HIGHLIGHTS

Mupane Gold Project

- On 5th September 2003 the Government of the Republic of Botswana issued a 10-year mining licence to Mupane Gold Mining Pty Ltd., a Botswanan entity wholly owned by Gallery Gold Limited. The mining licence includes the Tau, Tolo and Kwena ore bodies located approximately 25 kilometres south-east of Francistown.

- On 8th August 2003, the Company accepted an offer for syndicated project loan and gold hedging facilities from Macquarie Bank Limited and Investec Bank Limited for the development of the Mupane Gold Project.

- Facility arrangements have proceeded to final stages of documentation. Initial drawdown of funds under the US$26.5 million facility is expected to commence in mid-November 2003, and the final repayment date of the facility is scheduled for 30th June 2008.

- On 26th September 2003 Gallery satisfied the hedging requirements of the Banks by forward selling 320,000 ounces gold, or approximately 60% of ore reserves, at an average price of US$377.7 per ounce.

- Site works construction has started in October 2003 with the first production scheduled for the third quarter, 2004.

Exploration

- Pit optimisation and resource estimation has defined 200,000 tonnes @ 2.8 g/t Au for 18,600 ounces that could be mined in a pit at Golden Eagle. This deposit is within trucking distance of the Mupane Plant.

- A scoping study has commenced on the Map-Nora gold deposits where Phelps Dodge previously defined an underground resource of 515,000 tonnes at 10.4 g/t for 172,000 ounces. This study will look at the economics of treating this ore at the Mupane Plant.

- Encouraging drill intersections received from the Cullen Prospect at the Nyakafuru JV in Tanzania, including 25m @ 2.28g/t Au and 3m @ 18.59g/t Au.

- Drilling programs commenced in October at Shashe Map-Nora and Golden Eagle in Botswana and at Buckreef in Tanzania.

Corporate

- The merger between Gallery Gold Ltd and Spinifex Gold Ltd was approved by the Western Australian Supreme Court on 15th October 2003. Following this merger, Gallery has approximately 3 million ounces in gold resources and a strong cash position of A$ 8.7 million.

- The merger creates opportunity for growth and development of a significant African focused mining company, underpinned by a profitable gold mining venture at Mupane in Botswana, with production due to start in the third quarter of 2004.

- As a result of the merger, the Company has acquired highly prospective gold resources in Tanzania to compliment Gallery’s gold, diamond, nickel, copper and PGE exploration tenements in Botswana.
1. BOTSWANA OPERATIONS

1.1 Introduction

Activity during the quarter focused on the Company’s wholly owned Mupane Gold Project in north-east Botswana (Figure 1). The mining licence, covering the Tau, Tolo and Kwena gold deposits, was granted by the Botswana government in September. Key land access agreements were finalised in anticipation of preparatory construction of the Mupane Gold Project minesite, and detailed infrastructure design has commenced for the process plant, water pipeline and power line.

The Macquarie/Investec syndicated project loan and gold hedging facility of US$26.5 million is currently in the final stages of documentation with drawdown of funds expected to occur from mid-November 2003.

Site preparation has started now at Mupane site in anticipation of construction from October, 2003.

Exploration activities were focused on the evaluation of the Golden Eagle deposit and Signal Hill West anomaly, with drilling in both these areas planned early next quarter.

1.2 Mupane Gold Project (100% Gallery Gold)

1.2.1 Land Agreements

Agreements have been signed with the two landholders on which the mining licence is situated and are being registered.

Agreements with the three landowner groups to allow passage of the powerline and water pipeline to site have been signed and are being registered.

1.2.2 Mining Licence

The Government of the Republic of Botswana, through the Department of Mines, approved the mining licence covering the Mupane processing plant and tailings dam sites and the Tau, Tolo and Kwena pits. Approval was granted approximately one month earlier than anticipated.

The Government has not yet notified the Company whether they intend to take equity in the project. Under current legislation the Government has the option to take up to 15% equity, by compensating Gallery for past expenditure, and contributing to future capital expenditure.
1.2.3 Project Finance

On 8th August 2003 the Company accepted an offer for syndicated project loan and gold hedging facilities from Macquarie Bank Limited and Investec Bank Limited for the development of the Mupane Gold Project.

Gallery announced on 26th September 2003 that it had satisfied the hedging requirements contained in the facility agreement having forward sold 320,000 ounces of gold, equivalent to approximately 60% of ore reserves, at an average spot price of US$377.70 per ounce.

Facility arrangements have proceeded to final stages of documentation. Initial drawdown of funds under the US$26.5 million facility is expected to occur in mid-November 2003, and the final repayment date of the facility is scheduled for 30 June 2008.

Meanwhile siteworks have new commenced at Mupane with internal funds of US$2.37 million committed for capital works, representing the owner’s equity portion of the project funding requirements.

1.2.4 Process Plant and Infrastructure Design

The lump sum turnkey contract with MDM has been agreed upon and is in final stage of documentation.

Final detailed engineering design by MDM has commenced.

Water pipeline design is complete and tenders for supply of components is being prepared.

Botswana Power Corporation has contracted design and construction of the powerline to a local engineering contractor. Power supply is scheduled for completion by May 2004.

Mining tender documents are being prepared for issue in October, with tender analysis and review by December 2003, allowing for contract award in February 2004.

1.2.5 Senior Management Positions

Construction, process and administration roles have been recruited. Mining positions will be recruited later in 2003, to be filled early 2004.
1.3 Exploration - Botswana

1.3.1 Tau Deposit

A programme of five deep RC percussion holes is planned at Tau next quarter to evaluate the underground potential of this deposit. These holes will test the mineralized zone at 50-100 metres below the proposed base of the pit.

1.3.2 Signal Hill

Previous trenching at the Signal Hill West prospect intersected 37m @ 1.2g/t gold, including 5.2m @ 7.2g/t in a sheared clastic sediment. A programme of infill soil sampling, trenching and mapping was completed during the quarter to define the full extent of this shear zone. RC percussion drilling is planned next quarter as soon as the results of this trenching and soil sampling are available.

1.3.3 Shashe Mining Lease (85% Gallery Gold)

Golden Eagle

The previous drill and underground assay data of Phelps Dodge and Falconbridge has now been entered onto the Company’s database for detailed evaluation. An internal scoping study using a 1g/t gold cut-off grade defined an indicated resource of 1.1 million tonnes @ 2.3g/t for a total of 79,500 ounces using the uncut assay data. This grade drops to 2.1g/t for a total of 71,000 ounces using a 15 g/t upper assay cut, confirming the previous resource estimations on this deposit.

A preliminary pit optimization on this resource indicates that some 200,000 tonnes @ 2.8 g/t for 18,600 ounces could be mined from a shallow pit, some 70 metres deep, assuming a gold price of US$360/ounce and similar costs to Signal Hill, which is about the same trucking distance from the Mupane plant.

A programme of 6 RC percussion and 2 diamond holes is planned early next quarter to confirm previous drill assay and metallurgical data, and to improve confidence in the grade close to the base of the proposed pit. This drilling has the potential to deepen the pit.

Map-Nora

This 172,000 ounce underground resource of 515,000 tonnes at 10.4g/t, defined by Phelps Dodge in the late 1980’s, is partly refractory with recoveries by conventional cyanidation of around 65%.
A programme of 3 diamond holes with two wedges per hole has commenced, with one hole planned to intersect each of the M2, N9-N11 and N23 shoots which collectively account for 70% of the Map-Nora resource. This drilling will lead to a study to determine metallurgical recoveries using the Mupane plant which has a flotation and regrind circuit.

1.3.4 Tati Belt Exploration

Soil Geochemical Surveys

Mapping at the Squirt prospect has confirmed that the soil anomaly is associated with a flood plain draining from the BIF ridge of Area 2. One trench is planned next quarter to sample below this alluvial cover.

Trenching of the soil anomalies at Areas Purple and 8 is due to commence shortly.

Matsilojie

Rock chip sampling and mapping have been completed over the stockwork mineralization intersected in trench MTST 02 (6m @ 3.5g/t Au, including 3m @ 6.7g/t Au). These rock chips include samples from the old Myra trenches and workings to the north-east of MTST 02 with values up to 2.8g/t Au. The results of this sampling have extended the anomalous zone to over 300m in strike. Additional trenching is planned next quarter.

New Zealand

Grid mapping and sampling is complete over the Brown’s Reef Prospect where gold in soil anomalies extend for over 600 metres with peak values of 8028ppb and 1200ppb Au. A small amount of exploratory digging and mining has been carried in the past at this Prospect focusing on high grade thin quartz veins in a carbonate rich mafic schist. The results of this mapping and sampling do not fully explain the soil anomalies and 10 trenches for 525m are planned over the area next month.

Pinagare

Grid mapping and rock chip sampling are complete over these old gold workings where an extensive gold in soil anomaly was located in our recent geochemical surveys. This programme has shown that the soil anomalies are mainly associated with, or along strike from, the old workings which are located along a sheared contact between a massive gabbroic unit and a porphyritic mafic-intermediate unit. Some of the old workings were cleaned out and sampled and the results of these samples are awaited prior to deciding on the next phase.
2. TANZANIA

2.1 Introduction

The merger between Gallery Gold Limited and Spinifex Gold Limited was approved by the Western Australian Supreme Court on 15th October 2003. As a result of this merger Spinifex was not required to release a quarterly statement to the ASX and therefore Spinifex’s information has been incorporated into this report. The merger brings to Gallery a substantial ground holding in Tanzania with additional gold resources of 2 million ounces mainly within the Buckreef, Kitongo and Nyakafuru Licences (Figure 2)

Spinifex’s main focus during the quarter was updating the Buckreef and Kitongo databases, and the commencement of a resource estimation and pit optimisation at Buckreef prior to carrying out additional drilling at this prospect.

Exploration at the Nyakafuru JV continued with JV operator Resolute carrying out additional ground geophysical (Induced Polarisation) surveys. Results from previous drilling at Nyakafuru returned 4m @ 11.6g/t Au in an air core hole drilled to test an Induced Polarisation (IP) anomaly. Resolute also received encouraging drill results from the Cullen Prospect, including 3m @ 18.6g/t Au from 5m and 25m @ 2.3g/t Au from 55m including 9m @ 3.9g/t Au from 55m. This Prospect is within the Kanegele Licence, part of the Nyakafuru JV

2.2 Buckreef/Rwamagaza/Buziba (Spinifex 80%)

No exploration work was carried out on the Rwamagaza / Buckreef project during the quarter. Selected diamond holes were re-logged, field checks were conducted on the azimuth and locations of several boreholes, and all specific gravity (SG) and magnetic susceptibility data was compiled. The Buckreef and Buziba digital databases were validated prior to further work in the area.

A resource estimation of the Buckreef mineralisation was initiated by Gallery late in the quarter with plans to carry out a pit optimisation and underground assessment on this resource model. Depending on the results of this assessment, a programme of diamond and RC percussion drilling is planned early next quarter to test the underground potential at Buckreef and the near surface potential of certain areas at Rwamagaza. An IP survey is also planned at Buckreef and Rwamagaza as soon as a geophysical crew can be mobilised to aid in targeting some of this drilling.

2.3 Kitongo/Mwamazengo/Mwamazengo South/Ugambilo (Spinifex 100%)

Exploration during the quarter was limited to trenching at Esegenghe Hill and re-logging of all RC chips and diamond core with this information being incorporated into the database.
Two trenches were excavated to follow up on the mineralisation defined at Esegenghe South. A best intersection of 1.6m @ 4.42g/t Au was reported from a gossanous unit.

Several new target areas identified in a recent interpretation, incorporating the latest geochemical data, will be RAB drilled as soon as practical.

2.4 **Nyakafuru JV (Spinifex 100%, Resolute earning up to 66%)**

Exploration on the various licences that comprise the Nyakafuru JV included:

- Additional IP (Induced Polarisation) surveys to cover the unsurveyed area southwest of reef 2E and 2W, across the known mineralisation at Grange (Mkweni Licence) and across the trend of known mineralisation at Redgate (Mwagi Magi South Licence).

- Results from drilling completed late last quarter from Cullen RC (Kanegaile licence) and Nyakafuru licence gave further encouraging intersections.

The IP survey successfully traced the mineralised zones and highlighted some extensions that are to be RAB/air core drilled in October. On the Nyakafuru licence (PL1549/2000) the survey has identified a large resistivity high in the SW corner of the licence immediately to the north of the soil anomaly within the NE-trending Reef 2 East and Reef 2 West mineralised corridor.

Significant results for air core holes drilled in June to follow-up a series of earlier IP targets north and northwest of the Nyakafuru include:

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<th>Hole</th>
<th>North</th>
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NYAC017 drilled 090° Azimuth and −60° Dip
NYAC055 drilled 270° Azimuth and −60° Dip

The intercept in NYAC017 is possibly open at depth and along strike to the south. The intercept in NYAC055 is open along strike to the north.
Significant results from 18 RC holes (KGRC036 – 53) drilled during June include:

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All holes drilled at 180° azimuth and −55° dip.
3. CORPORATE

3.1 Merger with Spinifex Gold Limited

The Western Australian Supreme Court granted approval on 15th October for the merger between Gallery Gold Limited and Spinifex Gold Limited, clearing the way for the growth and development of a significant African focused mining company.

Following the merger, Gallery now has approximately 3 million ounces of gold resources in both Botswana and Tanzania and a strong cash position.

An expanded exploration programme is planned in both Botswana and Tanzania over the next 12 months focused on defining additional reserves in Botswana within trucking distance of the Mupane Plant, and on evaluating the Buckreef and Kitongo projects in Tanzania.

3.2 Cash Position

Gallery and Spinifex had cash positions of A$2.24 million and A$6.49 million respectively at the end of September 2003.

Hamish Bohannan
Managing Director

31 October 2003

The technical aspects of this report were compiled by H Bohannan and P Woolrich who are members of the Australasian Institute of Mining and Metallurgy.

Figures (Attached)

Figure 1: Tati greenstone belt showing Gallery Gold’s tenements and main prospects

Figure 2: Plan showing location of Spinifex’s projects in Tanzania
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Figure 2: Plan showing location of Spinifex Gold's projects in Tanzania.