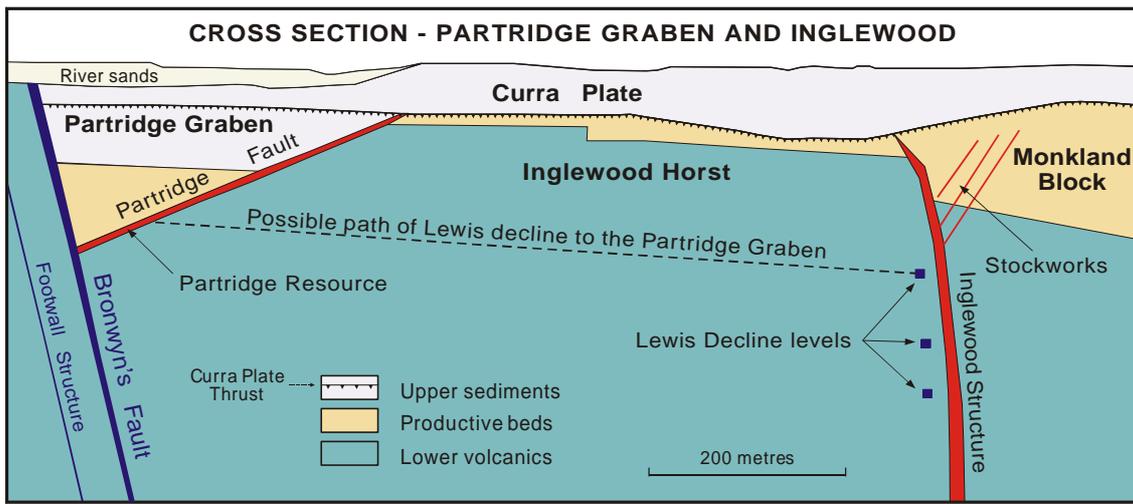


Figure 4: Cross Section looking northwest from Partridge Prospect to Lewis Decline.

Inglewood Hill Prospect

The Inglewood Hill prospect is the extension of the Inglewood Structure to the north of current operations in the Lewis-Monkland Mines. Shoots of higher grade Inglewood ore and associated stockwork orebodies are targeted. Initial work in October 2001 generated immediate success in discovering the Aurelia Shoot. This discovery resulted from research of historic data combined with an application of the 'Shoot Model' of high-grade gold zones plunging north within the Inglewood Structure.

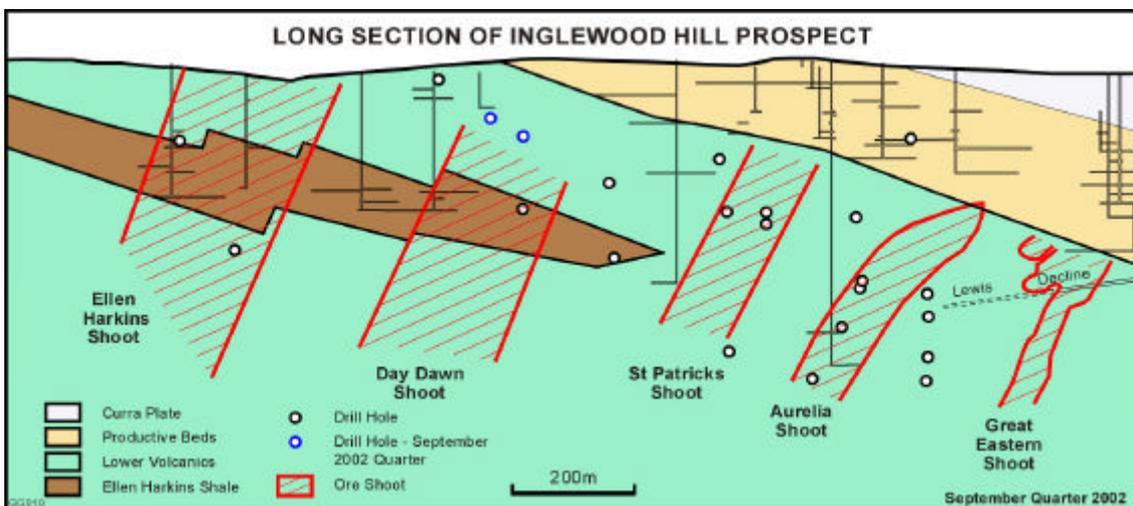


Figure 5. Inglewood Hill section looking northeast (note Lewis Decline on right side).

Analysis of Work Programs, Expenditure and Outcomes

Significant prospects at various stages of testing have been identified. Work in each stage consists of:

- **Stage 1: Prospect generation** work includes research of historical records, re-logging core, field mapping and sampling, aircore drilling, geophysical programs and geological interpretation of all results to identify targets.
- **Stage 2: Scout drilling** includes a few strategically, broadly spaced drill holes to test a concept or geochemical anomaly. This drilling is designed to **validate** a target or prospect.
- **Stage 3: Target drilling** commences once positive indications of mineralisation are obtained or a potentially mineralised structure is validated from Stage 2 drilling. Stage 3 work is designed to **discover** zones of mineralisation and make an estimate of **resource potential or** in some circumstances an estimate of Inferred Resources.

In terms of discovery cost, the industry benchmark is \$20 per ounce to resource stage. Conversion of resources to reserves is generally around another \$20 per ounce for open cuts and \$40 per ounce for underground mines. At Gympie to date, our cost of discovery to resource stage has been \$14 per ounce and the cost of conversion to reserves has been an additional \$17 per ounce, including both infill drilling and mine development.

Exploration Work Program & Schedule

The main prospects are listed below along with the staged exploration programs and drilling timetables based on current prioritisation.

Year	2002-2003				2003-2004				2004-2005			
Quarter	Sept Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sept Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sept Qtr	Dec Qtr	Mar Qtr	Jun Qtr
"Surface" Prospects	B denotes decision point											
Project Generation	Geophysics											
1. Partridge	16DD, 3000m		20DD, 4000m									
2. Greater Partridge	12DD, 3600m				12DD, 3600m							
3. Inglewood Horst	6DD, 1300m				9DD, 1800m							
4. Inglewood Hill	10DD, 3000m						20DD, 6000m					
5. Calico Creek	14RC				30RC/DD, 3200m							
6. Butterfly					6DD, 1200m				20DD, 5000m			
7. John's Fault	3DD, 600m				9DD, 1800m							
8. West Phoenix	6DD, 3000m				12DD, 6000m							
9. South Inglewood	3DD, 1800m				9DD, 5400m							
10. Two Mile Feeder					6DD, 1500m				12DD, 3000m			
11. Great Northern Block					5DD, 1500m				10DD, 3000m			
12. Dawn Block	6DD, 1200m								20DD, 3600m			
Cumulative Totals (Surface)												
Cumulative drill metres	3,620	10,000	15,054	20,300	27,000	34,000	40,900	47,700	54,000	60,300	68,000	69,900
Drill Rigs	1DD, 1RC	2DD	3DD	3DD, 1AC	3DD/1RC	3DD/1RC	3DD	3DD	3DD	3DD	3DD	1DD

Figure 6: Three Year Exploration Program and Schedule For The Major Prospects.

Milestones foreshadowed as at October 2002:

1. Twelve surface prospects tested to the end of Stage 2 decision points for \$6 million in 15 months.
2. Remaining prospects to be tested to end of Stage 3 decision points for a further \$10 million in 3 years.
3. Three underground mine prospects tested to end of Stage 3 in 2 years.

Concluding Note: *The Gympie Gold Exploration Philosophy*

- We control the entire Gympie Goldfield, one of Australia's top 10 historical goldfields.
- We established the first modern operations, gaining knowledge and operating cashflows to support exploration.
- We built up a top quality exploration team with over 100 man-years of successful experience combined with the vigour of talented younger staff. The exploration team is headed by Ron Cunneen with Bruce McQuitty leading grassroots prospecting.
- We established the Lewis Decline access tunnel to assist exploration and conversion of discoveries to production.
- We subject the exploration process to quarterly reviews and re-prioritisation. This review includes external specialist consultants, independent Director Roy Woodall and our General Manager Development, Ian Levy.
- We recently triggered the turbo-charging of our exploration programs in light of our assessment of prospectivity, our organisational readiness and in response to the higher gold price outlook.
- We believe smaller companies that survived the tough times of the past 10 years are better explorers than the major companies but we also believe that Gympie Gold is particularly better positioned because of the foregoing facts.

CORPORATE INFORMATION

Directors

Michael Darling	Chairman
Harry Adams	Managing Director
John Leach	Finance Director
Peter Cadwallader	Director
Chris Rawlings	Director
Roy Woodall AO	Director
Anne Adaley	Company Secretary

Senior Group Management

Harry Adams	Managing Director
John Leach	Finance Director
Ron Cunneen	General Manager, Gold Exploration
Garry Hall	General Manager, Gemstone
Peter Hayes	General Manager, Coal Operations
Rowan Johnston	General Manager, Gold Operations
Ian Levy	General Manager, Corp Development
Bob Reynolds	General Manager, Coal Marketing

Issued capital

At 30 September 2002, Gympie Gold Limited had on issue 156.7 million ordinary shares, 9.0 million unlisted options at various exercise prices and 40.0 million notes convertible into 30.0 million ordinary shares.

Stock exchange listings

Gympie Gold Limited's shares and convertible notes trade on the Australian Stock Exchange (ASX) and the Alternative Investment Market (AIM) of the London Stock Exchange with the following codes:

Exchange	Shares	Notes
ASX	GYM	GYMG
AIM	GGD	GGDA

Substantial shareholders

At 30 September 2002, the substantial shareholders (beneficial holders of more than 5%) were:

Pilatus Capital Limited	25.1%
Commonwealth Bank Group	7.4%
ING Australia Holdings Limited	5.4%

Further information on Gympie Gold

Visit www.gympiegold.com.au or contact:

Mail: Level 9, Gold Fields House
1 Alfred Street Sydney NSW 2000
Tel: +61 2 9251 2777
Fax: +61 2 9251 2666
Email: info@gympiegold.com.au

To be notified by email of future announcements, simply send an email to info@gympiegold.com.au with "subscribe email alerts" and your name.

Shareholder enquiries

Computershare Investor Services Pty Ltd manages both the share register and convertible note register for Gympie Gold.

Queries regarding number of shares held, change of address and other matters regarding your shareholding should be directed to Computershare. You can access required forms and information regarding your shareholding on their website at www.computershare.com, or alternatively contact Computershare at:

Australia

Tel: 1 300 557 010 (within Australia)
+61 3 9615 5970 (outside Australia)
Mail: Level 2, 45 St George's Terrace,
Perth WA 6000

United Kingdom

Tel: 0870-7020003 (within UK)
Mail: PO Box 82, The Pavilions, Bridgewater
Road, Bristol BS99 7NH

APPENDIX 1 – GOLD STATISTICS

Gold Production Cost Statistics

(Presented in accordance with US Gold Institute standard)

	September 2002 Quarter		June 2002 Quarter		March 2002 Quarter		December 2001 Quarter		September 2001 Quarter	
	\$A000	\$/oz	\$A000	\$/oz	\$A000	\$/oz	\$A000	\$/oz	\$A000	\$/oz
Direct mining expenses	3,669		4,703		4,362		4,913		4,116	
By-product credits	(603)		(618)		(507)		(213)		(471)	
Cash Operating Costs	3,066	216	4,085	239	3,855	293	4,696	345	3,759	484
Royalties	339		261		186		193		105	
Total Cash Costs	3,405	240	4,346	254	4,042	310	4,892	377	3,864	498
Depreciation	850		100		764		746		657	
Amortisation/Write-offs	1,795		281		624		939		831	
Reclamation	30		30		30		30		30	
Total Production Costs	6,080	429	4,757	278	5,461	415	6,607	485	5,382	693

Notes: 1) By-product credits represent sales of waste, silver and gemstone. Gemstone production is treated as stock until sold by the marketing department or by our marketing joint venture to third-party customers. It is then shown as by-product credit. 2) Mine exploration expenditure is treated as either "Direct mining expenses" or "Amortisation" depending on the time horizon of the exploration. All other exploration expenditure outside of the mine area is capitalised, the carrying value reviewed regularly and then expensed under the category of "Write-Offs". 3) Inventory build-up totalling \$1.7 million is included in "Direct Mining Expenses" for the September 2002 quarter. 4) A total of \$3.6 million was spent on mine development in September 2002 quarter, including \$2.6 million on extending the Lewis Decline.

Gold Development and Production Statistics

	September 2002 Quarter		June 2002 Quarter		March 2002 Quarter		December 2001 Quarter		September 2001 Quarter	
MINE DEVELOPMENT	Metres		Metres		Metres		Metres		Metres	
Metres on Ore	394		883		802		692		191	
Metres on Waste	1,934		2,052		1,701		1,735		1,909	
Total Metres Developed	2,328		2,935		2,503		2,427		2,100	
MINE PRODUCTION	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t
Inglewood Ore	33,661	8.0	28,675	10.2	23,971	10.0	21,781	9.3	21,113	7.0
Gympie Vein Ore	5,682	9.2	9,044	7.0	3,628	9.8	3,889	9.6	4,340	6.3
Stockwork Ore	25,188	6.4	4,486	10.9	3,383	6.6	9,469	11.6	2,548	5.9
Specimen Stone	1.1	0.7%	0.4	2.9%	0.4	2.1%	0.5	1.2%	0.1	6.7%
Development Ore	10,342	6.2	24,183	7.1	27,581	6.8	15,306	10.4	5,690	7.5
Total Ore Mined	74,875	7.4	66,388	8.7	58,563	8.4	50,445	10.2	33,691	7.1
TREATMENT PLANT	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t
Inglewood Ore	30,964	9.5	52,232	9.3	42,110	8.85	24,771	9.31	25,897	6.82
Carbonaceous Ore	3,535	12.0	0	0.0	--	--	1,322	9.52	1,129	6.35
Stockwork Blend Ore	25,573	5.7	12,895	5.8	10,472	5.74	12,699	9.65	2,817	5.94
High Grade	1.10	0.69%	0.28	1.10%	0.38	0.75%	0.45	0.78%	0.15	1.56%
Total Ore Treated	60,073	8.16	65,127	8.65	52,582	8.29	41,746	9.95	35,034	7.01
Mill Recovery Rate (%)	90.0		93.3		93.1		96.6		96.1	
Gold Produced (ozs)	14,183		16,884		13,049		12,900		7,589	
Gemstone Gold (ozs)	247		236		206		664		250	
TOTAL GOLD (ozs)	14,430		17,120		13,255		13,564		7,839	

Gympie Gold ® Gemstone is sold at prices which reflect its appearance and rarity – not gold content. Gemstone sales revenue is more than 7-fold the value of the contained gold.

Release date: 24 October 2002