



GULLEWA LIMITED

2 April, 2012

Dear Fellow Shareholder

As Chairman of Gullewa Limited I am pleased to enclose herewith a Prospectus for the Initial Public Offering of Allegiance Coal Limited in which Gullewa will retain a significant interest after listing.

Allegiance is focused on the identification and development of thermal, PCI and coking coal deposits within seven Queensland coal basins. We have assembled a substantial strategic portfolio of tenements comprising 14 granted exploration licences covering 2,389km². The two leading projects are Back Creek in the Surat Basin and Kilmain in the Bowen Basin. Recent drilling has indicated exploration targets⁽¹⁾ of 60-80Mt and 100-200Mt of thermal and thermal / coking coal respectively.

Allegiance is led by successful coal industry veteran Colin Randall as Managing Director, who has assembled a core team of experienced technical personnel to drive the Company forward. I, together with fellow Allegiance directors David Deitz and Peter Donkin, were variously involved in the discovery, financing and building of the Avebury Nickel Mine in Tasmania.

Priority Issue to Gullewa Shareholders

Allegiance is extremely pleased to advise that the Offer is fully underwritten by Patersons Securities Limited. As a shareholder in Gullewa Limited, you will be able to participate in the IPO on a Priority basis.

15 million shares together with 1:4 (3.75 million) free attaching options have been allocated in the IPO for existing shareholders of **Gullewa Limited**, Allegiance Coal Limited and C. Randall & Associates Pty Limited with a registered address in Australia (Priority Offer).

If, after reading the Prospectus, you wish to apply for securities under the Priority Offer, please complete the **personalised Priority Offer Application Form** accompanying the enclosed Prospectus and lodge the application form, together with full payment for the securities you have applied for, with the Company's share registry at the following address:

Allegiance Coal Limited
c/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Under the Priority Offer there is no restriction on the amount of shares and free attaching options you can apply for, nor the number of your applications. The Priority Offer is further detailed in section 5 of the Prospectus.

If you have any queries, please do not hesitate to contact the Allegiance Team on 02 9299 5007. I hope you consider becoming a direct shareholder in Allegiance Coal Limited after reading the Offer outlined in the Prospectus.

Kind regards

Tony Howland-Rose
Chairman

(1) The exploration target is conceptual in nature and there has been insufficient exploration to determine a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.