



ASX Release

Pre-IPO Raising

Gullewa Limited's 80% subsidiary Allegiance Coal Limited ("**Allegiance Coal**" or "**the Company**") has spent over **\$2.54 million** since April 2008 for exploration, working capital and to progress the Company towards an initial public offering (IPO) and stock exchange listing. It is currently expected that the IPO will take place later in 2011 or early 2012.

Gullewa is pleased to announce that, following recent drilling success, Allegiance Coal is now seeking to raise **\$1.5 to \$2.0 million of Pre-IPO capital** from **sophisticated investors** (as defined in the Corporations Act 2001 (Cth)) and to other investors to whom offers do not need disclosure under section 708 of the Corporations Act 2001 (Cth) to continue drilling operations on the Company's two main projects, Back Creek and Kilmain, and for working capital. Gullewa Limited will hold between 72% to 74% of Allegiance Coal after the Pre-IPO raising.

Our present intention in the proposed future IPO is to **offer a further 15% to 24% of the Company's share capital** to **raise \$5 to \$9 million** to support Allegiance Coal's continuing plans.

Patersons Securities Limited will be the Lead Manager of this capital raising.

Corporate Objectives

The Company's initial objective is to establish as soon as possible JORC compliant resources at the Back Creek Thermal Coal Project and the Kilmain Coking Coal Project.

The overall objective of the Company is to create shareholder value through the identification and development of coal deposits in Queensland.

Background

Allegiance Coal Limited is an Australian-based company focused on the identification and development of coking, PCI and thermal coal deposits within the coal bearing regions of Queensland.

Allegiance Coal has assembled a substantial portfolio of 14 coal tenements in over ten project areas within nearly all Queensland's coal provinces including the world-class Bowen and Surat Basins. The Bowen Basin is a major supplier of some of the world's best coking and PCI coals, and both the Bowen and Surat coal provinces contain thermal coal suitable for the export market.

The previous exploration work in the ten project areas has confirmed the potential for the discovery of economic coal deposits. Additionally, Allegiance Coal also has twelve pending exploration permit applications in the Bowen, Surat and Clarence/Moreton Basins.

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