

Gullewa Limited

ABN 30 007 547 480

Interim Report - 31 December 2016

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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 2
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 15 March 2017. The directors have the power to amend and reissue the financial report.

Directors' Report

31 December 2016

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 half-year ended 31 December 2016.

Directors

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

Anthony Howland-Rose - Chairman
David Deitz
Eddie Lee

Principal activities

The continuing principal activity of the consolidated entity during the financial half-year were exploration and mining, investments in equities and property.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$364,671 (31 December 2015: \$454,513).

Allegiance Coal Limited

Sale of Shares

Gullewa sold all its shareholdings in Allegiance Coal Limited at a price of \$.005 cents for a gross consideration of \$ 536,528 .

Loan Repayments

Gullewa Ltd was paid \$1,104,000 on 4 August 2016 in partial satisfaction of the amount owed to it. The balance outstanding of \$659,000 may be satisfied by the issue and allotment of shares in Allegiance Coal Limited at a price of \$0.005 per share (subject to any share reconstruction and shareholders' approval) or by repayment in cash, subject to Gullewa's agreement. The loan will be interest free for a period of three years, after which interest will accrue on any unpaid balance. The loan must be repaid in full, whether in cash or by the issue and allotment of shares in accordance with the agreement reached between the parties, within five years.

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

Gold

South Darlot

The South Darlot Gold Project area is approximately 320km North West of Kalgoorlie and 5km west of Barrick Gold Corporation's Darlot Mine.

Barrick Joint Venture

The company has earned a 70% interest in the Barrick JV Tenements in accordance with the Barrick JV.Barrick .A formal joint venture agreement is in the process of being drafted.

British King

On December 02, 2014, CIO announced that it has completed the AUD\$1.1 million sale of its British King Gold Mine in Western Australia to BK Gold Mines Pty Ltd.

The consideration payable for the acquisition of the Project included an initial AUD\$250,000 payment with the balance of the consideration to be paid in three tranches upon the satisfaction of certain production milestones as follows:

- Tranche 1: 150 troy ounces of gold upon the production and sale of 5,000 troy ounces of gold
- Tranche 2: 175 troy ounces of gold upon the production and sale of 7,500 troy ounces of gold
- Tranche 3: 215 troy ounces of gold upon the production and sale of 10,000 troy ounces of gold

The underground mine has been dewatered and mining commenced. BK Gold Mines Pty Ltd have placed the underground operation on hold and are reviewing a mine plan for an open cut operation.

Eureka Gold

The Eureka Gold project is approximately 50km north of Kalgoorlie in Western Australia and covers an area of 563 hectares. It includes the Eureka open pit gold mine which is currently under care and maintenance. An investor group has commenced a due diligence process on the project including test drilling on the pit floor.

Property – Gullewa has 70% holding

Further town planning and engineering work is progressing on the property. We are still seeking to increase the number of lots to 55.

Gullewa Gold Royalty

The company has a 1% Royalty on the project called Deflector owned by Doray Minerals Limited (ASX:DRM). Development and construction has been completed and production commenced in May 2016. Gullewa has commenced receiving royalties from this project. In the 31 December quarterly Doray Minerals Limited stated: "The Deflector Mine is forecast to produce between 50,000-55,000oz of gold and 4,200-4,600t of copper for the year ended 30 June 2017" **Significant changes in the state of affairs**

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

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



David Deitz

Director

15 March 2017



SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

DECLARATION OF INDEPENDENCE UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 BY BRIAN TAYLOR TO THE DIRECTORS OF GULLEWA LIMITED

As lead auditor for the review of Gullewa Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gullewa Limited and the entities it controlled during the period.

Brian Taylor
Director
SCS Audit & Corporate Services Pty Ltd
Sydney, 15 March 2017

Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$	31 Dec 2015 \$
Revenue	3	413,317	50,119
Other income	4	40,013	46,737
Expenses			
Administration expenses		(232,242)	(289,085)
Employee benefits expense	5	(75,923)	(174,826)
Depreciation and amortisation expense	5	(2,383)	(9,443)
Subsidiary listing expense written off		-	(20,359)
Share of loss of associates accounted for using the equity method		-	(46,297)
Loss on disposal of controlling entity	6	(413,746)	-
Finance costs	5	(93,707)	(11,359)
Loss before income tax benefit		(364,671)	(454,513)
Income tax benefit		-	-
Loss after income tax benefit for the half-year		(364,671)	(454,513)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		(364,671)	(454,513)
Loss for the half-year is attributable to :			
Non-controlling interest		(753)	(133,567)
Owners of Gullewa Limited		(363,918)	(320,946)
		(364,671)	(454,513)
		Cents	Cents
Basic earnings per share		(0.242)	(0.25)
Diluted earnings per share		(0.242)	(0.25)

* The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

For the half-year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016	30 Jun 16
		\$	\$
Current assets			
Cash and cash equivalents	7	2,597,566	2,885,106
Trade and other receivables		491,529	429,821
Other financial assets	8	286,703	170,665
Total current assets		3,375,798	3,485,592
Non-current assets			
Investments accounted for using the equity method	9	1,262,275	1,076,155
Loan to Allegiance Coal Limited	11	565,293	-
Other financial assets		329,665	29,214
Property, plant and equipment		33,671	1,517
Intangibles		34,453	35,352
Exploration and evaluation	10	26,581	279,083
Total non-current assets		2,251,938	1,421,321
Total assets		5,627,736	4,906,913
Liabilities			
Current liabilities			
Trade and other payables		76,864	149,763
Borrowings		609	220,000
Total liabilities		77,473	369,763
Net assets		5,550,263	4,537,150
Equity			
Issued capital	12	21,294,326	21,294,326
Reserves		1,452,593	1,284,652
Accumulated losses		(17,107,938)	(18,064,757)
Equity attributable to the owners of Gullewa Limited		5,638,980	4,514,221
Non-controlling interest		(88,717)	22,929
Total equity		5,550,263	4,537,150

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

Statement of changes in equity

For the half-year ended 31 December 2016

Consolidated	Issued Capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2015	21,294,326	1,274,648	(15,699,112)	1,338,203	8,208,065
Loss after income tax benefit for the half-year	-	-	(320,944)	(133,569)	(454,513)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(320,944)	(133,569)	(454,513)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	-	-	-
Balance at 31 December 2015	21,294,326	1,274,648	(16,020,056)	1,204,634	7,753,552

Consolidated	Issued Capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2016	21,294,326	1,284,652	(18,064,757)	22,929	4,537,150
Loss after income tax benefit for the half-year			(363,918)	(753)	(364,671)
Degrouping with Allegiance Coal Limited		111,942	1,320,735	(110,893)	1,321,783
Other comprehensive income for the half-year, net of tax					
Total comprehensive income for the half-year	21,294,326	1,396,594	(17,107,940)	(88,717)	5,494,262
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments		56,000			56,000
Balance at 31 December 2016	21,294,326	1,452,594	(17,107,940)	(88,717)	5,550,263

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

Statement of cash flows

For the half-year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(257,352)	(573,277)
Interest received		40,013	57,681
Other revenue		200,952	19,551
Income taxes refunded		(16,907)	73,094
Net cash used in operating activities		(33,294)	(422,951)
Cash flows from investing activities			
Payments for property, plant and equipment		(33,636)	-
Payments for Property Project		(186,120)	(126,231)
Payments for exploration and evaluation		-	(395,445)
Payments for other financial assets		(98,000)	19,535
Proceeds from sale of investment Assets		536,528	-
Other (property)and security deposits		(10,349)	-
Net cash used in investing activities		208,423	(502,141)
Cash flows from financing activities			
Repayment of borrowings		1,104,927	-
Contribution from JOGMEC Joint Venture		-	363,650
Loan to other entities		(149,404)	-
Net cash from financing activities		955,523	363,650
Net increase in cash and cash equivalents		1,130,652	(561,442)
Cash and cash equivalents at the beginning of the financial half-year		1,466,914	3,835,537
Cash and cash equivalents at the end of the financial half-year		2,597,566	3,274,095

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

Notes to the financial statements

For the half-year ended 31 December 2016

Note 1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2016 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by directors on 15 March 2017.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

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

For the half-year ended 31 December 2016, the consolidated entity incurred a loss from continuing operations after tax of \$364,671 (31 December 2015: \$454,513). In the same period the consolidated entity had operating cash outflows of \$33,294 (31 December 2015: cash outflow of \$442,951) and inflows due to investing activities of \$208,423 (31 December 2015 outflows: \$502,141).

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 fall due.

The consolidated entity has commitments for exploration and evaluation for the next three years. Due to current market conditions the company will not commit to all of the minimum expenditure for the next three years.

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivable'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Notes to the financial statements

For the half-year ended 31 December 2016

Note 2. 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.

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.

	Exploration and evaluation \$	Property development \$	Investments \$	Intersegment Eliminations/ Unallocated \$	Total \$
Consolidated – December 2016					
Revenue					
Other revenue				413,317	413,317
Total revenue					
EBITDA					(282,093)
Depreciation and amortisation					(2,383)
Impairment of assets					(533,525)
Interest income					40,013
Finance costs					-
Loss before income tax benefit					(364,671)
Income tax benefit					-
Loss after income tax benefit					(364,671)
Assets					
Segment Assets	26,581	1,262,275	3,213,824	1,125,056	5,627,736
Total assets					
Liabilities					
Segment liabilities	-	-	-	77,473	77,473
Total liabilities					

Notes to the financial statements

For the half-year ended 31 December 2016

Consolidated – December 2015	Exploration and evaluation \$	Property development \$	Investments \$	Intersegment Eliminations/ Unallocated \$	Total \$
Revenue					
Other revenue				50,119	50,119
Total revenue				-	-
				50,119	50,119
EBITDA					
Depreciation and amortisation					(490,448)
Impairment of assets					(9,443)
Interest income					10,000
Finance cost					46,737
Share of net losses of associates					(11,359)
Loss before income tax benefit					(454,513)
Income tax benefit					-
Loss after income tax benefit					(454,513)
Assets					
Segment assets	3,276,420	923,947	180,110	4,002,266	8,382,743
Total assets					8,382,743
Liabilities					
Segment liabilities				629,190	629,190
Total liabilities					629,190

Note 3. Revenue

	Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$
Management fees	38,714	50,119
Royalties	371,752	-
Other Revenue	2,851	-
Total Revenue	413,317	50,119

Note 4. Other income

	Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$
Interest income	40,013	35,378
Other income	40,013	35,378

Notes to the financial statements

For the half-year ended 31 December 2016

Note 5. Expenses

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Loss before income tax includes the following specific expenses :		
<i>Depreciation</i>		
Leasehold improvements		
Plant and equipment	-	8,386
Motor vehicles	2,383	-
Total depreciation	2,383	8,386
<i>Amortisation</i>		
Computer software	-	1,057
Total depreciation and amortisation	2,383	9,443
<i>Impairment</i>		
Loss on disposal on controlled entity	413,746	-
<i>Finance costs</i>		
Present value discount	108,466	-
Unwinding of present value discount on loan	(14,759)	-
<i>Employee benefits expenses</i>		
Defined contribution superannuation expense	6,175	7,255
Share-based payments expense		
Other wages and salaries	95,000	167,571
Total employee benefits expense	101,175	174,826

Note 6. Loss on disposal of subsidiary

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Proceeds from sale of investment assets	536,528	-
Less: Carrying amount of investment	(950,274)	-
Loss: recognised on sales of investment	413,746	-

On July 2016, the group disposed of its interest in Allegiance Coal Ltd share. The proceeds on disposal of \$536,528 were received in cash. The difference between the disposal proceeds and the amount transferred to non-controlling interests of \$413,746 has been recognised in profit and loss.

Note 7. Current assets – cash and cash equivalents

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Cash on hand	1,100	1,100
Cash at bank	273,575	524,303
Cash on deposit	2,322,891	2,359,703
	2,597,566	2,885,106

Notes to the financial statements

For the half-year ended 31 December 2016

Note 8. Current assets – other financial assets

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Shares designated at fair value through profit or loss	32,643	34,062
Shares in unlisted corporations – at cost	216,050	136,603
Other assets / security deposit	38,010	-
	<u>286,703</u>	<u>170,665</u>

Note 9. Non current assets - inventories accounted for using equity method

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Central Iron Ore Limited	-	-
Hunter Valley Pty Ltd	1,262,275	1,076,155
	<u>1,262,275</u>	<u>1,076,155</u>

The company has a 70 percent interest in a joint venture to subdivide land in the Hunter Valley held by Hunter Valley Pty Ltd

Investments in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Activity	Ownership	
		Dec 2016	Jun 2015
Hunter Valley Pty Ltd	Property development	70.00%	70.00%
Central Iron Ore Limited	Mineral exploration	36.10%	36.10%

Note 10. Non-current assets – exploration and evaluation

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Exploration, evaluation and development assets – at cost	26,581	6,196,867
Cost reimbursement from Joint Venture	-	(2,172,578)
Less : impairment	-	(3,745,206)
	<u>26,581</u>	<u>279,083</u>

Reconciliations

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

	Exploration, evaluation, development	Total
Consolidated	\$	\$
Balance at 1 July 2015	26,581	26,581
Additions	-	-
Joint Venture - JOGMEC	-	-
Impairment of assets	-	-

Notes to the financial statements

For the half-year ended 31 December 2016

Balance at 30 June 2016	26,581	26,581
Balance at 1 July 2016	26,581	26,581
Additions	-	-
Joint Venture - JOGMEC		
Impairment of assets	-	-
Balance at 31 December 2016	26,581	26,581

The impairment expense during the current period relates to tenements that have been relinquished or have been written down to recoverable amount.

Note:

The company has entered into a joint venture agreement to acquire land for subdivision and resale.

Note 11. Loan to Allegiance Coal Limited

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Loan – Allegiance Coal Limited	659,000	-
Less: Present value discount of loan	(108,466)	-
Add: unwinding of present value discount of loan	14,759	-
	565,293	-

In 2011, Gullewa Ltd entered loan facility agreements with Allegiance Coal Limited. On 4 August 2016 the parties entered deed of loan variation, whereby Gullewa was paid \$1,104,000 in partial satisfaction of the amount owed to it under the 2011 agreements. The balance outstanding of \$659,000, which is unsecured, may be satisfied by the issue an allotment of shares in Allegiance Coal Led as a price \$0.025 per share (subject to any share reconstruction and shareholders' approval) or by repayment in cash, subject to Gullewa's agreement. The loan will interest free until 4 August 2019, after which interest will accrue on any unpaid balance. The loan must be repaid in full, whether in cash or by the issue and allotment of shares, by 4 August 2021.

Further, as the loan contains an interest – free period, AASB 9 Financial Instruments requires the full amount of \$659,000 to be discounted back to present value. Using prevailing market interest rates for an equivalent loan of 5.995%, the fair value of the loan at 4 August 2016 is estimated at \$550,534. The difference of \$108,466 is the expenses derived from the interest-free period of the loan and is recognised as a deferred income. A total of \$14,759 represents the unwinding of the present value discount up to 31 December 2016

Note 12. Equity issued capital

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Ordinary shares fully paid	21,294,326	21,294,326

There are not movements in the issued capital of the company in either the current or prior half-years.

Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year

Notes to the financial statements

For the half-year ended 31 December 2016

Note 13. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
 Level 3: Unobservable inputs for the asset or liability

Consolidated – 31 Dec 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss – marketable securities	32,643			32,643
Total assets	32,643			32,643

Consolidated – 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss – marketable securities	34,062			34,062
Total assets	34,062			34,062

There were no transfers between levels during the financial half-year.

Note 14. Related party transactions

Parent entity

Gullewa Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$
<i>Other income:</i>		
Management fees from associate - Central Iron Ore Limited	13,095	-

	Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$
<i>Other transactions:</i>		
Wages paid to Mendel Deitz, son of David Deitz, a director of the parent entity.	-	16,455
Directors fees paid to Anthony Howland-Rose, a director of the parent entity.	30,000	20,000
Directors fees paid to David Deitz, a director of the parent entity.	71,175	71,175
Directors fees paid to Eddie Lee, a director of the parent entity.	11,500	9,500

Notes to the financial statements

For the half-year ended 31 December 2016

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables:	69,215	-
Trade receivables from other related party		

Loans to/from related parties

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

Current receivables		
Loan to David Deitz, a director of the parent entity	86,882	64,527

Current borrowings

Loan from C Randall & Associates Pty Limited	-	370,535
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Terms and conditions

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

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 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 16. Share-based payments

Employee Option Scheme

Details of the Employee Option Scheme are disclosed in the annual financial report

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

December 2016

Grant date	Expiry date	Exercise Price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
16/05/2012	16/05/2017	\$0.1000	1,300,000	-	-	-	,1,300,000
04/07/2012	04/07/2017	\$0.1000	5,000,000	-	-	-	5,000,000
05/12/2013	27/11/2018	\$0.0435	10,900,000	-	-	-	10,900,000
15/12/2015	29/11/2020	\$0.0156	12,250,000				12,250,000
23/12/2016	23/12/2021	\$0.0273	-	12,000,000			12,000,000
			29,450,000	12,000,000	-	-	41,450,000

Director declaration

31 December 2016

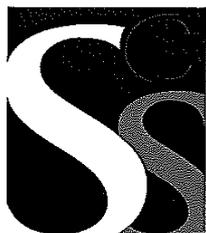
1. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the directors



David Deitz
Director
15 March 2017
Sydney



SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

Independent Auditor's Review Report to the members of Gullewa Limited

We have reviewed the accompanying half-year financial report of Gullewa Limited, which comprises the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a statement of accounting policies and selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410.

Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134.

Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Gullewa Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.



SCS AUDIT & CORPORATE SERVICES PTY LTD

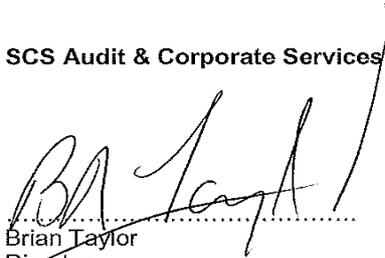
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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gullewa Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

SCS Audit & Corporate Services Pty Ltd



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Brian Taylor
Director

Sydney 15 March 2017