Gullewa Limited

ABN 30 007 547 480

Annual Report - 30 June 2012

Gullewa Limited
Corporate directory
30 June 2012

Directors	Anthony Howland-Rose - Chairman David Deitz Eddie Lee David Atkinson
Company secretary	Graham Hurwitz
Registered office	Level 8, 49-51 York Street Sydney NSW 2000 Tel: +61 2 9397 7555 Fax: +61 2 9397 7575
Principal place of business	Level 8, 49-51 York Street Sydney NSW 2000
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000 Tel: 1300 787 272
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Cardinals Ground Floor 57 Havelock Street West Perth WA 6872
Bankers	National Australia Bank 255 George Street Sydney NSW 2000
Stock exchange listing	Gullewa Limited shares are listed on the Australian Securities Exchange (ASX code: GUL) Home exchange is in Perth
Website address	www.gullewa.com

Gullewa Limited
Directors' report
30 June 2012

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 year ended 30 June 2012.

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

Anthony Howland-Rose - Chairman
David Deitz
Eddie Lee
David Atkinson

Principal activities
The principal activities of the consolidated entity during the financial year were exploration and mining, property development and investments in equities.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $4,045,431 (30 June 2011: $2,188,542).

Gullewa Limited ('Gullewa')

Minerals
Through its wholly-owned subsidiaries, Gullewa holds 14 mineral exploration licences in New South Wales. 10 tenements are located within the central Lachlan Fold Belt where Gullewa is targeting copper-gold porphyry style deposits and orogenic gold deposits. Four tenements are located in the Clarence-Morton Basin in the North East of the State.

A proposed two-hole drilling program to test coincident soil geochemical anomalies and associated ground magnetic features was delayed because of the extensive rains during the summer period. The drilling was postponed until completion of harvesting towards the end of 2012.

Property
At Normanhurst, sales for two of the four blocks have been completed.

At St Ives, the sale of the property was completed.

Allegiance Coal Limited ('Allegiance') - Gullewa has 57.86% holding

On 24 May 2012, Allegiance was officially admitted to the Australian Securities Exchange ('ASX') after raising $7,000,000 for 35,000,000 shares and 8,750,000 free Attaching Options, in an Initial Public Offering.

During November 2011, Allegiance raised $2,500,000 of pre-Initial Public Offering capital from sophisticated investors.

Allegiance undertook exploration by way of drilling on Back Creek (EPC 1297), Kilmain (EPC 1298) and Lochaber (EPC 1672).

Back Creek
The drilling in the North enabled an Exploration Target of 60 to 80 million tonnes* to be determined. Drilling planned in the South for April 2012 was delayed due to extended wet weather.

Kilmain
Drilling of 3 holes in the North and intersection of 3.1m of Castor/Pollux Seam enabled an Exploration Target of 100 to 200 million tonnes* to be determined. Analysis of the cores from the Aries and Castor/Pollux Seams indicated presence of a coking coal fraction.

Lochaber
2 shallow holes were drilled without intersecting coal.

Allegiance's granted exploration tenements remain at 13. Allegiance has a total of 11 exploration tenement applications. Allegiance awaits a formal response on EPCA 2374 (Mt Marrow) where Mineral & Coal Investments Pty Limited (100% owned subsidiary of Allegiance) is the Priority Applicant.

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

Iron Ore
CIO has expanded its position in the Yilgarn Iron Ore Province with the company now holding a total of 16 tenements covering a total of 1,594 km2. 10 tenements are granted and 6 tenements are pending applications.

Exploration by CIO has included a high resolution helimagnetic survey of the Walling Rock Project in the Perinvale South Iron Ore Hub. 2D and 3D modelling of the survey data, combined with field mapping and sampling of the project area, has enabled the potential estimation of an Exploration Target of 510MT to 850MT of iron*. A small drilling program of one of the outcropping units was completed subsequent to year end and confirmed the presence of BIF to a depth of over 250m.

Pacific Ore Limited ('Pacific') has advised that exploration on CIO's Perinvale North Iron Ore Hub has included mapping and rock chip sampling and has identified low silica goethite-capped BIF. Pacific can earn up to 90% of the project by spending $15m on exploration.

Gold - South Darlot Gold Project
CIO has completed a high resolution gravity survey covering several mining leases forming part of the Barrick Joint Venture Project. Interpretation of the geophysical data, combined with a thorough compilation and interpretation of all historic surface sampling in the Barrick database, has identified numerous near-surface drilling targets. Drilling of some of these targets will be undertaken in the second half of 2012 and will assist CIO meeting its contractual obligations under the terms of the Joint Venture. CIO can earn up to 70% of the Joint Venture by funding exploration.

** Exploration Target*
All statements as to Exploration Target of Allegiance and CIO and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal or iron ore resource and identification of a resource will be totally dependent on the outcome of further exploration. Any statement contained herein as to exploration results or Exploration Target has been made consistent with the requirements of the JORC Code.

Significant changes in the state of affairs
On 8 July 2011 the company's 50% associate, Our Field Pty Ltd, completed the settlement of the sale of its property at St Ives.

On 16 August 2011 the Queensland Government issued an announcement suspending new and existing exploration tenements in and around South Queensland, and in and around urban centres across the remainder of the state. Moreton Coal Pty Limited, a 100% subsidiary of Allegiance Coal Limited ('Allegiance Coal'), holds a mineral development licence that will be impacted by this announcement. No legislation has yet been passed and the directors are currently investigating a case for compensation should any legislation pass. The capitalised exploration cost in Moreton Coal Pty Limited is $287,479. Management anticipate further announcements on this issue during the 2013 financial year and will make an assessment of the impact on the consolidated entity at the appropriate time.

On 17 November 2011 the company announced that its subsidiary, Allegiance Coal had completed its pre-Initial Public Offering capital raising from sophisticated investors of $2,500,000.

On 29 May 2012 the company announced that its subsidiary, Allegiance Coal had completed its Initial Public Offering, raising $7,000,000. The company's interest in Allegiance Coal is now 57.86%.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
Subsequent to the end of the financial year, contracts have been exchanged for lots C and D on the property at 123 Pennant Hills Road, Normanhurst and their cost will be recovered.

No other matter or circumstance has arisen since 30 June 2012 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.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is subject to and compliant with all aspects of environmental regulations of its exploration activities. Management are not aware of any environmental law that has not been complied with.

Information on directors

Name:	Anthony Howland-Rose
Title:	Executive Director and Chairman
Qualifications:	MSc, DIC, FGS, FIMMM, FAusIMM, FAIG, Ceng
Experience and expertise:	Appointed to the Board in December 2010, Mr Howland-Rose has over 49 years experience in exploration, discovery, development and corporate activity worldwide in the junior exploration sector. He has been involved in some dozen discoveries and, most recently, in the Avebury Nickel Project, which was taken over by Zinifex Limited for $850 million.
Other current directorships:	Director of Central Iron Ore Limited, listed on the Toronto Stock Exchange - Venture (appointed on 3 June 2011) and Chairman of Allegiance Coal Limited (appointed on 13 April 2011)
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	13,198,478 ordinary shares
Interests in options:	None

Name:	David Deitz
Title:	Executive Director and Chief Executive Officer
Qualifications:	B.Com, MAusIMM, CPA
Experience and expertise:	Appointed to the Board in July 1999, Mr Deitz, a financial accountant, has had over 20 years' experience in the mineral exploration industry.
Other current directorships:	Director of Allegiance Coal Limited (appointed on 13 April 2011)
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	28,625,677 ordinary shares
Interests in options:	4,200,000 options over ordinary shares

Name:	Eddie Lee
Title:	Non-Executive Director
Qualifications:	BE, BSc, DIP BDG SC
Experience and expertise:	Appointed to the Board in October 1999, Mr Lee has extensive background in corporate management and is the Australia representative of several substantial Asian investment and corporate groups. Mr Lee has wide experience in the fields of civil engineering, finance, corporate management and mining.
Other current directorships:	None
Former directorships (in the last 3 years):	Former Director of Metroland Australia Limited (resigned on 22 February 2010)
Special responsibilities:	None
Interests in shares:	3,038,378 ordinary shares
Interests in options:	640,000 options over ordinary shares

Name:	David Atkinson
Title:	Non-Executive Director
Experience and expertise:	Appointed to the Board in October 2002, Mr Atkinson has over 22 years' experience in the IT industry. He has held many roles as a director. He has extensive experience in the development of financial systems for Government, Advertising, Property and Telecommunications industries.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	640,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Graham Hurwitz (CA, B Comm (Hons)) was appointed company secretary of Gullewa Limited on 12 November 2010. Graham is a Chartered Accountant with over 30 years' experience in the areas of taxation, business services, business acquisitions and disposals. He is a director of Hurwitz Geller Pty Ltd, a firm of Chartered Accountants. Prior to this he was the Chief Financial Officer at Allegiance Mining NL and a director of an accountancy practice for over 20 years.

Meetings of directors
The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board		Remuneration Committee	
	Attended	Held	Attended	Held
Anthony Howland-Rose	4	4	1	1
David Deitz	4	4	1	1
Eddie Lee	4	4	1	1
David Atkinson	4	4	1	1

	Audit Committee		Nomination Committee	
	Attended	Held	Attended	Held
Anthony Howland-Rose	1	1	1	1
David Deitz	1	1	1	1
Eddie Lee	1	1	1	1
David Atkinson	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company. The Nomination and Remuneration Committee may use external remuneration consultants when necessary, see 'Use of remuneration consultants' section in this report.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth and delivering constant or increasing return on assets
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee, where necessary, seeks the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 16 November 2009, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

There are no short-term incentives ('STI').

The long-term incentives ('LTI') includes long service leave and share-based payments. Shares are awarded to executives based on performance measures.

Consolidated entity performance and link to remuneration
There is no link between the consolidated entity's performance and remuneration.

Use of remuneration consultants
During the financial year ended 30 June 2012, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') and long-term incentives ('LTI') programs.

Voting and comments made at the company's 2011 Annual General Meeting ('AGM')
At the last AGM 99.5% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2011. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors of Gullewa Limited are set out in the following tables. Other than the directors, there are no other key management personnel, defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
E Lee	38,000	-	-	-	-	-	38,000
D Atkinson	38,000	-	-	-	-	-	38,000
Executive Directors:							
A Howland-Rose	158,550	-	-	50,000	-	-	208,550
D Deitz	212,679	-	-	17,341	-	-	230,020
	447,229	-	-	67,341	-	-	514,570

2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
E Lee	44,679	-	-	-	-	-	44,679
D Atkinson	52,583	-	-	-	-	-	52,583
Executive Directors:							
A Howland-Rose	84,000	-	-	-	-	-	84,000
D Deitz	163,500	-	6,000	14,715	-	-	184,215
	344,762	-	6,000	14,715	-	-	365,477

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2012	Fixed remuneration 2011	At risk - STI 2012	At risk - STI 2011	At risk - LTI 2012	At risk - LTI 2011
Non-Executive Directors:						
E Lee	100%	100%	- %	- %	- %	- %
D Atkinson	100%	100%	- %	- %	- %	- %
Executive Directors:						
A Howland-Rose	100%	100%	- %	- %	- %	- %
D Deitz	100%	100%	- %	- %	- %	- %

C Service agreements

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012.

Options
There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2012.

There were no options granted to directors and other key management personnel as part of compensation during the year ended 30 June 2012.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel during the year ended 30 June 2012 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
David Deitz	-	75,600	56,700	-
Eddie Lee	-	-	25,326	-
David Atkinson	-	-	37,800	-

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2012 are summarised below:

	2008 $	2009 $	2010 $	2011 $	2012 $
Revenue	10,705,291	523,635	930,778	702,207	749,509
Profit/(loss) before income tax	3,809,711	(1,404,723)	(1,173,988)	(3,103,635)	(3,627,845)
Profit/(loss) after income tax	2,593,085	32,913	(747,809)	(2,357,279)	(4,541,379)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2008	2009	2010	2011	2012
Share price at financial year end ($A)	0.060	0.045	0.092	0.110	0.090
Basic earnings per share (cents per share)	2.050	0.030	(0.590)	(1.554)	(2.735)
Diluted earnings per share (cents per share)	1.830	0.026	(0.590)	(1.554)	(2.735)

There were no dividends paid or proposed during the years ended 30 June 2012 and 30 June 2011.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Gullewa Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
8 December 2009	30 November 2014	$0.119	5,480,000
7 March 2011	6 March 2016	$0.223	4,475,000
16 May 2011	15 May 2016	$0.223	1,000,000
16 May 2012	16 May 2017	$0.100	1,300,000
			12,255,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Gullewa Limited were issued during the year ended 30 June 2012 on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
30 November 2006	$0.073	4,000,000

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Deloitte Touche Tohmatsu
There are no officers of the company who are former audit partners of Deloitte Touche Tohmatsu.

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.

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Deitz
Director

12 September 2012
Sydney

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Board of Directors
Gullewa Limited
Level 8 Quantum House
49-51 York Street
SYDNEY NSW 2000

Dear Board Members

Gullewa Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gullewa Limited.

As lead audit partner for the audit of the financial statements of Gullewa Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants
Sydney, 12 September 2012

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ('ASX Principles and Recommendations'), Gullewa Limited ('the company') has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Principles and Recommendations, the company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the company and the Board, resources available and activities of the company. Where, after due consideration, the company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the company's corporate governance practices is set out on the company's website at www.gullewa.com. In accordance with the ASX Principles and Recommendations, information published on the company's website includes charters (for the board and its sub-committees), the company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

Explanations for departures from best practice recommendations
During the company's 2011/2012 financial year ("Reporting Period"), the company has complied with the ASX Principles and Recommendations other than in relation to the matters specified below:

Principle Ref	Recommendation Ref	Notification of Departure	Explanation of Departure
2	2.1	The majority of the board's directors are not independent as 2 of the 4 directors are both substantial shareholders and executive directors of the company.	The skills and experience of both the independent and non-independent directors allow the board to act in the best interests of the shareholder.
2	2.4	The chairman is an executive of the company. He is also a substantial shareholder.	The board considers that, in view of the size and scope of the company's activities, it is appropriate for Mr. Howland-Rose to lead the company. The Board considers that Mr. Howland-Rose is the most suitably qualified Board member to fulfil this role subject to review by the Board from time to time to ensure that the best interests of the company and its shareholders continue to be served by the current structure.
3	3.3	The board is composed of male directors.	The skills and experience of the directors allow the board to act in the best interests of the shareholder. The company does not have the resources or infrastructure to set, monitor or report on measurable objectives for achieving gender diversity, and as such does not comply with ASX Governance Recommendation 3.3.

Nomination committee
The names and qualifications of those appointed to the nomination committee, being the full Board, and their attendance at meetings of the committee are included in the directors' report.

Remuneration committee
The names of the members of the remuneration committee, being the full Board, and their attendance at meetings of the committee are detailed in the directors' report.

Further details of remuneration, including the company's policy on remuneration, are contained in the 'Remuneration report' which forms part of the directors' report.

Board composition
The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

Independent directors
In considering the independence of directors, the Board refers to the criteria for independence as recommended by the ASX. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter/Statement of Board and Management Functions, which is disclosed in full on the company's website.

Applying the independence criteria, the Board considers that Messrs David Atkinson and Eddie Lee are independent.

Statement concerning availability of independent professional advice
If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then provided the director first obtains approval for incurring such expense from the chairperson, the company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance evaluation of the board
The names of the members of the nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

Diversity policy
The participation of women in the company and consolidated entity at 30 June 2012 was as follows:

- Women employees in the consolidated entity 25%
- Women in senior management positions 25%
- Women on the board 0%

The company does not have the resources or infrastructure to set, monitor or report on measurable objectives for achieving gender diversity, and as such does not comply with ASX Governance Recommendation 3.3.

Other information
Further information relating to the company's corporate governance practices and policies have been made publicly available on the company's web site.

Website: *www.gullewa.com.*

Gullewa Limited
Financial report
30 June 2012

Contents

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:

Level 8, 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 12 September 2012. The directors have the power to amend and reissue the financial report.

Gullewa Limited
Statement of comprehensive income
For the year ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Revenue	5	25,452	33,481
Other income	6	724,057	668,726
Share of profits and losses of associates accounted for using the equity	7	(775,214)	(224,059)
Expenses			
Administration expenses		(1,312,183)	(1,120,094)
Employee benefits expense		(1,200,555)	(985,544)
Professional expenses		-	(837,600)
Depreciation and amortisation expense	8	(35,803)	(28,935)
Business combination expense		-	(160,276)
Subsidiary listing expense written off		(630,585)	-
Other expenses		(340,865)	(427,878)
Finance costs	8	(82,149)	(21,456)
Loss before income tax (expense)/benefit		(3,627,845)	(3,103,635)
Income tax (expense)/benefit	9	(913,534)	746,356
Loss after income tax (expense)/benefit for the year		(4,541,379)	(2,357,279)
Other comprehensive income			
Impairment of available-for-sale financial assets		-	(105,000)
Other comprehensive income for the year, net of tax		-	(105,000)
Total comprehensive income for the year		(4,541,379)	(2,462,279)
Loss for the year is attributable to:			
Non-controlling interest		(495,948)	(168,737)
Owners of Gullewa Limited	25	(4,045,431)	(2,188,542)
		(4,541,379)	(2,357,279)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(495,948)	(168,737)
Owners of Gullewa Limited		(4,045,431)	(2,293,542)
		(4,541,379)	(2,462,279)
		Cents	**Cents**
Basic earnings per share	40	(2.735)	(1.554)
Diluted earnings per share	40	(2.735)	(1.554)

Refer to note 3 for detailed information on restatement of comparatives.

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Gullewa Limited
Statement of financial position
As at 30 June 2012

	Note	Consolidated 2012 $	2011 $
Assets			
Current assets			
Cash and cash equivalents	10	9,182,853	3,542,078
Trade and other receivables	11	426,992	579,076
Inventories	12	1,595,725	2,277,004
Other financial assets	13	255,104	311,555
Total current assets		11,460,674	6,709,713
Non-current assets			
Investments accounted for using the equity method	14	902,822	2,184,331
Other financial assets	15	24,657	23,826
Property, plant and equipment	16	83,728	59,056
Intangibles	17	30,252	23,919
Exploration, evaluation and development	18	4,510,261	2,201,554
Deferred tax	19	-	913,534
Total non-current assets		5,551,720	5,406,220
Total assets		17,012,394	12,115,933
Liabilities			
Current liabilities			
Trade and other payables	20	763,549	461,719
Borrowings	21	1,054,084	946,891
Provisions	22	21,545	31,035
Total current liabilities		1,839,178	1,439,645
Total liabilities		1,839,178	1,439,645
Net assets		15,173,216	10,676,288
Equity			
Contributed equity	23	21,294,326	20,928,726
Reserves	24	859,506	861,988
Accumulated losses	25	(9,480,817)	(11,116,229)
Equity attributable to the owners of Gullewa Limited		12,673,015	10,674,485
Non-controlling interest	26	2,500,201	1,803
Total equity		15,173,216	10,676,288

Refer to note 3 for detailed information on restatement of comparatives.

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

Gullewa Limited
Statement of changes in equity
For the year ended 30 June 2012

Consolidated	Contributed equity $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2010	20,345,098	814,061	(8,927,687)	107,486	12,338,958
Loss after income tax (expense)/benefit for the year	-	-	(2,188,542)	(168,737)	(2,357,279)
Other comprehensive income for the year, net of tax	-	(105,000)	-	-	(105,000)
Total comprehensive income for the year	-	(105,000)	(2,188,542)	(168,737)	(2,462,279)
Transactions with owners in their capacity as owners:					
Issue of shares	446,196	-	-	-	446,196
Transfer of options to shares	137,432	(137,432)	-	-	-
Issue of options	-	290,359	-	63,054	353,413
Balance at 30 June 2011	20,928,726	861,988	(11,116,229)	1,803	10,676,288

Consolidated	Contributed equity $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2011	20,928,726	861,988	(11,116,229)	1,803	10,676,288
Loss after income tax (expense)/benefit for the year	-	-	(4,045,431)	(495,948)	(4,541,379)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(4,045,431)	(495,948)	(4,541,379)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	8,605,388	8,605,388
Issue of shares on conversion of options	290,000	-	-	-	290,000
Transfer of options to shares	75,600	(75,600)	-	-	-
Difference arising on disposal of interest in Allegiance Coal Limited	-	(69,801)	5,680,843	(5,611,042)	-
Issue of options	-	142,919	-	-	142,919
Balance at 30 June 2012	21,294,326	859,506	(9,480,817)	2,500,201	15,173,216

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

Gullewa Limited
Statement of cash flows
For the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,300	10,630
Payments to suppliers and employees (inclusive of GST)		(2,286,153)	(2,580,672)
		(2,282,853)	(2,570,042)
Dividends received		250	-
Other revenue		21,902	22,851
Interest and other finance costs paid		(82,149)	(21,456)
Net cash used in operating activities	39	(2,342,850)	(2,568,647)
Cash flows from investing activities			
Payments for investment property		-	(977,004)
Payments for property, plant and equipment	16	(51,076)	(9,571)
Payments for intangibles	17	(15,732)	(9,443)
Payments for exploration and evaluation	18	(2,308,707)	(1,123,484)
Payments for financial assets at fair value through profit or loss		-	(4,914)
Payments for equity accounted investments		-	(1,736,091)
Payments for other financial assets		(25,000)	-
Proceeds from sale of investment property		760,000	-
Proceeds from sale of property, plant and equipment		-	429
Proceeds from disposal of investments accounted for using the equity method		-	938,103
Proceeds from equity accounted investments		-	4,452
Interest received		622,390	369,235
Interest capitalisation for security deposits		(831)	(2,324)
Net cash used in investing activities		(1,018,956)	(2,550,612)
Cash flows from financing activities			
Proceeds from issue of shares	23	290,000	446,196
Proceeds from capital injection by non-controlling interest		8,605,388	-
Proceeds from borrowings		107,193	897,641
Net cash from financing activities		9,002,581	1,343,837
Net increase/(decrease) in cash and cash equivalents		5,640,775	(3,775,422)
Cash and cash equivalents at the beginning of the financial year		3,542,078	7,317,500
Cash and cash equivalents at the end of the financial year	10	9,182,853	3,542,078

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards
The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)
The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets
The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project
The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

Note 1. Significant accounting policies (continued)

AASB 1048 Interpretation of Standards (revised)
The consolidated entity has applied AASB 1048 (revised) for the year ended 30 June 2012. The revised standard identifies the Australian Interpretations and classifies them into two groups: those that correspond to an International Accounting Standards Board ('IASB') Interpretation (Table 1 – international equivalent), and those that do not (Table 2 – domestic interpretations). The standard has been updated to remove old or superseded interpretations and add new interpretations.

AASB 1054 Australian Additional Disclosures
The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

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

For the year ended 30 June 2012, the consolidated entity incurred a loss from continuing operations after tax of $4,541,379 (2011: $2,357,279). In the same period the consolidated entity had operating cash outflows of $2,342,850 (2011: $2,568,647).

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

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for assets designated at fair value through profit or loss. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Note 1. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gullewa Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. Gullewa Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of commodities
Revenue from the sale of commodities is recognised upon the delivery of commodities to customers and the associated risks of ownership have passed.

Sale of shares
Revenue on the sale of shares at fair value through profit or loss and available-for-sale assets is recognised on trade date when the risks and rewards of ownership have passed.

Note 1. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Investment properties are classified as inventory as they are in the process of being sold in the ordinary course of business. These are valued at the fair value on the date of reclassification.

Note 1. Significant accounting policies (continued)

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the consolidated entity's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Note 1. Significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Computer software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 1. Significant accounting policies (continued)

Exploration, evaluation and development assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Note 1. Significant accounting policies (continued)

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to directors and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 1. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Gullewa Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2012. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments eliminate the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The amendments also change the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months and will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is not expected to have a significant effect on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

AASB 10 Consolidated Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 11 Joint Arrangements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 12 Disclosure of Interests in Other Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)
These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
These amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.

Note 1. Significant accounting policies (continued)

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a significant impact on the consolidated entity.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of comprehensive information requirements when an entity provides a third balance sheet in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; AASB 132 'Financial Instruments: Presentation' Clarification of the tax effect of distributions to holders of an equity instrument is recognised in the income statement; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a significant impact on the consolidated entity.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20
This interpretation and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine. The adoption of the interpretation and the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Restatement of comparatives

Share options
Following a review of the share options on issue, it was noted that an error occurred in relation to the date options were issued by Allegiance Coal Limited. The actual date of the issue was 5 May 2011. The effect is that the share-based payment expense of $315,270 should have been recorded in the results for the 30 June 2011 financial period.

The impact of the adjustment is to increase the loss for the 30 June 2011 financial period together with an increase in reported reserves in equity. There was no impact on net assets at 30 June 2011.

Note 3. Restatement of comparatives (continued)

Reclassification of non-current assets classified as held-for-sale to inventories
During the financial year, the investment properties have been reclassified as inventory as they are in the process of being sold in the ordinary course of the business. This is a change from the classification in the prior year where they were classified as held-for-sale. As one of the the principal activities of the business is property development it was deemed more appropriate to disclose the investment properties as inventory and the comparative has been restated accordingly for this change in classification.

Reclassification of goodwill to exploration, evaluation and development
The goodwill balance has been reclassified to exploration, evaluation and development as the goodwill arose on the purchase of Mineral and Coal Investments and should have formed part of exploration, evaluation and development rather than intangibles.

Statement of comprehensive income

	Consolidated		
	2011		2011
	$	$	$
Extract	**Reported**	**Adjustment**	**Restated**
Expenses			
Administration expenses	(804,824)	(315,270)	(1,120,094)
Loss before income tax (expense)/benefit	(2,788,365)	(315,270)	(3,103,635)
Income tax (expense)/benefit	746,356	-	746,356
Loss after income tax (expense)/benefit for the year	(2,042,009)	(315,270)	(2,357,279)
Other comprehensive income for the year, net of tax	(105,000)	-	(105,000)
Total comprehensive income for the year	(2,147,009)	(315,270)	(2,462,279)
Loss for the year is attributable to:			
Non-controlling interest	(105,683)	(63,054)	(168,737)
Owners of Gullewa Limited	(1,936,326)	(252,216)	(2,188,542)
	(2,042,009)	(315,270)	(2,357,279)
Total comprehensive income for the year is attributable to:			
Non-controlling interest	(105,683)	(63,054)	(168,737)
Owners of Gullewa Limited	(2,041,326)	(252,216)	(2,293,542)
	(2,147,009)	(315,270)	(2,462,279)

Note 3. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

	Consolidated		
	1 Jul 2010		1 Jul 2010
	$	$	$
Extract	**Reported**	**Adjustment**	**Restated**
Assets			
Current assets			
Inventories	-	1,300,000	1,300,000
	8,500,062	1,300,000	9,800,062
Non-current assets classified as held for sale	1,300,000	(1,300,000)	-
Total current assets	9,800,062	-	9,800,062
Non-current assets			
Intangibles	229,342	(210,039)	19,303
Exploration, evaluation and development	693,484	210,039	903,523
Total non-current assets	2,770,680	-	2,770,680
Total assets	12,570,742	-	12,570,742
Liabilities			
Total liabilities	231,784	-	231,784
Net assets	12,338,958	-	12,338,958
Equity			
Total equity	12,338,958	-	12,338,958

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

Extract	Consolidated 2011 $ Reported	$ Adjustment	2011 $ Restated
Assets			
Current assets			
Inventories	-	2,277,004	2,277,004
	4,432,709	2,277,004	6,709,713
Non-current assets classified as held for sale	2,277,004	(2,277,004)	-
Total current assets	6,709,713	-	6,709,713
Non-current assets			
Intangibles	233,958	(210,039)	23,919
Exploration, evaluation and development	1,991,515	210,039	2,201,554
Total non-current assets	5,406,220	-	5,406,220
Total assets	12,115,933	-	12,115,933
Liabilities			
Current liabilities			
Trade and other payables	492,754	(31,035)	461,719
Provisions	-	31,035	31,035
Total current liabilities	1,439,645	-	1,439,645
Total liabilities	1,439,645	-	1,439,645
Net assets	10,676,288	-	10,676,288
Equity			
Reserves	609,772	252,216	861,988
Accumulated losses	(10,864,013)	(252,216)	(11,116,229)
Total equity	10,676,288	-	10,676,288

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into 3 operating segments: investments, property development and exploration and evaluation. These operating segments are based on the internal reports that are reviewed and used by the executive management team (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segments are identified by 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 reportable segment. There is a clear designation of responsibility and accountability by the CODM for the management and performance of these reportable segments.

Note 4. Operating segments (continued)

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 exploration and evaluation for minerals.
Property development	The consolidated entity acquires investment properties with a view to capital appreciation and derivation of 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 fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
The consolidated entity does not generate revenue from customers.

Operating segment information

2012	Exploration and evaluation $	Property development $	Investments $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue					
Other revenue	57,063	113,476	9,513	569,457	749,509
Total revenue	57,063	113,476	9,513	569,457	749,509
EBITDA before net loss of associates	(1,495,571)	(34,794)	(636)	(1,826,068)	(3,357,069)
Depreciation and amortisation					(35,803)
Interest revenue					622,390
Finance costs					(82,149)
Share of net losses of associates					(775,214)
Loss before income tax expense					(3,627,845)
Income tax expense					(913,534)
Loss after income tax expense					(4,541,379)
Assets					
Segment assets	10,484,086	1,616,896	913,586	3,997,826	17,012,394
Total assets					17,012,394
Total assets includes:					
Investments in associates	-	-	902,822	-	902,822
Acquisition of non-current assets	2,308,707	-	67,639	-	2,376,346
Liabilities					
Segment liabilities	1,149,201	589,383	-	100,594	1,839,178
Total liabilities					1,839,178

Note 4. Operating segments (continued)

2011	Exploration and evaluation $	Property development $	Investments $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue					
Other revenue	-	-	103,232	598,975	702,207
Total revenue	-	-	103,232	598,975	702,207
EBITDA before net loss of associates	(381,368)	(62,946)	(120,827)	(2,633,279)	(3,198,420)
Depreciation and amortisation					(28,935)
Interest revenue					369,235
Finance costs					(21,456)
Share of net losses of associates					(224,059)
Loss before income tax benefit					(3,103,635)
Income tax benefit					746,356
Loss after income tax benefit					(2,357,279)
Assets					
Segment assets	2,201,554	2,277,004	2,309,723	5,327,652	12,115,933
Total assets					12,115,933
Total assets includes:					
Investments in associates	-	-	2,184,331	-	2,184,331
Acquisition of non-current assets	1,333,808	-	1,507,580	-	2,841,388
Liabilities					
Segment liabilities	353,394	593,497	-	492,754	1,439,645
Total liabilities					1,439,645

Note 5. Revenue

	Consolidated 2012 $	Consolidated 2011 $
Other revenue		
Dividends	250	-
Rent	3,300	1,650
Bad debts recovered	-	8,980
Other revenue	21,902	22,851
Revenue	25,452	33,481

Note 6. Other income

	Consolidated 2012 $	Consolidated 2011 $
Net gain on disposal of investment property	101,667	-
Interest income	622,390	369,235
Profit on listed shares held for trading	-	103,232
Discount on purchase	-	196,259
Other income	724,057	668,726

Note 7. Share of profits and losses of associates accounted for using the equity method

	Consolidated 2012 $	Consolidated 2011 $
Share of profits of associates	-	144,429
Share of losses of associates	(775,214)	(368,488)
	(775,214)	(224,059)

Note 8. Expenses

	Consolidated 2012 $	Consolidated 2011 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	222	-
Plant and equipment	16,613	13,745
Motor vehicles	9,569	10,363
Total depreciation	26,404	24,108
Amortisation		
Computer software	9,399	4,827
Total depreciation and amortisation	35,803	28,935
Impairment		
Exploration and evaluation	-	35,777
Finance costs		
Interest and finance charges paid/payable	82,149	21,456

Note 8. Expenses (continued)

	Consolidated 2012 $	2011 $
Rental expense relating to operating leases		
Minimum lease payments	136,453	94,063
Superannuation expense		
Defined contribution superannuation expense	140,562	71,983
Share-based payments expense		
Share-based payments expense	142,919	353,413
Revaluation of shares		
Revaluation of shares	81,451	113,293

Note 9. Income tax expense/(benefit)

	Consolidated 2012 $	2011 $
Income tax expense/(benefit)		
Current tax	-	(353,401)
Deferred tax - origination and reversal of temporary differences	913,534	(392,955)
Aggregate income tax expense/(benefit)	913,534	(746,356)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 19)	913,534	(392,955)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(3,627,845)	(3,103,635)
Tax at the statutory tax rate of 30%	(1,088,354)	(931,091)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	42,875	94,581
Other non-deductible amounts	-	90,154
	(1,045,479)	(746,356)
Current year temporary differences not recognised	1,045,479	-
Prior year temporary differences recognised now derecognised	913,534	-
Income tax expense/(benefit)	913,534	(746,356)
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 19)	-	(45,000)

Note 10. Current assets - cash and cash equivalents

	Consolidated	
	2012	2011
	$	$
Cash on hand	997	1,492
Cash at bank	9,181,856	3,540,586
	9,182,853	3,542,078

Note 11. Current assets - trade and other receivables

	Consolidated	
	2012	2011
	$	$
Other receivables and deposits	426,992	579,076

Note 12. Current assets - inventories

	Consolidated	
	2012	2011
	$	$
Property at Normanhurst	659,614	1,354,804
Property at West Pymble	936,111	922,200
	1,595,725	2,277,004

The properties are classified as inventory as they are in the process of being sold in the ordinary course of business.

123 Pennant Hills Road, Normanhurst
The property comprises land at 123 Pennant Hills Road, Normanhurst, New South Wales. The work required to create a sub-division into four lots is complete. Two lots have been sold during the year and, subsequent to the year end, contracts have been exchanged for the remaining two lots.

67 Yanko Road, West Pymble
This property comprises a house and land at 67 Yanko Road, West Pymble, New South Wales. The consolidated entity will seek local council approval for subdivision of the property.

Note 13. Current assets - other financial assets

	Consolidated	
	2012	2011
	$	$
Designated at fair value through profit or loss	128,054	209,505
Shares in unlisted corporations - at cost	127,050	102,050
	255,104	311,555

Note 14. Non-current assets - investments accounted for using the equity method

	Consolidated 2012 $	Consolidated 2011 $
Investment in associates	902,822	2,184,331

Refer to note 37 for further information on investments in associates.

Note 15. Non-current assets - other financial assets

	Consolidated 2012 $	Consolidated 2011 $
Term deposits	24,657	23,826

Note 16. Non-current assets - property, plant and equipment

	Consolidated 2012 $	Consolidated 2011 $
Leasehold improvements - at cost	2,403	-
Less: Accumulated depreciation	(222)	-
	2,181	-
Plant and equipment - at cost	131,729	83,056
Less: Accumulated depreciation	(73,417)	(56,804)
	58,312	26,252
Motor vehicles - at cost	51,818	51,818
Less: Accumulated depreciation	(28,583)	(19,014)
	23,235	32,804
	83,728	59,056

Note 16. Non-current assets - property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Consolidated				
Balance at 1 July 2010	-	30,426	43,596	74,022
Additions	-	9,571	-	9,571
Disposals	-	-	(429)	(429)
Depreciation expense	-	(13,745)	(10,363)	(24,108)
Balance at 30 June 2011	-	26,252	32,804	59,056
Additions	2,403	48,673	-	51,076
Depreciation expense	(222)	(16,613)	(9,569)	(26,404)
Balance at 30 June 2012	2,181	58,312	23,235	83,728

Note 17. Non-current assets - intangibles

	Consolidated 2012 $	Consolidated 2011 $
Computer software - at cost	42,714	26,982
Less: Accumulated amortisation	(16,877)	(7,478)
	25,837	19,504
Other intangibles - at cost	4,415	4,415
	4,415	4,415
	30,252	23,919

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

	Computer software $	Other intangibles $	Total $
Consolidated			
Balance at 1 July 2010	18,453	850	19,303
Additions	5,878	3,565	9,443
Amortisation expense	(4,827)	-	(4,827)
Balance at 30 June 2011	19,504	4,415	23,919
Additions	15,732	-	15,732
Amortisation expense	(9,399)	-	(9,399)
Balance at 30 June 2012	25,837	4,415	30,252

Note 18. Non-current assets - exploration, evaluation and development

	Consolidated 2012 $	Consolidated 2011 $
Exploration, evaluation and development assets - at cost	4,510,261	2,201,554

Reconciliations

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

	Exploration, evaluation development $	Total $
Consolidated		
Balance at 1 July 2010	903,523	903,523
Additions	1,123,484	1,123,484
Additions through business combinations (note 35)	210,324	210,324
Impairment of assets	(35,777)	(35,777)
Balance at 30 June 2011	2,201,554	2,201,554
Additions	2,308,707	2,308,707
Balance at 30 June 2012	4,510,261	4,510,261

Note 19. Non-current assets - deferred tax

	Consolidated 2012 $	Consolidated 2011 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	516,883
Impairment of receivables	-	98,451
Accrued expenses	-	19,811
Impairment loss of available-for-sale financial assets	-	114,000
Impairment loss of other financial assets	-	60,000
Unrealised gain on investment property	-	(101,407)
Unrealised loss on financial assets at fair value through profit or loss	-	160,796
	-	868,534
Amounts recognised in equity:		
Unrealised gain on available-for-sale financial assets	-	45,000
	-	45,000
Deferred tax asset	-	913,534
Movements:		
Opening balance	913,534	475,579
Credited/(charged) to profit or loss (note 9)	(913,534)	392,955
Credited to equity	-	45,000
Closing balance	-	913,534

At 30 June 2012 deferred tax assets were reviewed in terms of the policy described in Note 1. During the financial year a subsidiary of Gullewa Limited, Allegiance Coal Limited, was listed on the ASX. The current view of the directors is to hold this investment. The deferred tax assets have been derecognised as in the opinion of the directors it will not be utilised as it is not probable.

Note 20. Current liabilities - trade and other payables

	Consolidated 2012 $	Consolidated 2011 $
Trade payables	603,872	152,207
Accrued expenses	88,928	215,741
Other payables	70,749	93,771
	763,549	461,719

Refer to note 28 for further information on financial instruments.

Note 21. Current liabilities - borrowings

	Consolidated	
	2012	2011
	$	$
Advance from shareholder in controlled entity (unsecured)	465,876	353,394
Bank loans	588,208	593,497
	1,054,084	946,891

Total secured liabilities
The total secured current liabilities are as follows:

	Consolidated	
	2012	2011
	$	$
Bank loans	588,208	593,497

Assets pledged as security
The bank loan is secured by a first mortgage over the consolidated entity's property at 67 Yanko Road, West Pymble, New South Wales.

The carrying amounts of assets pledged as security for current borrowings are:

	Consolidated	
	2012	2011
	$	$
Property at 67 Yanko Road, West Pymble	936,111	922,200

Note 22. Current liabilities - provisions

	Consolidated	
	2012	2011
	$	$
Employee benefits	21,545	31,035

Note 23. Equity - contributed equity

	Consolidated		Consolidated	
	2012	2011	2012	2011
	Shares	Shares	$	$
Ordinary shares - fully paid	149,723,100	145,723,100	21,294,326	20,928,726

Note 23. Equity - contributed equity (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2010	132,780,866		20,345,098
Issue of shares	2 August 2010	2,378,378	$0.043	101,545
Issue of shares	29 November 2010	9,878,378	$0.043	421,758
Adjustment	17 May 2011	25,478		-
Issue of shares	7 June 2011	660,000	$0.073	60,325
Balance	30 June 2011	145,723,100		20,928,726
Issue of shares on conversion of options	16 December 2011	4,000,000	$0.073	290,000
Transfer of capital from share options	16 December 2011	-		75,600
Balance	30 June 2012	149,723,100		21,294,326

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 24. Equity - reserves

	Consolidated	
	2012 $	2011 $
Capital profits reserve	204,828	204,828
Share-based payments reserve	654,678	657,160
	859,506	861,988

Note 24. Equity - reserves (continued)

	Available-for-sale $	Capital profits $	Share-based payments $	Total $
Consolidated				
Balance at 1 July 2010	105,000	204,828	504,233	814,061
Transfer of options to shares	-	-	(137,432)	(137,432)
Issue of options	-	-	290,359	290,359
Impairment of available-for-sale financial assets	(105,000)	-	-	(105,000)
Balance at 30 June 2011	-	204,828	657,160	861,988
Transfer of options to shares	-	-	(75,600)	(75,600)
Issue of options	-	-	142,919	142,919
Difference arising on disposal of interest in Allegiance Coal Limited	-	-	(69,801)	(69,801)
Balance at 30 June 2012	-	204,828	654,678	859,506

Available-for-sale reserve
The available-for-sale reserve represents accumulated gains and losses arising on the revaluation of available-for-sale assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Capital profits reserve
The capital profits reserve arose historically and is available for distribution.

Share-based payments reserve
The share based payments reserve is used to recognise the expense of the fair value of options issued but not exercised.

Note 25. Equity - accumulated losses

	Consolidated 2012 $	2011 $
Accumulated losses at the beginning of the financial year	(11,116,229)	(8,927,687)
Loss after income tax (expense)/benefit for the year	(4,045,431)	(2,188,542)
Difference arising on disposal of interest in Allegiance Coal Limited	5,680,843	-
Accumulated losses at the end of the financial year	(9,480,817)	(11,116,229)

During the financial year, Allegiance Coal Limited raised additional capital both pre IPO and on IPO, effectively reducing Gullewa's shareholding to 57.86%. Net proceeds of $8,605,388 were received in cash.

The proportionate share of the carrying amount of the net liabilities of Allegiance Coal Limited has been transferred to non-controlling interests (refer Note 26). The difference of $5,680,843 between the increase in the non-controlling interest and consideration received has been credited to accumulated losses, as above.

Note 26. Equity - non-controlling interest

	Consolidated 2012 $	2011 $
Contributed equity	8,625,388	20,000
Reserves	63,054	63,054
Accumulated losses	(6,188,241)	(81,251)
	2,500,201	1,803

The contributed equity represents the non-controlling interest in the Allegiance Coal Limited share capital.

Note 27. Equity - dividends

There were no dividends paid or declared during the current or previous financial year.

Note 28. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the directors under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The Board identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk

The consolidated entity is not exposed to significant foreign currency risk.

Price risk

The consolidated entity is exposed to equity securities price risk because of the listed investments held, classified as either at fair value through profit or loss, or available-for-sale investments. The consolidated entity is also exposed to price risk in the Australian housing market, due to its ownership of an investment property, although this risk is not significant to the consolidated entity. The consolidated entity does not hedge its price risks.

At 30 June 2012, if equity prices had been 10% higher or lower and all other variables were held constant the consolidated entity's net assets would increase/decrease by $9,000 (2011: $21,000) as a result of the change in the value of financial assets held at fair value through profit or loss and available-for-sale investments.

Note 28. Financial instruments (continued)

Interest rate risk
The consolidated entity's main interest rate risk arises from cash and cash equivalents.

The sensitivity analyses have been determined based on the exposure to interest rates and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's net profit and net assets would increase/decrease by $46,038 (2011: $17,830).

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit ratings agencies. The consolidated entity does not have any significant receivables.

The consolidated entity's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount as disclosed in the statement of financial position and notes to the financial statements, and the guarantee provided to an associate detailed in note 30.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and realising its financial assets at fair value through profit or loss, or its available-for-sale investments to meet any forecast cash outflow commitments.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2012	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	603,872	-	-	-	603,872
Other payables	-	70,749	-	-	-	70,749
Advance from shareholder	-	465,876	-	-	-	465,876
Interest-bearing - variable						
Bank loans	6.78	628,089	-	-	-	628,089
Total non-derivatives		1,768,586	-	-	-	1,768,586

Note 28. Financial instruments (continued)

Consolidated - 2011	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	152,207	-	-	-	152,207
Other payables	-	93,771	-	-	-	93,771
Advance from shareholder	-	353,394	-	-	-	353,394
Interest-bearing - variable						
Bank loans	7.67	639,018	-	-	-	639,018
Total non-derivatives		1,238,390	-	-	-	1,238,390

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss - marketable securities	128,054	-	-	128,054
Available-for-sale financial assets - unquoted equities	-	127,050	-	127,050
Total assets	128,054	127,050	-	255,104

Consolidated - 2011	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss - marketable securities	209,505	-	-	209,505
Available-for-sale financial assets - unquoted equities	-	102,050	-	102,050
Total assets	209,505	102,050	-	311,555

There were no transfers between levels during the financial year.

The financial liabilities are reflected at the amounts due to suppliers in terms of arrangements agreed with these suppliers. The financial assets, being bank deposits and bank accounts, are reflected at agreed contractual value together with interest expected to be received based on contractual documentation.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 29. Key management personnel disclosures

Directors
The following persons were directors of Gullewa Limited during the financial year:

Anthony Howland-Rose	Executive Director and Chairman
David Deitz	Executive Director and Chief Executive Officer
Eddie Lee	Non-Executive Director
David Atkinson	Non-Executive Director

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2012 $	Consolidated 2011 $
Short-term employee benefits	447,229	350,762
Post-employment benefits	67,341	14,715
	514,570	365,477

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Anthony Howland-Rose	12,159,478	-	1,039,000	-	13,198,478
David Deitz	25,625,677	-	4,000,000	(1,000,000)	28,625,677
Eddie Lee	3,038,378	-	-	-	3,038,378
David Atkinson	395,278	-	-	(395,278)	-
	41,218,811	-	5,039,000	(1,395,278)	44,862,533

2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Anthony Howland-Rose	-	-	12,159,478	-	12,159,478
David Deitz	17,862,137	-	7,763,540	-	25,625,677
Eddie Lee	-	-	3,038,378	-	3,038,378
David Atkinson	-	-	2,378,378	(1,983,100)	395,278
	17,862,137	-	25,339,774	(1,983,100)	41,218,811

Note 29. Key management personnel disclosures (continued)

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
David Deitz	11,200,000	-	(4,000,000)	(3,000,000)	4,200,000
Eddie Lee	1,980,000	-	-	(1,340,000)	640,000
David Atkinson	2,640,000	-	-	(2,000,000)	640,000
	15,820,000	-	(4,000,000)	(6,340,000)	5,480,000

2012	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
David Deitz	4,200,000	-	4,200,000
Eddie Lee	640,000	-	640,000
David Atkinson	640,000	-	640,000
	5,480,000	-	5,480,000

2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
David Deitz	18,700,000	-	(7,500,000)	-	11,200,000
Eddie Lee	5,018,378	-	(3,038,378)	-	1,980,000
David Atkinson	5,018,378	-	(2,378,378)	-	2,640,000
	28,736,756	-	(12,916,756)	-	15,820,000

2011	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
David Deitz	11,200,000	-	11,200,000
Eddie Lee	1,980,000	-	1,980,000
David Atkinson	2,640,000	-	2,640,000
	15,820,000	-	15,820,000

Related party transactions

Related party transactions are set out in note 33.

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company, and unrelated firms:

	Consolidated	
	2012	2011
	$	$
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	67,050	79,390
Other services - Deloitte Touche Tohmatsu		
Preparation of the tax return	20,900	36,200
	87,950	115,590
Audit services - unrelated practices		
Audit or review of the financial statements	35,000	6,050

Note 31. Contingent liabilities

Gullewa Limited has given a guarantee in respect of a bank loan of its associate company amounting to $nil (2010: $1,050,000).

	Consolidated	
	2012	2011
	$	$
Bank guarantees	-	1,050,000

The bank loan due by Our Field Pty Limited to a bank was repaid in full on 8 July 2011.

Note 32. Commitments

	Consolidated	
	2012	2011
	$	$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	5,971,884	-

The amount is the minimum spend on Gullewa Limited and Allegiance Coal Limited tenements in order to maintain the tenements.

Note 33. Related party transactions

Parent entity
Gullewa Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Associates
Interests in associates are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2012	**2011**
	$	**$**
Other transactions:		
Interesources Pty Limited, a company wholly-owned by David Deitz, a director of the parent entity, carried out geological surveys for the parent entity during the year.	63,800	197,047
Wages paid to Mendel Deitz, son of David Deitz, a director of the parent entity.	48,333	3,333

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

	Consolidated	
	2012	**2011**
	$	**$**
Current receivables:		
Loan to Interresources Pty Limited, a company wholly-owned by David Deitz, a director of the parent entity.	22,295	22,618

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

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent 2012 $	Parent 2011 $
Loss after income tax	(2,004,484)	(1,042,344)
Total comprehensive income	(2,004,484)	(1,042,344)

Statement of financial position

	Parent 2012 $	Parent 2011 $
Total current assets	3,735,697	5,306,801
Total assets	5,389,551	7,029,950
Total current liabilities	100,594	169,428
Total liabilities	100,593	169,427
Equity		
Contributed equity	21,294,326	20,928,726
Capital profits reserve	284,828	284,828
Share-based payments reserve	472,263	404,944
Accumulated losses	(16,762,459)	(14,757,975)
Total equity	5,288,958	6,860,523

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2012 and 30 June 2011.

Contingent liabilities
Guarantees entered into by the parent entity in relation to the debts of its associate are:

	Parent 2012 $	Parent 2011 $
Bank guarantees	-	1,050,000

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2012 and 30 June 2011.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.
- Investments in associates are accounted for at cost, less any impairment.

Note 35. Business combinations

Moreton Coal Pty Limited (comparative period)
On 14 October 2010 Echidna Coal Pty Limited, a wholly owned subsidiary of Mineral & Coal Investments Pty Limited, acquired 100% of the ordinary shares of Moreton Coal Pty Limited. The purchase price for the shares is a royalty amounting to 4% of the net amount received by the buyer for coal sold.

Details of the acquisition are as follows:

	Acquiree's carrying amount $	Fair value $
Other current assets	12,166	12,166
Exploration and evaluation	210,324	210,324
Other loans	(184,380)	-
Net assets acquired	38,110	222,490
Goodwill		-
Acquisition-date fair value		222,490

Note 36. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding 2012 %	Equity holding 2011 %
Rondav Pty Limited	Australia	100.00	100.00
Claymor Resources Pty Limited	Australia	100.00	100.00
Telephony Associates Pty Limited	Australia	82.00	82.00
Gullewa Geothermal Pty Limited	Australia	100.00	100.00
York Corporate Pty Limited	Australia	100.00	100.00
Hydromining Coal Australia Pty Limited	Australia	80.00	80.00
Cauldron Geothermal Pty Limited	Australia	100.00	100.00
Canton Property Pty Limited	Australia	60.00	60.00
Windora Exploration Pty Limited	Australia	100.00	100.00
Goonoo Exploration Pty Limited	Australia	100.00	100.00
Narwonah Pty Limited	Australia	100.00	100.00
New Italy Resources Pty Limited	Australia	100.00	100.00
Thedal Pty Limited	Australia	100.00	100.00
Minyan Pty Ltd	Australia	100.00	100.00
Mummulgum Exploration Pty Ltd	Australia	100.00	100.00
Brooklyn Bay Pty Limited	Australia	100.00	100.00
Wymble Pty Limited	Australia	100.00	100.00
Allegiance Coal Limited *	Australia	57.86	80.00
Mineral & Coal Investments Pty Limited **	Australia	57.86	80.00
Echidna Coal Pty Limited **	Australia	57.86	80.00
Moreton Coal Pty Limited **	Australia	57.86	80.00

* Allegiance Coal Limited (previously Allegiance Coal Pty Limited) was listed on the ASX on 29 May 2012 and raised additional capital both pre IPO and on IPO, effectively reducing Gullewa's shareholding to 57.86% (refer Note 25).

** Effective from 13 April 2012 these entities are subsidiaries of Allegiance Coal Limited (ASX: AHQ).

Note 37. Investments in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

Associate	Principal activities	Consolidated Percentage interest 2012 %	2011 %
Our Field Pty Limited *	Property development	50.00	50.00
Central Iron Ore Limited	Mineral extraction	36.10	36.10

* The shares in Our Field Pty Limited are held by David Deitz (Chief Executive Officer) on behalf of Gullewa Limited.

Information relating to the associates is set out below.

	Consolidated 2012 $	2011 $
Share of assets and liabilities		
Assets (current and non-current) - Our Field Pty Limited	-	1,409,770
Assets (current and non-current) - Central Iron Ore Limited	1,881,032	2,398,921
Total assets	1,881,032	3,808,691
Liabilities (current and non-current) - Our Field Pty Limited	-	1,101,684
Liabilities (current and non-current) - Central Iron Ore Limited	39,737	117,202
Total liabilities	39,737	1,218,886
Net assets	1,841,295	2,589,805
Share of revenue, expenses and results		
Revenue - Our Field Pty Limited	1,364,612	40,000
Expenses - Our Field Pty Limited	(1,806,542)	(35,559)
Revenue - Central Iron Ore Limited	95,159	21,846
Expenses - Central Iron Ore Limited	(559,928)	(187,698)
Income tax benefit/(expense)	131,485	(62,648)
Loss after income tax	(775,214)	(224,059)

Note 38. Events after the reporting period

Subsequent to the end of the financial year, contracts have been exchanged for lots C and D on the property at 123 Pennant Hills Road, Normanhurst and their cost will be recovered.

No other matter or circumstance has arisen since 30 June 2012 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.

Note 39. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2012 $	Consolidated 2011 $
Loss after income tax (expense)/benefit for the year	(4,541,379)	(2,357,279)
Adjustments for:		
Depreciation and amortisation	35,803	28,935
Net gain on disposal of investment property	(101,667)	-
Share-based payments	142,919	353,413
Profit on shares	-	(103,232)
Revaluation of shares	81,451	113,293
Interest received	(622,390)	(369,235)
Share of net losses of associates	775,214	224,059
Discount on consolidation	-	(196,259)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	152,084	82,097
Decrease in inventories	681,279	-
Increase in income tax refund due	-	(216,704)
Decrease/(increase) in deferred tax assets	913,534	(437,955)
Increase in trade and other payables	140,302	310,220
Net cash used in operating activities	(2,342,850)	(2,568,647)

Note 40. Earnings per share

	Consolidated 2012 $	Consolidated 2011 $
Loss after income tax	(4,541,379)	(2,357,279)
Non-controlling interest	495,948	168,737
Loss after income tax attributable to the owners of Gullewa Limited	(4,045,431)	(2,188,542)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	147,887,035	140,788,974
Weighted average number of ordinary shares used in calculating diluted earnings per share	147,887,035	140,788,974
	Cents	**Cents**
Basic earnings per share	(2.735)	(1.554)
Diluted earnings per share	(2.735)	(1.554)

12,255,000 (2011: 21,295,000) options are excluded from the above calculation as they would be antidilutive for the period.

Note 41. Share-based payments

Employee option plan
Gullewa Limited has no formal employee option plan. At the discretion of the directors, the directors grant options over ordinary shares in the parent entity to employees of the consolidated entity. The options are issued for nil consideration and are granted with the exercise price, as listed below, payable on exercise of the options. When exercisable, each option is convertible into one ordinary share. Options granted carry no dividend or voting rights.

Set out below are summaries of options granted under the plan:

2012

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/11/06	30/11/11	$0.073	10,340,000	-	(4,000,000)	(6,340,000)	-
08/12/09	30/11/14	$0.119	5,480,000	-	-	-	5,480,000
07/03/11	06/03/16	$0.223	4,475,000	-	-	-	4,475,000
16/05/11	15/05/16	$0.223	1,000,000	-	-	-	1,000,000
16/05/12	16/05/17	$0.100	-	1,300,000	-	-	1,300,000
			21,295,000	1,300,000	(4,000,000)	(6,340,000)	12,255,000

2011

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
11/10/05	30/11/10	$0.033	12,256,756	-	(12,256,756)	-	-
30/11/06	30/11/11	$0.073	11,000,000	-	(660,000)	-	10,340,000
08/12/09	30/11/14	$0.119	5,480,000	-	-	-	5,480,000
07/03/11	06/03/16	$0.223	-	4,475,000	-	-	4,475,000
16/05/11	15/05/16	$0.223	-	1,000,000	-	-	1,000,000
			28,736,756	5,475,000	(12,916,756)	-	21,295,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.5 years (2011: 3.5 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/05/12	16/05/17	$0.086	$0.100	63.69%	0.00%	4.75%	$0.0373

Note 42. Retirement benefits

Superannuation commitments
During the year, the consolidated entity provided employees with access to external defined contribution superannuation plans that provide benefits on retirement, resignation, disability or death.

Gullewa Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

David Deitz
Director

12 September 2012
Sydney

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Gullewa Limited

Report on the Financial Report

We have audited the accompanying financial report of Gullewa Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 14 to 59.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Gullewa Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 7 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Gullewa Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants
Sydney, 12 September 2012

Gullewa Limited
Shareholder information
30 June 2012

The shareholder information set out below was applicable as at 31 July 2012.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	186
1,001 to 5,000	417
5,001 to 10,000	302
10,001 to 100,000	529
100,001 and over	144
	1,578
Holding less than a marketable parcel	650

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
McNeil Nominees Pty Limited	13,638,219	9.11
Mr David Deitz	9,509,896	6.35
Fanchel Pty Ltd	9,333,648	6.23
Mr Anthony Howland-Rose	6,421,233	4.29
Mrs Judith Krasnjanski	4,285,714	2.86
Fezune Pty Ltd <The Reid Family S/F A/C>	4,150,000	2.77
Moshe Ambarchi & Nadine Ambarchi <Buline Superannuation A/C>	4,000,000	2.67
Whittingham Securities Pty Ltd	4,000,000	2.67
Howlandrose Holdings Pty Limited <Howlandrose Family A/C>	3,932,227	2.63
UBS Wealth Management Australia Nominees Pty Ltd	3,482,143	2.33
Rainidays Pty Ltd <Rainidays Super Fund A/C>	3,000,000	2.00
Mr Sholomo Thaler	2,927,777	1.96
Howlandrose Holdings Pty Limited	2,845,018	1.90
Ashecorp Pty Ltd <MD & DS Moss Super Fund A/C>	2,770,000	1.85
Mr Shlomo Thaler	2,332,084	1.56
Scomac Management Services Pty Ltd	2,300,000	1.54
Mr David Deitz	2,214,022	1.48
Mr Eddie Lee	1,738,378	1.16
Goldberg Super Pty Ltd <Goldberg Super A/C>	1,600,000	1.07
Mr Kenneth Joseph Hall & Mrs Mary Christine Hall <Hall Super Fund A/C>	1,582,248	1.06
	86,062,607	57.49

Unquoted equity securities
There are no unquoted equity securities.

Gullewa Limited
Shareholder information
30 June 2012

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mr David Deitz (including McNeil Nominees Pty Ltd, Rainidays Pty Ltd and Walkaround Pty Ltd)	28,625,677	19.12
Mr Anthony Howland-Rose (including Howlandrose Holdings Pty Ltd)	13,198,478	8.82
Fanchel Pty Ltd	9,333,648	6.23

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Gullewa Limited
Shareholder information
30 June 2012

Tenements

Description	Tenement number	Interest owned
NEW SOUTH WALES		
Exploration Licence - Dandaloo (Claymor Resources P/L)	EL 7022	100.00%
Exploration Licence - Dandaloo (Claymor Resources P/L)	EL 7259	100.00%
Exploration Licence - Dandaloo (Claymor Resources P/L)	EL 7260	100.00%
Exploration Licence - Dandaloo (Claymor Resources P/L)	EL 7261	100.00%
Exploration Licence - Narromine (Narwonah P/L)	EL 7778	100.00%
Exploration Licence - Narromine (Narwonah P/L)	EL 7779	100.00%
Exploration Licence - Dubbo (Windora Exploration P/L)	EL 7780 - ELA 3998	100.00%
Exploration Licence - Dubbo (Windora Exploration P/L)	EL 7762 - ELA 4079	100.00%
Exploration Licence - Dubbo (Windora Exploration P/L)	EL 7695 - ELA 4080	100.00%
Exploration Licence - Dubbo (Windora Exploration P/L)	EL 7781 - ELA 4161	100.00%
Exploration Licence - Clarence (Mummulgum Exploration P/L)	EL 7708 - ELA 4086	100.00%
Exploration Licence - Clarence (Mummulgum Exploration P/L)	EL 7709 - ELA 4087	100.00%
Exploration Licence - Clarence (Mummulgum Exploration P/L)	EL 7710 - ELA 4088	100.00%
Exploration Licence - Clarence (New Italy Resources P/L)	EL 7716 - ELA 4102	100.00%
QUEENSLAND		
Exploration Permit for Coal - Bowen Basin (Mineral & Coal Investments P/L)	EPC 1296	57.86%
Exploration Permit for Coal - Surat Basin (Mineral & Coal Investments P/L)	EPC 1297	57.86%
Exploration Permit for Coal - Bowen Basin (Mineral & Coal Investments P/L)	EPC 1298	57.86%
Exploration Permit for Coal - Bowen Basin (Mineral & Coal Investments P/L)	EPC 1492	57.86%
Exploration Permit for Coal - Bowen Basin (Mineral & Coal Investments P/L)	EPC 1617	57.86%
Exploration Permit for Coal - Calen Basin (Mineral & Coal Investments P/L)	EPC 1631	57.86%

Summary of Mining Royalties
Gullewa Limited is entitled to a 1% royalty from its joint venture partner ATW Venture Australia Pty Limited ('ATW') which relates to the following tenements:

Western Australia	L59/50	1.00%
Western Australia	M59/50	1.00%
Western Australia	M59/507	1.00%
Western Australia	M59/68	1.00%
Western Australia	M59/132	1.00%
Western Australia	M59/294	1.00%
Western Australia	M59/335	1.00%
Western Australia	M59/336	1.00%
Western Australia	M59/356	1.00%
Western Australia	M59/391	1.00%
Western Australia	M59/442	1.00%
Western Australia	M59/522	1.00%
Western Australia	M59/530	1.00%
Western Australia	M59/531	1.00%
Western Australia	L59/35	1.00%
Western Australia	L59/49	1.00%
Western Australia	E59/1241 (part)	1.00%
Western Australia	E59/1242 (part)	1.00%