



GULLEWA LIMITED

15 March, 2012

Dear Fellow Shareholders

I write to you today to advise you of the Initial Public Offer (IPO) for shares and options in Allegiance Coal Limited (**Allegiance Coal**), of which Gullewa Limited (**Gullewa**) currently holds 70.6% of the issued capital.

Allegiance Coal is focussed on the exploration and development of 14 granted exploration licences in Queensland. The two leading projects, Back Creek in the Surat Basin and Kilmain in the Bowen Basin, have exploration targets⁽¹⁾ of 80Mt and 200Mt of thermal coal and thermal/coking coal respectively. The Allegiance Coal Board has a wealth of experience in the exploration for, and the development of, resources and is led by Colin Randall as Managing Director, a very experienced and successful coal miner. A core team of experienced technical personnel has been assembled to assist him to drive the company forward.

A Prospectus in relation to the IPO was lodged with ASIC on 14 March 2012. It contains all the terms of the IPO and details of Allegiance Coal. As shareholders in Gullewa, you will be offered a priority application for shares and options in Allegiance Coal and a paper copy of the Prospectus will be mailed directly to you. The Prospectus is also available for inspection on the Allegiance Coal website at www.allegiancecoal.com.au, and additional copies can be requested by contacting this office on +61 2 9397 7555 or at info@allegiancecoal.com.au.

Offers to subscribe for shares and options in Allegiance Coal will be made in, or accompanied by, the Prospectus. If you want to acquire shares and options in Allegiance Coal, you will need to complete either the personalised 'Priority Offer Application Form' which will accompany the paper copy of the Prospectus to be sent to you directly, or the 'Public Offer Application Form' which will be included in the Prospectus. **You should consider the information in the Prospectus before deciding whether to acquire shares and options in Allegiance Coal.**

I look forward to sending you the Prospectus in the near future and hope you will join us in Allegiance Coal Limited.

Best personal regards

AW Howland-Rose

MSc, DIC, FGS, FIMMM, FAusIMM, MAICD, FAIG, CEng

Executive Chairman

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