

ASX Announcement & Media Release

28 August 2003

Full-Year Results and Update

Australian exploration, production and marketing company, Gympie Gold Limited, has reported another month of strong production from the Southland Colliery following the difficulties which severely impacted the Company's profitability and resulted in a loss after tax of \$22.9 million (2002 loss after tax of \$2.5 million) for the year ended 30 June 2003.

The Company also reported that it has recommenced drilling in the Gympie Goldfield after curtailing exploration earlier in the year to conserve cash.

Profitability for 2002-03 was severely impacted by production difficulties at the Southland Colliery from September 2002 to February 2003. Coal revenue was much less than planned due to production difficulties suppressing mine production by 300,000 tonnes to 1.2 million tonnes and shipping constraints delayed of 100,000 tonnes of sales into the 2003-04 financial year.

Managing Director, Mr Harry Adams, said "The result for the year is most disappointing and represents what can only be described as an unsatisfactory result. However, a number of changes have now been implemented at both Southland and Gympie Eldorado. A new operating regime at Southland has resulted in above-budget coal production since February and significantly reduced the possibility of similar production difficulties occurring again. At Gympie Eldorado, a reduced workforce has reduced costs."

Southland has continued to perform well with the operation already having produced over 200,000 run-of-mine tonnes for the month of August 2003. Mining of longwall panel SL3 will be completed in September and the existing longwall unit will be upgraded during the six-week transition to panel SL4. Coal sales will continue during this transition as coal stockpiles have been built up to more than 200,000 tonnes. Southland's forecast 2003-04 financial-year production is 1.8 to 2.2 million tonnes.

Mr Adams said "Now that Southland has performed well for six months, drilling prospective gold exploration targets has recommenced in the Gympie Goldfield. Also notable, is that 25%-owned Gympie regional explorer D'Aguilar Gold Limited was ASX-listed on 21 August 2003 (code DGR), having successfully completed its targeted \$4 million capital raising."

Summary of Group Financial Performance

(\$ millions)	2002-03	2001-02	Variance
Gold sales revenue	30.0	28.5	1.6
Coal sales revenue	66.0	56.5	9.6
Total sales revenue	96.1	85.0	11.1
Other revenue	0.8	0.7	0.1
Total revenue	96.9	85.7	11.1
Operating costs	(81.6)	(68.2)	(13.4)
Corporate costs	(4.2)	(3.8)	(0.4)
Earnings before interest expense, tax, depreciation and amortisation (EBITDA)	11.0	13.7	(2.7)
Depreciation and amortisation	(27.1)	(15.7)	(11.4)
Borrowing costs	(8.7)	(1.3)	(7.3)
(Loss)/profit before tax	(24.8)	(3.3)	(21.5)
Income tax benefit (expense)	1.9	0.8	1.1
(Loss)/profit after tax	(22.9)	(2.5)	(20.4)

Key points regarding the Group's 2002-03 financial performance are:

- Gold revenue increased 6% as an additional 4,248 ounces were sold;
- Coal revenue increased 17% due to a better \$A/\$US exchange being achieved in 2002-03. Coal revenue was much less than planned due to production difficulties suppressing mine production by 300,000 tonnes to 1.2 million tonnes and shipping constraints delaying 100,000 tonnes of sales into the 2003-04 financial year;
- Total operating costs increased in line with higher production and due to additional ground support costs being incurred at Southland;
- Depreciation and amortisation charges increased, reflecting increased production and the level of capital spent on the operations in recent years; and
- Increased borrowing costs reflect interest paid on the Convertible Notes for the first full year and a higher level of Group borrowings.

The Group is poised for improved operating results from 2003-04 because:

- Revenues are forecast to increase by at least 50%, due mainly to higher coal production but also due to continued marketing activities that add value to both coal and gold products;
- The new operating regime at Southland should ensure production is increased substantially while costs do not increase proportionately; and
- Gympie Eldorado's recent mechanisation and restructuring is achieving operating cost efficiencies.

Summary of Group Financial Position

(\$ millions)	2002-03	2001-02	Variance
Current assets	66.3	64.4	1.9
Non-current assets	159.7	138.4	21.3
Total assets	226.1	202.9	23.2
Current liabilities	61.1	38.8	(22.2)
Non-current liabilities	69.9	62.2	(7.7)
Total liabilities	131.0	101.1	(29.9)
Total equity	95.1	101.8	(6.7)

Total assets increased by \$23.2 million (11%) during the year, mainly due to:

- \$15.4 million increase in trade debtors and inventories, due to above-budget coal production during the June 2003 quarter and timing of coal shipments;
- \$15.7 million increase in the carrying value of gold exploration and development, reflecting the significant drilling of the Gympie Goldfield and development of the exploration decline undertaken during the year;
- \$8.4 million increase in the carrying value of property, plant and equipment, primarily relating to the purchase of a new shearer and replacement longwall components for the Southland Colliery; and
- Partially offset by a \$17.7 million decrease in cash.

Total liabilities increased by \$29.9 million (30%) during the year. This was mainly due to a \$20.1 million increase in borrowings, reflecting the draw down of a corporate loan facility. During the year ending June 2004 it is planned to replace a two year banking facility with a longer term facility. At the date of this report the directors are considering various options in conjunction with the Group's major lender to determine the most appropriate type of debt structure and are confident in their expectation that the funding needs of the group will be met.

Borrowings at 30 June 2003 totaled \$94.7 million, comprising \$36.1 million of secured medium-term loans, \$7.3 million of equipment leasing, \$11.3 million of non-recourse stock/debtors revolving finance and \$40.0 million of unsecured convertible notes redeemable in 2007.

Shareholders' equity decreased by \$6.7 million (7%) during the year, which reflects the net loss of \$22.9 million, partially offset by a \$16.2 million increase in contributed equity, primarily from the placements and Share Purchase Plan completed during the June 2003 quarter.

Summary of Group Cash Flow

(\$ millions)	2002-03	2001-02	Variance
Net cash inflow/(outflow) from operating activities	(3.1)	13.6	(16.7)
Net cash outflow from investing activities	(43.9)	(48.5)	4.6
Net cash inflow from financing activities	29.3	52.1	(22.8)
Net increase/(decrease) in cash held	(17.7)	17.2	(35.0)
Cash at end of financial year	7.8	25.5	(17.7)

The poor performance of the Southland Colliery was primarily responsible for net cash outflows of \$3.1 million from operating activities for the 2002-03 year.

Net cash outflows from investing activities of \$43.9 million are comprised primarily of:

- \$6.4 million for plant and equipment and \$13.6 million for mine development at Southland; and
- \$16.2 million for exploration (including exploratory development) and \$6.1 million for mine development at Gympie Eldorado.

Net cash inflows from financing activities during 2002-03 included \$15.4 million from share capital raisings and a net increase in borrowings of \$17.1 million.

Southland Coal Statistics

	2002-03	2001-02
Production Statistics (100%)		
Development advanced (metres)	6,005	10,600
Run-of-mine coal produced (tonnes)	1,260,857	1,026,512
Washed coal produced (tonnes)	1,155,996	959,596
Coal sales including purchases (tonnes)	1,261,143	1,117,586
Profit & Loss Summary (\$ millions)		
Revenue	66.1	56.7
Operating cost	(59.6)	(48.5)
EBITDA/(loss)	6.5	8.2
Depreciation & amortisation	(18.2)	(10.3)
Profit/(loss) before tax	(11.7)	(2.1)

Gympie Eldorado Gold Statistics

	2002-03	2001-02
Production Statistics (100%)		
Gold production (ounces)	55,368	51,702
Cash operating cost (\$/ounce)	350	317
Total cash cost (\$/ounce)	365	331
Total production cost (\$/ounce)	521	429
Profit & Loss Summary (\$ millions)		
Revenue	30.3	28.6
Operating costs	(21.7)	(18.9)
EBITDA	8.6	9.7
Depreciation & amortisation	(8.8)	(5.4)
Profit before tax	(0.2)	4.3

CORPORATE INFORMATION

Directors

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

Senior Group Management

Harry Adams	Managing Director
Arthur Gillen	Chief Financial Officer
Peter Hayes	Chief Operating Officer
Garry Hall	General Manager, Gemstone
Ian Levy	General Manager, Corp Development
Bruce McQuitty	Exploration Manager, Gold
Bob Reynolds	General Manager, Coal Marketing
Rob Scargill	General Manager, Gold Operations

Issued capital

At 30 June 2003, Gympie Gold Limited had on issue 206.4 million ordinary shares, 12.0 million unlisted options at various exercise prices and 40.0 million convertible notes.

Interest is paid on the convertible notes at 8.5% per annum on the A\$1.00 face value. The next quarterly interest payment on the convertible notes is on 30 September 2003, payable to noteholders recorded on the register on 22 September 2003. Holders of the notes may convert one note into 0.7567 of an ordinary share.

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

Further information on Gympie Gold

Visit www.gympiegold.com.au or contact:

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To be notified by email of future releases, 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:

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Perth WA 6000

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Road, Bristol BS99 7NH

In this report the words Gympie Gold, "the Company" or the "the Group" are used to refer to Gympie Gold Limited and/or its related parties. Gympie Eldorado or Gympie Eldorado Gold Mines refer to Gympie Eldorado Gold Mines Pty Limited. Southland or Southland Coal refer to Southland Coal Pty Limited.

Gympie Gold's financial year ends on 30 June. All currency is expressed in Australian dollars. All weights expressed in ounces are troy ounces.

Some of the statements contained in this report are not historical facts but may be forward-looking statements such as forecasts, estimates and statements describing the Company's future plans, objectives or goals. Actual results could differ materially from those expected. This report should not be relied upon as the sole basis for any investment in Gympie Gold. Independent financial advice should be sought before making any investment in Gympie Gold.
