JPMorgan

26 July 2004

Gympie Gold Limited ("Gympie Gold") ACN 000 759 535
Receivers and Managers appointed
Administrators appointed

Memorandum to Noteholders

The second statutory meeting of creditors of Gympie Gold (adjourned from 2 June 2004) will be held at 11.00 am on Wednesday 28 July 2004 at the Auditorium, 10 Shelley Street, Sydney NSW 2000. Richard McCarthy from the Trustee will represent Noteholders as unsecured creditors of Gympie Gold.

The Administrators have recently posted a notice to Creditors on the Gympie Gold website regarding the adjourned meeting. At the meeting, unless a proposal for a deed of company arrangement has emerged, it is likely that a resolution to wind up the company will again be proposed. The Trustee has received advice that the subordination provisions applicable to the Notes prevent it and the Noteholders from voting on such a resolution. The Trustee has also received advice that these provisions prevent it and the Noteholders from voting on a deed of company arrangement (should such a proposal emerge). The trustee currently intends to act on this advice.

Noteholders who are in any doubt as to their own position should seek their own legal or other appropriate professional advice.

As previously noted, clause 12.3 of the Trust Deed provides that all amounts payable to the Trustee rank in priority to any amounts due to Noteholders. If any payment is made (either under a winding up or a deed of company arrangement), the Trustee therefore intends to apply the funds towards amounts due to it before making any distribution to Noteholders.

Noteholders are encouraged to consult the website of Gympie Gold at www.gympiegold.com.au for further information. If any Noteholder requires any clarification as to the information provided by the Trustee concerning Gympie Gold please note the new contact details set out below:

Richard Mccarthy

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