

A S X R e l e a s e

31 July, 2009

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Quarterly Report For period ended 30 June, 2009

Dandaloo Project (ELs 7022, 7259, 7260 and 7261)

Gullewa Limited ("Gullewa") is in the early stages of exploring for metallic minerals in the northern part of the exceptionally well mineralised and economically productive geologic unit known as the "Lachlan Fold Belt". Gullewa is carrying out this exploration through its wholly owned subsidiary Claymor Resources Pty Ltd ("Claymor").

The parts of the Lachlan Fold Belt of immediate interest in northern New South Wales are covered by younger sediments. As a result, this area has been subjected to very little exploration for metallic mineral resources. In the early stages of its exploration Claymor is using specialised geochemical exploration technology that was developed in Russia and is being provided in Australia by Interresources Pty Ltd ("Interresources").

Claymor has acquired Exploration Licences 7022, 7259, 7260 and 7261 for Group 1 Minerals (metallic minerals) in areas west and north-west of Dubbo. Geochemical surveys by Interresources have found a number of geochemical anomalies that are inferred to reflect the presence of hidden metalliferous mineralisation. The locations of the areas subject to the Exploration Licence held by Claymor are shown on Figure 1 over page.

The geochemical exploration carried out by Interresources is carried out in four stages which progressively "zero in" on potential mineralisation that subsequently will be defined further by geophysical surveys and eventually tested by drilling. Interresources has completed Stage 1 over all the Licence areas and has reduced the area initially held under EL 7022. Stage 2 geochemical exploration sampling was carried out in the area in June, 2009. The analysis and interpretation of the results of this work are expected in the current quarter.

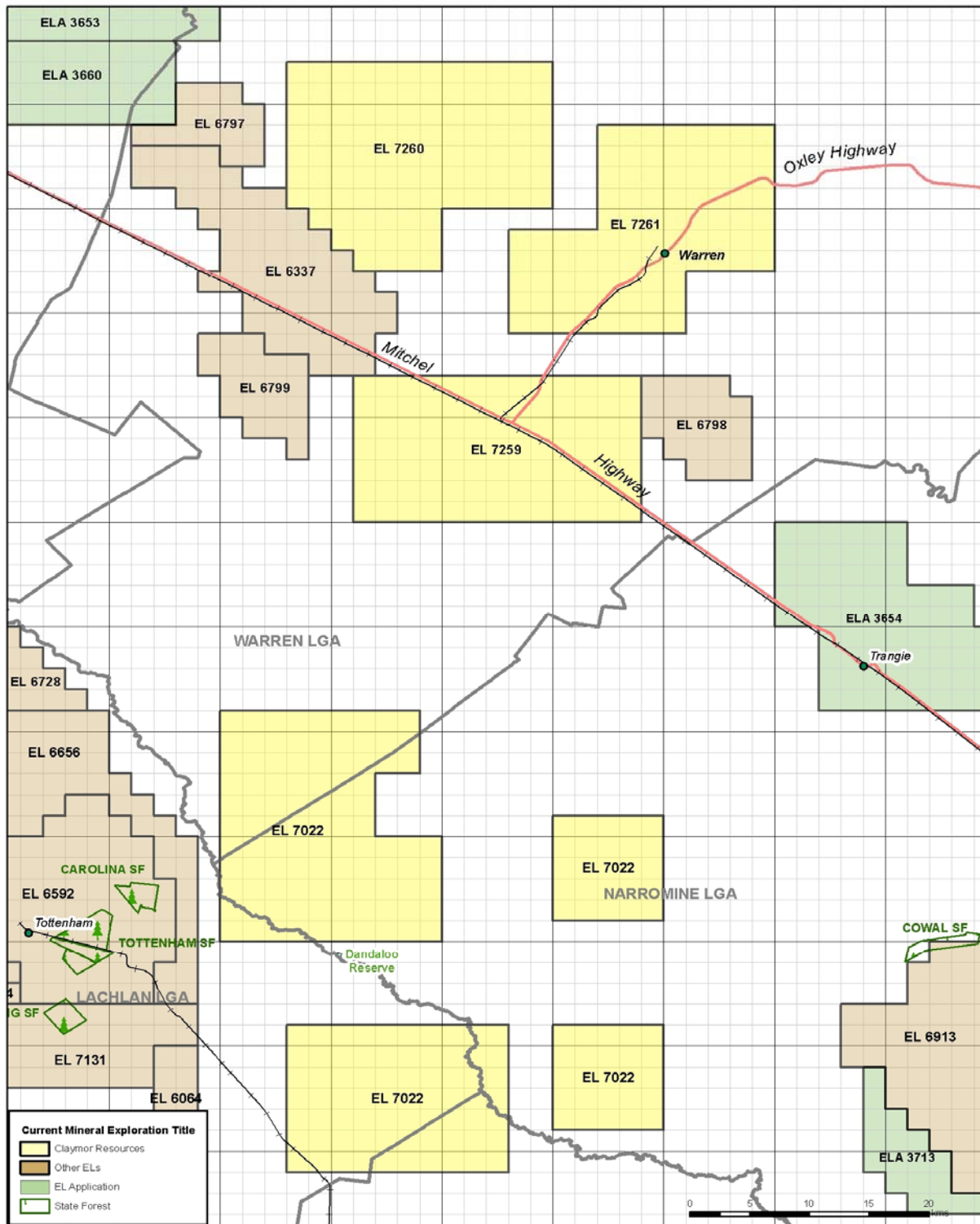


Figure 1. The locations of the areas subject to Exploration Licences 7022, 7259, 7260 and 7261 held by Claymor are shown in yellow.

Geothermal

Gullewa Geothermal Pty Ltd, a wholly owned subsidiary of Gullewa Limited, recently tendered for a Special Prospecting Licence covering a 2,800 km² area of western and northern Tasmania, to facilitate exploration for deep rock geothermal energy. On 15 June, 2009, Mineral Resources Tasmania advised Gullewa Geothermal that it was the preferred tenderer and the Company will be asked to provide a security deposit and rental in the near future.

Deep hot rock geothermal energy is energy derived from the heat generated by chemically special granites buried several kilometres below surface. The process of generating geothermal power involves drilling large diameter holes down into the heat sources, developing a reservoir of fractures in the hot rocks, pumping water from surface down into this hot reservoir and extracting the heated water to surface up adjacent drill holes.

The hot water is then passed into a binary heat exchanger which produces steam to generate electrical power. Lower temperature waste heat from this process can be used for co generation applications before the cooled water is returned underground to repeat the cycle. Deep hot rock geothermal energy has an attractive commercial future because of its environmental benefits. It has zero emission of greenhouse gasses, no toxic waste products, small surface footprint and is potentially sustainable and renewable. Once the licence is granted, Gullewa Geothermal plans to identify areas of favourable geology and high geothermal gradients by conducting surveys down existing drill holes and on existing drill cores, ahead of a programme for medium length drill holes designed to identify "hot spots" for more focused deeper drill testing.

Coal

Hydromining Coal Australia was unsuccessful in its Expression of Interest for the Glendonbrook exploration area in New South Wales. While other exploration areas in New South Wales may become available in the future by the Expression of Interest process and/or Tender, there is no certainty as to when or where.

The company will continue its earlier representations to the New South Wales Department of Primary Industries for allocation of an area to apply its unique mining method.

The company will seek possibilities in Queensland.

Property

We will continue to hold the properties at Normanhurst and St Ives.

Corporate*Options*

11,000,000 options with an exercise price of 6 cents expired on 30 June, 2009.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GULLEWA LIMITED

ABN

30 007 547 480

Quarter ended ("current quarter")

30 June, 2009

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(94)	(471)
(b) development		
(c) production		
(d) administration	(288)	(818)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	220	522
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	(138)
Net Operating Cash Flows	(162)	(905)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	-	(20)
1.11 Loans repaid by other entities	13	13
1.12 Other (property)	(16)	(59)
Net investing cash flows	(3)	(66)
1.13 Total operating and investing cash flows (carried forward)	(165)	(971)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(165)	(971)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(165)	(971)
1.20	Cash at beginning of quarter/year to date	9,912	10,718
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	9,747	9,747

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	35
1.24	Aggregate amount of loans to the parties included in item 1.10	(13)

1.25 Explanation necessary for an understanding of the transactions

NIL

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The Directors of Gullewa Limited commissioned a review of the tax provision of \$1,439,039 as disclosed in the Annual Report for 30 June, 2008.

On receipt of formal advice the Directors announced on 17 June, 2009 that they had formed an opinion that the tax provision should be reduced to zero.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities – Guarantee of mortgage on St Ives property	1,050	1,050
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	120
4.2 Development	-
Total	120

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	9,747	9,912
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	9,747	9,912

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	ELs 7259, 7260 & 7261	Exploration licences west and north-west of Dubbo, NSW	NIL	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	125,957,029	125,957,029		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	12,256,756 11,000,000	Nil Nil	<i>Exercise price</i> 3.25 cents 7.25 cents	<i>Expiry date</i> 05.12.2010 30.11.2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	11,000,000		6.00 cents	30.06.2009
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

(Director)

Date: 28 July, 2009

Print name: DAVID DEITZ

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.