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30 July, 2016

ASX Code : GUL

ABN 30 007 547 480
Level 8
49-51 York Street
Sydney NSW 2000
Australia

Tele : +61 2 9397 7555
Fax : +61 2 9397 7575

www.gullewa.com
info@gullewa.com
www.allegiancecoal.com
www.centralironorelimited.com

Quarterly Report

For period ended 30 June, 2016

Allegiance Coal Limited (Gullewa Limited 60%)

Kilmain Project

Jogmec have advised that they are withdrawing from the Joint Venture. They have spent over \$2 Million on the Joint Venture.

Central Iron Ore Limited (Gullewa Limited 37%)

Gold

The South Darlot Gold Project area is approximately 320km North West of Kalgoorlie and includes the British King mine which is 100% owned and NI43-101 compliant. The British King mine is 5km west of Barrick Gold Corporation's Darlot Mine. The British King Mine is currently under care and maintenance.

British King

On December 02, 2014, CIO announced that it has completed the AUD\$1.1 million sale of its British King Gold Mine in Western Australia to BK Gold Mines Pty Ltd. BK continued mining this quarter. CIO is entitled to production payments totalling 540 ounces of gold when BK produce and sell 22,500 ounces.

Barrick Joint Venture

As at the date of this report, the Company has earned a 70% interest in the Barrick JV Tenements in accordance with the Barrick JV and is continuing exploration on the Barrick JV Tenements. The company has currently spent to date is in excess of AUD\$700,000. A formal joint venture agreement is in the process of being drafted between Barrick and CIO but has not yet been finalised.

Eureka Gold

The Eureka Gold Project is approximately 50km North of Kalgoorlie in Western Australia and covers an area of 563 hectares. The Eureka Gold Project includes the Eureka open pit gold mine which is 100% owned by CIO and is NI43-101 compliant. The Eureka gold mine is currently under care and maintenance.

Several parties have commenced discussion with the company on Eureka.

Iron Ore

Yilgarn Iron Ore Project (IOP)

The Company currently holds one iron ore tenement in joint venture.



Minerals

Claymor Resources Pty Ltd (Gullewa 100%)

We are currently reviewing other projects.

Property

Work is continuing on the detailed design work which will allow the project costings to be commenced.

Royalty -Deflector 1%

First gold production from the Deflector Gold Project commenced in May 2016, following the development and commissioning of a purpose-built processing plant and operation

Corporate

The Gullewa Group's cash position at the end of June, 2015 was \$2.9 million.

Repayment of Loans

Mineral and Coal Investments Pty Limited has loans to value of \$ 1.76 Million owing to Gullewa Limited which were due for repayment on 30 September 2015 if certain conditions were met.

Subsequent Events

Allegiance Coal Limited

In the last Financial Statements Allegiance Coal Limited showed a loan of \$1,767,561 payable to Gullewa Limited .A repayment of \$1,104,000 has now been paid in July 2016. The parties have agreed to vary the terms and conditions so that the balance outstanding of \$659,000 may be satisfied by the issue and allotment of shares in Allegiance at a price of \$0.005 per share or by a repayment in cash, subject to Gullewa's agreement. The loan will be interest free for a period of three years, after which interest will again accrue.The Loan must be repaid in full, whether in cash or by the issue and allotment of Shares in accordance with the agreement reached between the parties, within five years.

Contacts:

For further information please contact:

Mr David Deitz

Director

02 9397 7555