

# **Gullewa Limited**

**ABN 30 007 547 480**

**Interim Report - 31 December 2019**

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### General Information

The financial report covers Gullewa Limited as a consolidated entity consisting of Gullewa Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Gullewa Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Gullewa Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1 Level 2  
49-51 York Street  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 15 March 2020. The directors have the power to amend and reissue the financial report.

## Directors' Report

31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Gullewa Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2019.

### Directors

The following persons were directors of Gullewa Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Anthony Howland-Rose - Chairman  
David Deitz  
Eddie Lee

### Principal activities

The continuing principal activity of the consolidated entity during the financial half-year were royalties, exploration and mining, investments in equities and property.

### Review of operations

The profit for the consolidated entity before providing for income tax amounted to \$666,540 (31 December 2018 profit: \$703,071).

### Gullewa Gold Royalty

The company has a 1% Royalty on the project called Deflector owned by Silver Lake Resources Limited (ASX: SLR) and received \$1,171,735 in royalties from SLR during the half-year. SLR has had outstanding exploration success at Deflector.

### Property (Gullewa 69.10%)

Gullewa has invested and loaned approximately \$4.7 million to the project. Selling the blocks is slow.

### Central Iron Ore Limited ('CIO') – Gullewa has 36.10% holding

The assets of CIO are: South Darlot.

The South Darlot Gold Project area is approximately 320km North West of Kalgoorlie and 5km West of Barrick Gold Corporation's Darlot Mine.

### Barrick Joint Venture

The company has earned a 70% interest in the Barrick Joint Venture Tenements. Goldfields who acquired the interest from Barrick have now sold the Darlot-Centenary Mine including the Barrick Joint Venture Tenements to Red 5 Limited.

### Kingwest Resources Limited

The Company now holds 2,700,000 shares in Kingwest Resources Limited (ASX: KWR).

### Tyranna

The Company now holds 78,655,304 shares in Tyranna. During the year we sold 17,150,000 Tyranna shares.

### British King Mine

The British King Mine which is 49% owned by the Company and which is issuing the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI43-101") compliant. The British King Mine is 5km South West of Red 5 Limited's Darlot Mine. The balance of the consideration payable for the acquisition of the Project is three tranches upon the satisfaction of certain production milestones as follows:

- Tranche 1: 150 troy ounces of gold upon the production and sale of 5,000 troy ounces of gold
- Tranche 2: 175 troy ounces of gold upon the production and sale of 7,500 troy ounces of gold
- Tranche 3: 215 troy ounces of gold upon the production and sale of 10,000 troy ounces of gold

These payments must be made by late 2020. The monthly rental payments are in arrears.

### **Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year

### **Corporate Governance**

A statement disclosing the extent to which the company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the company's website.

### **Risk Management**

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement in the Directors' Report as outlined in the 30 June 2019 Annual Report and at the company's website <http://www.gullewa.com.au>.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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**David Deitz**

Director

15 March 2020



# SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

## DECLARATION OF INDEPENDENCE UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 BY SCS AUDIT & CORPORATE SERVICES PTY LTD TO THE DIRECTORS OF GULLEWA LIMITED

As lead auditor of Gullewa Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contravention of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gullewa Limited and the entities it controlled during the period.

**SCS Audit & Corporate Services Pty Ltd**  
(An Authorised Audit Company)

Didarul Khan  
Director  
SCS Audit & Corporate Services Pty Ltd  
(An Authorised Audit Company)  
Chartered Accountant, Registered Company Auditor

Sydney  
15 March 2020

# Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2019

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Income</b>			
Revenue	3	1,190,705	805,038
Other income	4	27,063	384,653
<b>Expenses</b>			
Administration expenses		(221,493)	(164,747)
Employee benefits expense	5	(325,501)	(317,605)
Depreciation and amortisation expense	5	(4,234)	(4,268)
<b>Profit/(loss) before income tax benefit</b>		<b>666,540</b>	<b>703,071</b>
Income tax benefit		-	-
<b>Profit/(loss) after income tax benefit for the half-year</b>		<b>666,540</b>	<b>703,071</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		<b>666,540</b>	<b>703,071</b>
<b>Profit/(loss) for the half-year is attributable to:</b>			
Non-controlling interest		(155)	(156)
Owners of Gullewa Limited		666,695	703,227
<b>Total comprehensive income for the half-year is attributable to</b>		<b>666,540</b>	<b>703,071</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share (cents per share)		0.4298	0.4684
Diluted earnings per share (cents per share)		0.4298	0.4684

\* The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of financial position

For the half-year ended 31 December 2019

		Consolidated	
	Note	31 Dec 2019 \$	30 June 2019 \$
<b>Current assets</b>			
Cash and cash equivalents	6	1,668,496	1,204,693
Trade and other receivables		939,317	827,236
Other financial assets	7	398,743	209,068
<b>Total current assets</b>		<b>3,006,556</b>	<b>2,240,997</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	8	5,399,914	5,254,955
Other financial assets	10	728,331	711,160
Property, plant and equipment		32,080	36,314
Exploration and evaluation	9	32,780	32,780
<b>Total non-current assets</b>		<b>6,193,105</b>	<b>6,035,209</b>
<b>Total assets</b>		<b>9,199,661</b>	<b>8,276,206</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables		161,148	129,038
<b>Total Current liabilities</b>		<b>161,148</b>	<b>129,038</b>
<b>Total Liabilities</b>		<b>161,148</b>	<b>129,038</b>
<b>Net assets</b>		<b>9,038,513</b>	<b>8,147,168</b>
<b>Equity</b>			
Issued capital	11	21,372,326	21,372,326
Reserves		1,765,460	1,540,655
Accumulated losses		(13,997,577)	(14,664,272)
<b>Equity attributable to the owners of Gullewa Limited</b>		<b>9,140,209</b>	<b>8,248,709</b>
Non-controlling interest		(101,696)	(101,541)
<b>Total equity</b>		<b>9,038,513</b>	<b>8,147,168</b>

\* The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of changes in equity

For the half-year ended 31 December 2019

Consolidated	Issued Capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2018	21,294,326	1,323,402	(15,693,347)	(101,171)	6,823,210
Profit/(loss) after income tax benefit for the half-year			703,227	(156)	703,071
Other comprehensive income for the half-year, net of tax					
<b>Total comprehensive income for the half-year</b>	<b>21,294,326</b>	<b>1,323,402</b>	<b>(14,990,120)</b>	<b>(101,327)</b>	<b>7,526,281</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments		217,253			217,253
<b>Balance at 31 December 2018</b>	<b>21,294,326</b>	<b>1,540,655</b>	<b>(14,990,120)</b>	<b>(101,327)</b>	<b>7,743,534</b>

Consolidated	Issued Capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2019	21,372,326	1,540,655	(14,664,272)	(101,541)	8,147,168
Profit/(loss) after income tax benefit for the half-year			666,695	(155)	666,540
Other comprehensive income for the half-year, net of tax					
<b>Total comprehensive income for the half-year</b>	<b>21,372,326</b>	<b>1,540,655</b>	<b>(13,997,577)</b>	<b>(101,696)</b>	<b>8,813,708</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments		224,805			224,805
<b>Balance at 31 December 2019</b>	<b>21,372,326</b>	<b>1,765,460</b>	<b>(13,997,577)</b>	<b>(101,696)</b>	<b>9,038,513</b>

\* The above statement of changes in equity should be read in conjunction with the accompanying notes.



## Statement of cash flows

For the half-year ended 31 December 2019

Note	Consolidated	
	31 Dec 2019 \$	31 Dec 2018 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(431,286)	(284,699)
Interest received	9,893	15,967
Other revenue	1,209,674	803,224
Income taxes refunded		
Net cash provided by / (used) in operating activities	788,281	534,492
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	-
Payments for Property Project	(124,092)	(1,994,335)
Payments for exploration and evaluation	-	-
Payments for other financial assets	(200,00)	(37,000)
Proceeds from sale of investment Assets	-	-
Other (property)and security deposits	(386)	(312)
Net cash provided by / (used) in investing activities	(324,478)	(2,031,647)
<b>Cash flows from financing activities</b>		
Repayment of borrowings		
Loan to other entities	-	(3,000)
Net cash provided by / (used) in financing activities	-	(3,000)
Net increase in cash and cash equivalents	463,803	(1,500,155)
Cash and cash equivalents at the beginning of the financial half-year	1,204,693	2,776,976
Cash and cash equivalents at the end of the financial half-year	1,668,496	1,276,821

\* The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 1. Significant accounting policies

#### **Statement of compliance**

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2019 together with any of the public announcements that were made during the following half-year.

The half-year financial report was authorised for issue by directors on 15 March 2020.

#### **Basis of preparation**

The consolidated financial statements have been prepared on the basis of the historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with the International Financial Reporting Standards.

#### **Significant accounting judgements and key estimates**

The preparation of the interim financial reports requires the management to make judgements, estimates and assumptions that will affect the application of the accounting policies and the reported amounts of the assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements that were made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report to the year ended 30 June 2019.

#### **Going concern**

The consolidated financial statements have been prepared on a going concern basis.

For the half-year ended 31 December 2019, the consolidated entity incurred a profit from the continuing operations before tax of \$666,540 (31 December 2018 profit: \$703,071). In the same period the consolidated entity had operating cash inflows of \$788,281 (31 December 2018: cash inflow of \$534,492) and outflows due to investing activities of \$324,478 (31 December 2018 outflows: \$2,031,647).

A cash flow forecast for the next 12 months has been prepared by the management which has indicated that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they fall due.

The consolidated entity has commitments for exploration and evaluation for the next three years. Due to the current market conditions the company will not be committing to all of the minimum expenditure for the next three years.

No adjustments have been made relating to the recoverability and classification of the other asset amounts and classification of the liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

## Notes to the financial statements

For the half-year ended 31 December 2019

### Loans and receivables

Trade receivables, loans and other receivables that have been fixed or determinable payments that are not quoted in any of the active market are classified as 'loans and receivable'. Loans and receivables are measured at the amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for the short-term receivables when the effect of discounting is immaterial.

### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2019, the company has reviewed all the new and revised Standards and Interpretations that were issued by the AASB that are relevant to its operations and effective for the annual reporting periods beginning on or after 1 July 2019.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations of its business and, therefore, no change is necessary to the Company accounting policies.

The Company has also reviewed all the new standards and interpretations that have been raised but are not yet effective for the half-year ended 31 December 2019. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations of its business and, therefore, no change has been necessary to the company accounting policies.

### Note 2. Operating segments

The operating segments are identified by the management based on the nature of the type of investment. Discrete financial information about each of these operating segments is reported to the CODM on a monthly basis. The reportable segments are based on the similarity of the investments made and the common regulatory environment applicable to each of the reportable segments. There is a clear designation of the responsibility and accountability by the CODM for the management and performance of these reportable segments.

#### *Types of products and services*

The principal products and services of each of these operating segments are as follows:

Exploration and evaluation	The consolidated entity is involved in the exploration and evaluation for minerals. The receipt of the royalty and income stream is attached.
Property development	The consolidated entity acquires investment properties with a view to have capital appreciation and derivation of its rental income.
Investments	The consolidated entity invests in shares in listed and unlisted entities.

#### *Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

#### *Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to the fair value based on the market interest rates. Intersegment loans are eliminated on consolidation.

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 2. Operating segments (cont'd)

Consolidated – December 2019	Exploration and evaluation \$	Property development \$	Investments \$	Intersegment Eliminations/ Unallocated \$	Total \$
<b>Revenue</b>					
Royalty revenue	1,171,735	-	-	-	1,171,735
Interest revenue	-	-	27,063	-	27,063
Other revenue	-	-	-	18,970	18,970
<b>Total revenue</b>	<b>1,171,735</b>	<b>-</b>	<b>27,063</b>	<b>18,970</b>	<b>1,217,768</b>
<b>Segment net profit/(losses) before tax from continuing operations</b>	<b>1,171,735</b>	<b>-</b>	<b>27,063</b>	<b>(532,258)</b>	<b>666,540</b>
<b>Assets</b>					
Segment Assets	1,610,207	4,761,804	1,127,073	1,700,577	9,199,661
<b>Total assets</b>	<b>1,610,207</b>	<b>4,761,804</b>	<b>1,127,073</b>	<b>1,700,577</b>	<b>9,199,661</b>
<b>Liabilities</b>					
Segment liabilities				161,148	161,148
<b>Total liabilities</b>				<b>161,148</b>	<b>161,148</b>

Consolidated – December 2018	Exploration and evaluation \$	Property development \$	Investments \$	Intersegment Eliminations/ Unallocated \$	Total \$
<b>Revenue</b>					
Royalty revenue	792,299	-	-	-	792,299
Interest revenue	-	-	18,226	-	18,226
Other revenue	353,569	-	-	25,597	379,166
<b>Total revenue</b>	<b>1,145,868</b>	<b>-</b>	<b>18,226</b>	<b>25,597</b>	<b>1,189,691</b>
<b>Segment net profit/(losses) before tax from continuing operations</b>	<b>1,145,868</b>	<b>-</b>	<b>18,226</b>	<b>(461,023)</b>	<b>703,071</b>
<b>Assets</b>					
Segment assets	959,802	4,069,534	1,483,691	1,317,715	7,830,742
<b>Total assets</b>	<b>959,802</b>	<b>4,069,534</b>	<b>1,483,691</b>	<b>1,317,715</b>	<b>7,830,742</b>
<b>Liabilities</b>					
Segment liabilities	-	-	-	87,208	87,208
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,208</b>	<b>87,208</b>

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 3. Revenue

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Management fees	18,970	9,540
Royalties	1,171,735	792,299
Other Revenue	-	3,199
<b>Total Revenue</b>	<b>1,190,705</b>	<b>805,038</b>

### Note 4. Other income

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Interest income	27,063	31,084
Profit share from Central Iron Ore Limited	-	353,569
<b>Other income</b>	<b>27,063</b>	<b>384,653</b>

### Note 5. Expenses

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Leasehold improvements		
Plant and equipment	905	905
Motor vehicles	3,329	3,363
Total depreciation	4,234	4,268
Total depreciation and amortisation	4,234	4,268
<i>Employee benefits expenses</i>		
Superannuation expense	8,736	8,617
Share-based payments expense	224,805	217,253
Other wages and salaries	91,960	91,735
Total employee benefits expense	325,501	317,605

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 6. Current assets – cash and cash equivalents

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Cash on hand	100	100
Cash at bank	668,396	404,593
Cash on deposit	1,000,000	800,000
	<u>1,668,496</u>	<u>1,204,693</u>

### Note 7. Current assets – other financial assets

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Shares designated at fair value through profit or loss	299,393	110,103
Shares in unlisted corporations – at cost	67,564	67,565
Other assets / security deposit	31,786	31,400
	<u>398,743</u>	<u>209,068</u>

### Note 8. Non-current assets - investments accounted for using equity method

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Central Iron Ore Limited	638,109	617,242
Hunter Valley Proprietary Limited	4,761,805	4,637,713
	<u>5,399,914</u>	<u>5,254,955</u>

The company has a 69.10 percent interest in a joint venture to subdivide land in the Hunter Valley held by Hunter Valley Proprietary Limited.

Investments in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Activity	Ownership	
		Dec 2019	Jun 2019
Hunter Valley Proprietary Limited	Property development	69.10%	69.10%
Central Iron Ore Limited	Mineral exploration	36.10%	36.10%

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 9. Non-current assets – exploration and evaluation

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Exploration, evaluation and development assets – at cost	32,780	32,780
Less: impairment	-	-
	<u>32,780</u>	<u>32,780</u>

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Exploration, evaluation, development	Total
	\$	\$
Balance at 1 July 2018	32,780	32,780
Security deposit	-	-
Impairment of assets	-	-
Balance at 30 June 2019	<u>32,780</u>	<u>32,780</u>
Balance at 1 July 2019	32,780	32,780
Security deposit	-	-
Impairment of assets	-	-
Balance at 31 December 2019	<u>32,780</u>	<u>32,780</u>

The impairment expense during the current period relates to tenements that have been relinquished or have been written down to the recoverable amount.

#### Note:

The company has entered into a joint venture agreement to acquire land for subdivision and resale.

### Note 10. Other financial assets

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Loan – Allegiance Coal Limited	659,000	659,000
Less: Present value discount of loan	(108,466)	(108,466)
Add: unwinding of present value discount of loan	108,466	104,999
Interest on Loan – Allegiance Coal Limited	<u>13,704</u>	<u>-</u>
	672,704	655,533
Loan to subsidiaries	<u>55,627</u>	<u>55,627</u>
	<b>728,331</b>	<b>711,160</b>

In 2011, Gullewa Limited entered into loan facility agreements with Allegiance Coal Limited. On 4 August 2016, the parties entered into a deed of loan variation, whereby Gullewa was paid \$1,104,000 in the partial satisfaction of the amount that was owed to it under the 2011 agreements. The balance that was outstanding of \$659,000, which is unsecured, may be satisfied by the issue of an allotment of shares in Allegiance Coal Limited at a price of \$0.025 per share (subject to any share reconstruction and shareholders' approval that may be required) or by the repayment in cash, subject to Gullewa's agreement. The loan will be interest free until 4 August 2019, after which interest will accrue on any unpaid balance. The loan must be repaid in full, whether in cash or by the issue and allotment of shares, by 4 August 2021.

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 10. Other financial assets (cont'd)

Further, as the loan contains an interest – free period, AASB 9 Financial Instruments requires the full amount of \$659,000 to be discounted back to present value. Using prevailing market interest rates for an equivalent loan of 5.995%, the fair value of the loan at 4 August 2016 is estimated at \$550,534. The difference of \$108,466 is the expenses derived from the interest-free period of the loan and is recognised as a deferred income. A total of \$108,466 represents the unwinding of the present value discount up to 4 August 2019.

### Note 11. Equity issued capital

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Ordinary shares fully paid	21,372,326	21,372,326

There were no movements in the issued capital of the company in either the current or prior half-years.

### Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-years.

### Note 12. Fair value measurement

#### Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at the fair value, using a three-level hierarchy, that is based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in the active markets for the identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than the quoted prices that are included within the Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

Consolidated – 31 Dec 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss – marketable securities	99,393	-	-	99,393
Total assets	99,393	-	-	99,393

Consolidated – 30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss – marketable securities	110,103	-	-	110,103
Total assets	110,103	-	-	110,103

There were no transfers between levels during the financial half-year.



## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 13. Related party transactions

Parent entity

Gullewa Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Other income:</i>		
Management fees from associate - Central Iron Ore Limited	18,970	9,540

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Other transactions:</i>		
Consultant fees paid to associate of David Deitz	-	-
Directors fees paid to David Deitz, a director of the parent entity	87,600	87,600
Directors fees paid to Anthony Howland-Rose, a director of the parent entity	-	-
Consultant fees paid to Jabiru Quill Pty Ltd, associated with a director of the company	-	-
Directors fees paid to Eddie Lee, a director of the parent entity	16,500	11,000

#### *Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables:

Receivables from other related parties	112,329	103,328
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#### *Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

Current receivables

Loan to David Deitz, a director of the parent entity	132,643	94,506
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#### *Current borrowings*

Loan to joint venture (Hunter Valley Pty Ltd) from companies associated with: Anthony Howland-Rose	1,708,840	1,900,000
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#### *Terms and conditions*

All transactions were made on normal commercial terms and conditions, and at market rates.

## Notes to the financial statements

For the half-year ended 31 December 2019

### Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019, that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years except: except Allegiance Coal Limited has repaid \$1,358,000 to Gullewa comprising: i) A\$678,000 in cash and ii) Issue of 6,800,000 shares in Allegiance at 10 cents of which 3,400,000 shares will be escrowed for 6 months. .

### Note 15. Share-based payments

#### *Employee Option Scheme*

Details of the Employee Option Scheme are disclosed in the annual financial report.

Set out below are the summaries of options that were granted under the plans:

31 December 2019

Grant date	Expiry date	Exercise Price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
15/12/2015	29/11/2020	\$0.0156	12,250,000	-	5,000,000	-	7,250,000
23/12/2016	23/12/2021	\$0.0273	12,000,000	-	-	-	12,000,000
23/12/2017	23/12/2022	\$0.0260	15,000,000	-	-	-	15,000,000
24/12/2018	24/12/2023	0.02800	15,000,000	-	-	-	15,000,000
29/12/2019	28/12/2024	0.03500		15,000,000			15,000,000
			54,250,000	15,000,000	5,000,000	-	64,250,000

## Director declaration

31 December 2019

In the option of the directors of Gullewa Limited (The company):

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and other mandatory professional reporting requirement; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the directors



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David Deitz  
Director  
15 March 2020  
Sydney



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ABN 99 165 260 444

## Auditor review report

31 December 2019

### Independent Auditor's Review Report to the members of Gullewa Limited

We have reviewed the accompanying half-year financial report of Gullewa Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a statement of accounting policies and selected explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. In order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASS 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Gullewa Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Auditor's Independence Declaration*

In conducting our review, we have complied with the Independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Gullewa Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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## Auditor review report (continued)

31 December 2019

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gullewa Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

SCS Audit & Corporate Services Pty Ltd  
(An Authorised Audit Company)

Didarul Khan  
Director  
SCS Audit & Corporate Services Pty Ltd  
Chartered Accountant, Registered Company Auditor

Sydney  
15 March 2020