



GALLERY GOLD LIMITED
ACN 009 125 197

ASX RELEASE

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PRODUCTION & EXPLORATION ACTIVITY UPDATE

1. MUPANE ON TRACK TO ACHIEVE 100,000 OZ FOR 2005

- Mupane on track to achieve production target of 100,000 ounces in 2005
- SAG mill returned to operation following repair work

Production at Gallery Gold's Mupane mine in Botswana is on track to achieve the target of 100,000 ounces for 2005 despite a recent interruption at the plant. As a result of repairs being required to the SAG mill motor production was interrupted for four days, with the plant operating at a reduced capacity for sixteen days.

Production for July and August was 13,253oz, 31% below budget. However, with the installation of a replacement motor the SAG mill and plant returned to full production on 31 August.

Managing Director Hamish Bohannan said: "While gold production was interrupted due to the mill's repairs, the plant was brought back into limited operation within four days. This reduced the overall impact on the plant's production levels which is a testament to Gallery's team at Mupane."

A further factor impacting gold production for July/August was the treatment of transitional ores yielding lower than expected recoveries. This also impacted on cash costs which were US\$336 per ounce over the two month period.

"To address this we have been blending ores and to improve long term recovery from transitional ores we are making minor modifications to the milling circuit to improve grind size," Mr Bohannan said.

Gallery's production figures for July and August are summarised in the attached **Table 1**.

2. MAP NORA UPDATE

- Initial studies have identified further regional potential on the Shashe Lease.
- Gallery continues to investigate other satellite ore bodies.

Gallery continues to progress studies into other ore bodies, including that at Mupane's Map Nora satellite mine, located approximately 15 kms from the Mupane plant on the Shashe Lease.

Initial studies at Map Nora have provided greater insight to geological controls on mineralisation and the scope of the project has been expanded to include other targets on the lease.

"Because of the potential to identify additional resources we have extended the feasibility study into our Map Nora project which we now expect to have completed before June 2006," Mr Bohannon said.

Engineering assessments undertaken to date have indicated that the previously mined underground resource holds considerable potential for a new satellite mine using some of the existing infrastructure.

3. BUCKREEF STUDIES PROGRESSING

- Feasibility studies extended at Buckreef Project targeting 140,000 ounce per annum operation
- Project on track for production to commence in 2007
- Appointment of Dr Marcus Tomkinson as General Manager Exploration & Geology adds experience to management team

Exploration at Gallery Gold Limited's Buckreef Gold Project in Tanzania is progressing and the current feasibility study has been extended to accommodate additional drilling and optimisation studies.

These studies are expected to deliver a further upgrade to the current 1.91 million ounce resource base.

The company has two significant near-surface resources at the project – at Buckreef and Busolwa – on a 40-kilometre strip of tenements in the Lake Victoria region of Tanzania. Gallery also has additional higher grade underground resources at Buckreef.

The project is targeting gold production of 140,000 ounces per annum, based initially on open pits at Buckreef and Busolwa.

"We are now looking to take advantage of the larger low grade resource which could lead to an expanded project so we need to undertake additional drilling at Buckreef," Mr Bohannon said.

As a result of the extended studies Gallery anticipates plant construction will now start in the third quarter of 2006 and gold production will commence in mid 2007. Previously the project development timetable had envisaged construction commencing in the second quarter of 2006.

Gallery also welcomes Dr Marcus Tomkinson to the company's management team as General Manager Exploration & Geology. Dr Tomkinson joins the company from Kingsgate Consolidated where he oversaw a significant increase in reserves and resources at their Chatree Mine. Dr Tomkinson brings extensive global exploration and mining geology experience to the company, particularly in the types of ore bodies within Gallery's suite of assets.

"One of Marcus' initial tasks will be to progress the extended exploration studies at Buckreef," Mr Bohannon added.

A plan of the Buckreef Project Area is attached (**Figure 1**).

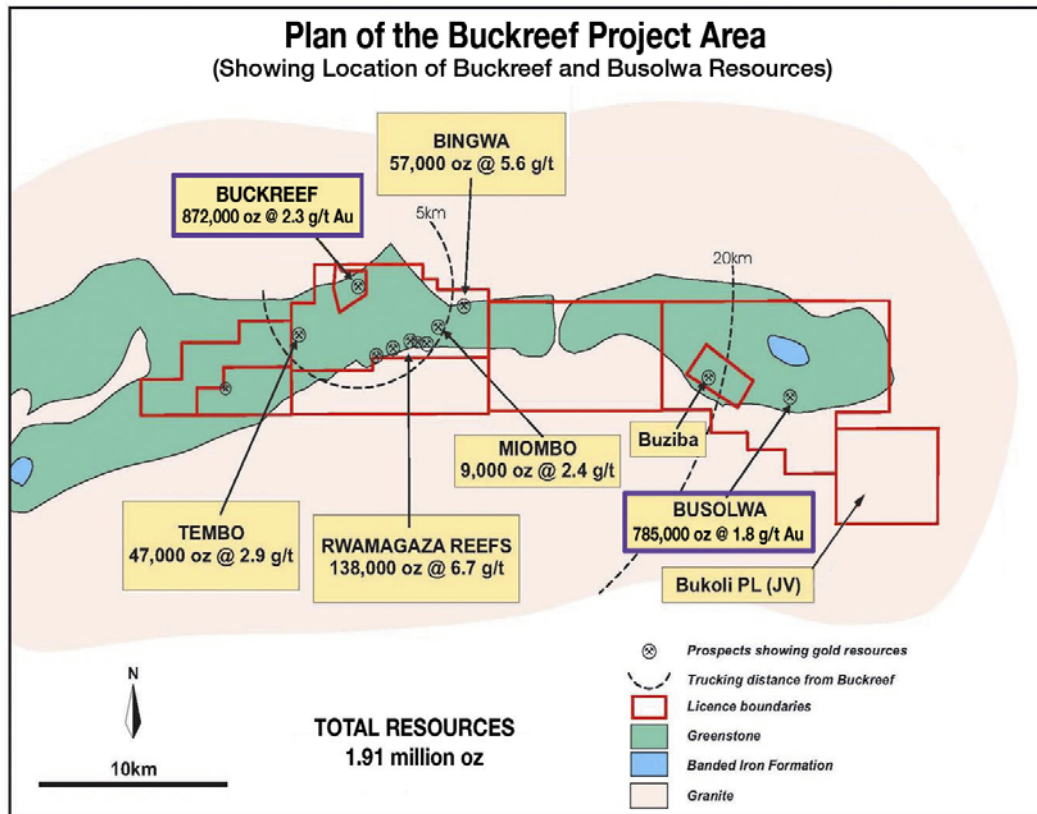
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Table 1: Gold Production – Gallery Gold’s Mupane Gold Mine

	Jan	Feb	Mar	April	May	June	July	August	2005 to August
Tonnes treated	71,934	92,129	86,263	91,255	100,081	108,377	94,122	69,899	714,060
Au grade (g/t)	3.4	3.1	3.3	3.0	3.0	3.3	2.7	3.1	3.1
Recovery (%)	95	92	94	92	93	91	89	86	91.2
Ounces	7,415	8,481	8,598	8,036	8,987	10,500	7,261	5,991	65,269

Figure 1

Gallery Gold Ltd – Background Information

Gallery Gold Limited is a Perth-based publicly listed mining and exploration company. The company is building an African mining success story, based on a strong asset base, effective exploration, sound investment, robust community partnerships and professionalism in all aspects of Gallery Gold's operations.

The 100,000 oz/annum Mupane gold project in Botswana is Gallery's flagship mine. This operation underpins the company's objective to become a significant southern African gold producer.

Background on Botswana

Foreign companies investing in Botswana enjoy operating in Africa's most politically and economically stable country.

In 2004 Moodys Investors Services and Standards & Poor's both assigned A credit ratings to Botswana confirming its position as an excellent credit risk, at least on par or above many European, Asian and Latin American countries.

In addition its government is regarded as open and stable and corruption, which is often considered endemic in many African nations, is virtually unknown.

Foreign firms are treated in the same manner as domestic ones and there is no discrimination towards domestic companies. As a result there are no impediments to investment, competition or the over protection of domestic firms.

Background on Tanzania

Tanzania is politically stable and has a government that has taken considerable measures to liberalise the economy along market lines following the dismantling of state economic controls.

Foreign private investment is encouraged and the Government's economic policies include improved monetary control, liberalising the trade regime and removing most price controls.