

Gullewa Limited

ABN 30 007 547 480

Annual Report - 30 June 2015

Corporate Directory

Directors	Anthony Howland-Rose - Chairman David Deitz Eddie Lee
Company secretary	David Deitz
Registered office	Level 2, Quantum House 49-51 York Street Sydney NSW 2000 Tel: +61 2 9397 7555 Fax: +61 2 9397 7575
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000 Tel: 1300 787 272
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	www.gullewa.com

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Directors' Report

30 June 2015

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 at the end of, or during, the year ended 30 June 2015

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

Principal activities

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

Dividends

There were no dividends paid, recommended 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 \$928,047 (30 June 2014: \$2,495,942).

Gullewa Limited ('Gullewa')

There has been no significant trading activity in Gullewa during the financial year.

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

Directors' Report

30 June 2015

Joint Exploration for Kilmain Project with JOGMEC

On 29 August, 2014 the Australian Government's Federal Investment Review Board approved the Joint Exploration Agreement in which Japan Oil, Gas and Metals National Corporation (JOGMEC) will provide up to \$3 million of exploration expenditure to Allegiance Coal over a 3 year period for the Kilmain Coal Project in three stages. JOGMEC will earn up to a 40% economic interest in the Kilmain Project.

Kilmain

Exploration under the JOGMEC Joint Venture commenced in mid-September, 2014 with 11.25 km of seismic surveys and 12 km of ground magnetometer surveys. This was followed by drilling three partially cored holes which was completed by end of December. After the analysis was completed a full report covering this Stage 1 work was prepared.

Back Creek

The Back Creek project in the Surat Basin is well suited to gain benefit from development of Surat Basin infrastructure. However under the current market condition the potential rate of development of the required infrastructure is unknown and thus the future for the project is under review.

Research & Development

Continued work has progressed on the project with the aim of achieving economic mining of underground thermal coal sections within coal seams as thin as 1m thick.

Relinquishment of tenements

Following a further critical review of all tenements a decision has been taken to relinquish all tenements other than those associated with two projects i.e. Kilmain (EPC 1298 and EPC 1917) and Back Creek (EPC 1297).

Directors' Report

30 June 2015

Central Iron Ore ('CIO') – Gullewa has 36.1% holding

During the year ended 30 June 2015 the company:

- Continued its gold exploration strategy and;
- Continued its divestment in iron ore properties.

South Darlot Gold Project

The company's South Darlot Gold Project area is located approximately 320 kilometres northwest of Kalgoorlie in Western Australia and includes:

- The British King Mine which is 49% owned by the company and which is NI43-101 compliant. The British King Mine is 5 kilometres southwest of Barrick Gold Corporation Limited's ('Barrick') Darlot Mine. The British King Mine is currently under care and maintenance;
- A 100% CIO owned tenement package covering 267 square kilometres; and
- A number of tenements which are subject to a joint venture with subsidiaries of Barrick, in which CIO has earned 70% interest.

Eureka Gold Project

The Eureka gold project is approximately 50 kilometres north of Kalgoorlie and includes the Eureka open pit gold mine which is 100% owned by the company and is NI43-101 compliant. The Eureka gold mine is currently under care and maintenance. The company's tenement package comprising the Eureka gold project covers 563 hectares.

Yilgarn Iron Ore Project (Western Australia)

The Company holds 2 iron ore tenements covering 213km², located within the Yilgarn Iron Ore Province ("Yilgarn IOP") in Western Australia, of which all tenements are granted. The company has been on a divestment strategy of the iron ore tenements to reduce costs.

Property

Hunter Valley Solutions Pty Ltd (HVS) purchased a property on 3 March, 2015 for subdivision into 56 lots. Mortgages totalling \$1.9m were obtained to fund the settlement. Gullewa has provided further loan funds of \$812,000 and has a beneficial interest of 69% in HVS. Monteith & Powys Pty Ltd have been retained as Town Planners. A Section 96 Variation has been made to Maitland Council on the Development Application.

Gullewa Gold Royalty

The company has a 1% Royalty on the project called Deflector. Currently project funding has been arranged and progress with development is moving ahead.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

One matter or circumstances have arisen since 30 June 2015 that have 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.

Loan repayment

C. Randall & Associates Pty Limited has requested repayment of their loan on 30 September 2015. As at 30 June 2015 the outstanding loan was \$359,176.

No other matter or circumstance has arisen since 30 June 2015 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.

Directors' Report

30 June 2015

Likely developments and expected results of operations

The consolidated entity has currently reduced field exploration activities until confidence has picked up in the coal sector and the market price of coal has recovered to a level where further field exploration becomes viable again.

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 50 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 approximately \$860 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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	13,448,478 ordinary shares
Interests in options:	8,800,000 options over ordinary shares
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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	28,625,677 ordinary shares
Interests in options:	8,000,000 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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,038,378 ordinary shares
Interests in options:	1,490,000 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.

Directors' Report

30 June 2015

Company secretary David Deitz

David Deitz was appointed company secretary on 14th September 2015 following the resignation of former company secretary Graham Hurwitz. Information on David Deitz is included in 'Information on directors' above.

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 ('the Board') held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Howland-Rose	6	6
David Deitz	6	6
Eddie Lee	6	6

Held: represents the number of meetings held during the time the director held office.

The roles of the Nomination and Remuneration Committee and Audit Committee were performed by the full Board.

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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

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.

Directors' Report

30 June 2015

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

Directors' Report

30 June 2015

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.

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 2015, 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 2014 Annual General Meeting ('AGM')

At the last AGM 95.7% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' Report

30 June 2015

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.

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
E Lee	38,000						38,000
<i>Executive Directors:</i>							
A Howland-Rose	40,000						40,000
D Deitz	130,000			12,350			142,350
	208,000			12,350			220,350

Intersting paid to KenfamPL \$38,750 and Waave PL \$20,000

2014	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
E Lee	23,000			12,025		9,350	44,375
<i>Executive Directors:</i>							
A Howland-Rose	72,000					41,800	113,800
D Deitz	130,000					41,800	171,800
	225,000			12,350		92,950	329,975

* Remuneration is for the period to resignation

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2015	2014	2015	2014	2015	2014
<i>Non-Executive Directors:</i>						
E Lee	100%	79%	-%	-%		21%
<i>Executive Directors:</i>						
A Howland-Rose	100%	63%	-%	-%		37%
D Deitz	100%	76%	-%	-%		24%

Directors' Report

30 June 2015

Service agreements

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

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 2015.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
27 November 2013	27 November 2013	27 November 2018	\$0.0495	\$0.015

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Number of options granted during the year 2015	Number of options granted during the year 2014	Number of options vested during the year 2015	Number of options vested during the year 2014
Anthony Howland-Rose	-	3,800,000	-	3,800,000
David Deitz	-	3,800,000	-	3,800,000
Eddie Lee	-	850,000	-	850,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Value of options granted during the year \$	Value of options granted during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Anthony Howland-Rose	-	-	-	37%
David Deitz	-	-	-	24%
Eddie Lee	-	-	-	21%

Additional disclosures relating to key management personnel

In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the company or its subsidiaries.

Directors' Report

30 June 2015

Shareholding

The number of shares in the company 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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Anthony Howland-Rose	13,448,478	-	-	-	13,448,478
David Deitz	28,625,677	-	-	-	28,625,677
Eddie Lee	3,038,378	-	-	-	3,038,378
	45,112,533	-	-	-	45,112,533

Option holding

The number of options over ordinary shares in the company 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:

	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Anthony Howland-Rose	8,800,000	-	-	-	8,800,000
David Deitz	8,800,000	-	-	-	8,800,000
Eddie Lee	1,490,000	-	-	-	1,490,000
	18,290,000	-	-	-	18,290,000

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
<i>Options over ordinary shares</i>			
Anthony Howland-Rose	8,800,000	-	8,800,000
David Deitz	8,800,000	-	8,800,000
Eddie Lee	1,490,000	-	1,490,000
	18,290,000	-	18,290,000

Loans to key management personnel and their related parties

There were no loans made to key management personnel and their related parties during the financial year ended 30 June 2015.

Other transactions with key management personnel and their related parties

Administration fees and reimbursements paid to other related party, C. Randall & Associates Pty. Limited totalling \$1,475.

Wages paid to Mendel Deitz, son of David Deitz, a director of the parent entity totalling \$30,069.

Loan from C Randall & Associates Pty. Limited totalling \$359,175.

This concludes the remuneration report, which has been audited.

Directors' Report

30 June 2015

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
7 March 2011	6 March 2016	\$0.2200	4,475,000
16 May 2011	15 May 2016	\$0.2200	1,000,000
16 May 2012	16 May 2017	\$0.1000	1,300,000
4 July 2012	4 July 2017	\$0.1000	5,000,000
27 November 2013	27 November 2018	\$0.0495	10,900,000
			22,675,000

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

There were no ordinary shares of Gullewa Limited issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

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

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of SCS Audit & Corporate Services Pty Ltd

There are no officers of the company who are former audit partners of SCS Audit & Corporate Services Pty Ltd.

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 was removed from the position of Auditor on the 27 November 2014 and Superannuation and Corporate Services Pty Ltd was appointed on the same date.

Auditor's independence declaration

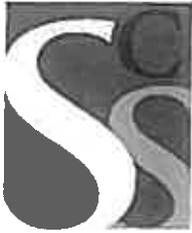
This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



David Deitz
Director

30 September 2015
Sydney



SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

30 September 2015

Board of Directors
Gullewa Limited
Level 2, Quantum House
49-51 York Street
SYDNEY NSW 2000

Dear Directors,

Re: 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 Audit Director for the audit of the financial statements of Gullewa Limited for the year ended 30 June 2015, 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 faithfully,
SCS Audit & Corporate Services Pty Ltd
(An Authorised Audit Company)

Brian R Taylor
Director

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General information

The financial statements cover Gullewa Limited as a consolidated entity consisting of Gullewa Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Gullewa Limited's functional and presentation currency.

Gullewa Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, 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 statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2015. The directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	Consolidated	
		2015 \$	2014 \$
Revenue	4	152,195	229
Other income	5	95,341	216,668
Expenses			
Administration expenses		(832,723)	(557,317)
Employee benefits expense		(286,734)	(674,876)
Depreciation and amortisation expense	6	(37,513)	(32,961)
Impairment of exploration, evaluation and development asset	6	(722,348)	(1,966,194)
Subsidiary listing expense written off		(29,038)	-
Share of loss of associates accounted for using the equity method	32	(125,669)	(218,883)
Finance costs	6	(23,674)	(26,966)
Loss before income tax benefit		(1,781,125)	(3,260,300)
Income tax benefit	7	476,542	395,600
Loss after income tax benefit for the year		(1,304,583)	(2,864,700)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,304,583)	(2,864,700)
Loss for the year is attributable to:			
Non-controlling interest		(376,536)	(368,758)
Owners of Gullewa Limited	20	(928,047)	(2,495,942)
		(1,304,583)	(2,864,700)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(376,536)	(368,758)
Owners of Gullewa Limited		(928,047)	(2,495,942)
		(1,304,583)	(2,864,700)
		Cents	Cents
Basic earnings per share	35	(0.62)	(1.66)
Diluted earnings per share	35	(0.62)	(1.66)

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

Statement of financial position

As at 30 June 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	3,835,537	5,293,771
Trade and other receivables	9	591,825	597,443
Other financial assets	10	172,620	186,808
Total current assets		4,599,982	6,078,022
Non-current assets			
Investments accounted for using the equity method	11	844,012	157,611
Other financial assets	12	28,408	27,520
Property, plant and equipment	13	16,419	41,975
Intangibles	14	39,693	44,803
Exploration, evaluation and development	15	3,318,506	3,905,043
Total non-current assets		4,247,038	4,176,952
Total assets		8,847,020	10,254,974
Liabilities			
Current liabilities			
Trade and other payables	16	279,779	202,505
Borrowings	17	359,176	539,821
Total current liabilities		638,955	742,326
Total liabilities		638,955	742,326
Net assets		8,208,065	9,512,648
Equity			
Contributed equity	18	21,294,326	21,294,326
Reserves	19	1,274,648	1,274,648
Accumulated losses	20	(15,699,112)	(14,771,065)
Equity attributable to the owners of Gullewa Limited		6,869,862	7,797,909
Non-controlling interest	21	1,338,203	1,714,739
Total equity		8,208,065	9,512,648

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

Statement of changes in equity

For the year ended 30 June 2015

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2013	21,294,326	1,097,917	(12,275,123)	2,057,581	12,175,701
Loss after income tax benefit for the year	-	-	(2,495,942)	(368,758)	(2,864,700)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,495,942)	(368,758)	(2,864,700)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of options	-	175,731	-	25,916	201,647
Balance at 30 June 2014	21,294,326	1,274,648	(14,771,065)	1,714,739	9,512,648

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2014	21,294,326	1,274,648	(14,771,065)	1,714,739	9,512,648
Loss after income tax benefit for the year	-	-	(928,047)	(376,536)	(1,304,583)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	21,294,326	1,274,648	(15,699,112)	1,338,203	8,208,065
<i>Transactions with owners in their capacity as owners:</i>					
Issue of options	-	-	-	-	-
Balance at 30 June 2015	21,294,326	1,274,648	(15,699,112)	1,338,203	8,208,065

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

Statement of cash flows

For the year ended 30 June 2015

	Note	Consolidated	
		2015 \$	2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,198,980)	(1,277,638)
Dividends received		440	200
Interest received		229,931	216,668
Other revenue		199,776	29
Interest and other finance costs paid		-	(26,966)
Income taxes refunded		403,449	395,600
Net cash used in operating activities	34	(365,384)	(692,107)
Cash flows from investing activities			
Payments for investments		-	(1,042)
Payments for property, plant and equipment	13	(12,949)	(4,032)
Payments for exploration and evaluation	15	(138,954)	(315,903)
Proceeds from sale of property, plant and equipment		13,448	20,001
Proceeds from sale of intangibles		-	900
Proceeds from other financial assets and deposit		14,532	-
Net cash used in investing activities		(123,923)	(300,076)
Cash flows from financing activities			
Proceeds from borrowings		235,874	26,331
Repayment of borrowings		(1,199,960)	-
Contribution from Joint Venture		(4,840)	-
Net cash from/(used in) financing activities		(968,926)	26,331
Net decrease in cash and cash equivalents		(1,458,234)	(966,852)
Cash and cash equivalents at the beginning of the financial year		5,293,771	6,259,623
Cash and cash equivalents at the end of the financial year	8	3,835,537	5,293,771

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

Notes to the financial statements

30 June 2015

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Allegiance Coal Limited and its subsidiaries.

The financial report is presented in Australian dollars.

Allegiance Coal Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are mineral exploration and investment.

Adoption of new and revised standards

In the year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

Statement of Compliance

The financial report was authorised for issue on 30th September 2015.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Going concern

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

For the year ended 30 June 2015, the consolidated entity incurred a loss from continuing operations after tax of \$1,304,583 (2014: \$2,864,700). In the same period the consolidated entity had operating cash outflows of \$365,384 (2014: \$692,107) and cash outflows from investing activities of \$123,923 (2014: \$300,072).

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.

Notes to the financial statements

30 June 2015

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 30.

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 2014 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 control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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. 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 profit or loss and other comprehensive income, statement of financial position and statement of changes in equity 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.

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.

Notes to the financial statements

30 June 2015

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, 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 interests in subsidiaries, associates or 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 entities which intend to settle simultaneously.

The R&D Tax Incentive is a government run program which helps to offset some of the costs of R&D. The consolidated entity claimed a refundable tax offset and has disclosed this as income tax benefit in the statement of profit or loss and other comprehensive income.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Notes to the financial statements

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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 associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. 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 consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently 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.

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.

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 recognised had the impairment not been made and is reversed to profit or loss.

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.

Notes to the financial statements

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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. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life 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 intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

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.

Exploration and evaluation 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.

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

Notes to the financial statements

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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 of disposal 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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. 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 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

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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.

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.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

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.

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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.

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.

Notes to the financial statements

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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.

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 (refer to the respective notes) 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.

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 of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Exploration and evaluation costs

The consolidated entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at cost (refer to note 15).

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into 3 operating segments: exploration and evaluation, property holding and investments. 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.

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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 holding	The consolidated entity acquires investment properties for 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

Consolidated - 2015	Exploration and evaluation \$	Property holding \$	Investments \$	Intersegment eliminations/ unallocated \$	Total \$
Revenue					
Other revenue	-	-	-	152,195	152,195
Total revenue	-	-	-	152,195	152,195
EBITDA before net loss of associates	(22,106)	-	(10,903)	(1,086,448)	(1,119,457)
Depreciation and amortisation					(37,513)
Impairment of assets					(722,348)
Interest revenue					95,341
Finance costs					(23,674)
Share of net losses of associates					(125,669)
Loss before income tax benefit					(1,781,125)
Income tax benefit					476,542
Loss after income tax benefit					(1,304,583)
Assets					
Segment assets	3,318,506	812,120	172,620	4,543,774	8,847,020
Total assets					8,624,575
<i>Total assets includes:</i>					
Investments in associates	-	-	-	-	-
Acquisition of non-current assets	-	-	-	-	-
Liabilities					
Segment liabilities	279,780	-	-	359,175	638,955
Total liabilities					638,955

Notes to the financial statements

30 June 2015

Consolidated - 2014	Exploration and evaluation \$	Property holding \$	Investments \$	Intersegment eliminations/ unallocated \$	Total \$
Revenue					
Other revenue	29	-	-	200	229
Total revenue	29	-	-	200	229
EBITDA before net loss of associates	(520,198)	(6,818)	(653)	(704,295)	(1,231,964)
Depreciation and amortisation					(32,961)
Impairment of assets					(1,966,194)
Interest revenue					216,668
Finance costs					(26,966)
Share of net losses of associates					(218,883)
Loss before income tax benefit					(3,260,300)
Income tax benefit					395,600
Loss after income tax benefit					(2,864,700)
Assets					
Segment assets	7,482,080	(3,844)	(117,320)	2,894,058	10,254,974
Total assets					10,254,974
<i>Total assets includes:</i>					
Investments in associates	-	-	157,611	-	157,611
Acquisition of non-current assets	315,903	-	-	-	315,903
Liabilities					
Segment liabilities	684,286	94	-	57,946	742,326
Total liabilities					742,326

Note 4. Revenue

	Consolidated	
	2015 \$	2014 \$
Dividends	-	200
Consultant fees	152,195	
Other revenue	-	29
Revenue	152,195	229

Note 5. Other income

	Consolidated	
	2015 \$	2014 \$
Net gain on disposal of investment property	-	-
Interest income	95,341	216,668
Other income	95,341	216,668

Notes to the financial statements

30 June 2015

Note 6. Expenses

	Consolidated	
	2015	2014
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	480	392
Plant and equipment	27,163	18,077
Motor vehicles	5,101	8,261
Total depreciation	32,744	26,730
<i>Amortisation</i>		
Computer software	4,769	6,231
Total depreciation and amortisation	37,513	32,961
<i>Impairment</i>		
Exploration, evaluation and development	722,348	1,966,194
<i>Finance costs</i>		
Interest and finance charges paid/payable	23,674	26,966
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	31,613	33,320
<i>Revaluation of shares</i>		
Revaluation of shares	10,903	2,353
<i>Employee benefits expense</i>		
Contribution superannuation expense	54,392	40,803
Share-based payments expense	-	201,647
Other wages and salaries	232,342	432,426
Total employee benefits expense	286,734	674,876

Notes to the financial statements

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Note 7. Income tax benefit

	Consolidated	
	2015	2014
	\$	\$
<i>Income tax benefit</i>		
Current tax	(476,542)	(395,600)
Aggregate income tax benefit	(476,542)	(395,600)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(2,003,570)	(3,260,300)
Tax at the statutory tax rate of 30%	(601,071)	(978,090)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of assets	216,704	589,858
Share-based payments		52,719
Losses of associates	37,701	110,627
	(346,666)	(224,886)
Current year tax losses not recognised	346,666	224,886
Research and development refund received	(476,542)	(395,600)
Income tax benefit	(476,542)	(395,600)

	Consolidated	
	2015	2014
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	4,501,280	4,934,200
Potential tax benefit @ 30%	1,350,384	1,480,260

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2015	2014
	\$	\$
Cash on hand	1,100	1,100
Cash at bank	1,128,544	2,400,785
Cash on deposit	2,705,893	2,891,886
	3,835,537	5,293,771

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Note 9. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	\$	\$
Other receivables and deposits	591,825	597,443

Note 10. Current assets - other financial assets

	Consolidated	
	2015	2014
	\$	\$
Shares designated at fair value through profit or loss	38,449	54,958
Shares in unlisted corporations – at cost	134,171	131,850
	172,620	186,808

Note 11. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2015	2014
	\$	\$
Investment in associates		
Central Iron Ore Limited	31,942	157,611
Hunter Valley Pty Ltd	812,120	-
	844,062	157,611

The interest in the Hunter Valley Pty Ltd has been accounted for under equity method as the company has joint control in the property development.

Refer to note 32 for further information on interests in associates.

Note 12. Non-current assets - other financial assets

	Consolidated	
	2015	2014
	\$	\$
Term deposits	28,408	27,520

Notes to the financial statements

30 June 2015

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2015 \$	2014 \$
Leasehold improvements - at cost	2,060	2,522
Less: Accumulated depreciation	(872)	(854)
	<u>1,188</u>	<u>1,668</u>
Plant and equipment - at cost	52,367	99,367
Less: Accumulated depreciation	(45,240)	(66,509)
	<u>7,127</u>	<u>32,858</u>
Motor vehicles - at cost	21,465	39,469
Less: Accumulated depreciation	(13,361)	(32,020)
	<u>8,104</u>	<u>7,449</u>
	<u>16,419</u>	<u>41,975</u>

Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2013	1,841	47,022	44,170	93,133
Additions	119	3,913	-	4,032
Disposals	-	-	(28,460)	(28,460)
Depreciation expense	(392)	(18,077)	(8,261)	(26,730)
Balance at 30 June 2014	1,668	32,858	7,449	41,975
Additions	-	1,433	11,545	12,978
Disposals	-	-	(5,790)	(5,790)
Depreciation expense	(480)	(27,164)	(5,100)	(32,744)
Balance at 30 June 2015	1,188	7,127	8,104	16,419

Note 14. Non-current assets - intangibles

	Consolidated	
	2015 \$	2014 \$
Patterns and trademarks -- at cost	24,453	24,453
Computer software -- at cost	42,003	52,714
Less: Accumulated amortisation	(29,938)	(35,879)
	<u>12,065</u>	<u>16,835</u>
Other intangibles -- at cost	3,175	3,515
	<u>39,693</u>	<u>44,803</u>

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30 June 2015

Reconciliations

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

Consolidated	Patents and trademarks \$	Computer software \$	Other intangibles \$	Total \$
Balance at 1 July 2013	24,453	23,066	3,515	51,034
Additions	-	-		-
Depreciation expense	-	(6,231)		(6,231)
Balance at 30 June 2014	24,453	16,835	3,515	44,803
Disposals	-	-	(341)	(341)
Depreciation expense	-	(4,769)	-	(4,769)
Balance at 30 June 2015	24,453	12,066	3,174	39,693

Note 15. Non-current assets - exploration, evaluation and development

	Consolidated	
	2015	2014
	\$	\$
Exploration, evaluation and development assets – at cost	5,611,709	6,404,924
Cost reimbursement from Joint Venture	(1,570,855)	-
Less: Impairment	(722,348)	(2,499,881)
	<u>3,318,506</u>	<u>3,905,043</u>

Reconciliations

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

Consolidated	Exploration, evaluation and development \$	Total \$
Balance at 1 July 2013	5,555,334	5,555,334
Additions	315,903	315,903
Impairment of assets	(1,966,194)	(1,966,194)
Balance at 30 June 2014	3,905,043	3,905,043
Balance at 1 July 2014	3,905,043	3,905,043
Additions	1,706,666	1,706,666
Joint Venture-JOGMEC	(1,570,855)	(1,570,855)
Impairment of assets	(722,348)	(722,348)
Balance at 30 June 2015	<u>3,318,506</u>	<u>3,318,506</u>

Notes to the financial statements

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JOGMEC

On 29 August, 2014 the Australian Government's Federal Investment Review Board approved the Joint Exploration Agreement in which Japan Oil, Gas and Metals National Corporation (JOGMEC) will provide up to \$3 million of exploration expenditure to Allegiance Coal over a 3 year period for the Kilmain Coal Project in three stages. JOGMEC will earn up to a 40% economic interest in the Kilmain Project. As at 30 June 2015 JOGMEC had completed the requirements of Stage 1 of project.

Impairment

The consolidated entity has stopped mining certain tenements and impaired these tenements exploration, evaluation and development expenditure to reflect the fact that they are no longer meeting minimum expenditure requirements of those.

On the remaining tenements the rights to tenure of the area of interest are current; and at least one of the following conditions is also met:

- i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2015	2014
	\$	\$
Trade payables	138,190	19,924
Accrued expenses	131,710	67,654
Other payables	9,879	114,927
	<u>279,779</u>	<u>202,505</u>

Refer to note 23 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated	
	2015	2014
	\$	\$
Advance from shareholder in controlled entity (unsecured)	359,176	535,501
Loan – C Randall & Associates Pty Ltd		4,320
	<u>359,176</u>	<u>539,821</u>

Refer to note 23 for further information on financial instruments.

The advance from shareholder in controlled entity was due for repayment on 30 June 2015

The loans are due for repayment on 30 September 2015 unless the subsidiary company of Allegiance Coal Limited, Mineral and Coal Investments Pty Limited ('MCI'), provides Gullewa Limited (as relevant) evidence on the basis of which MCI reasonably considers that if it were to repay the debt Allegiance Coal Limited and its consolidated entities ('Allegiance') would not have sufficient cash to cover its 12 month operating budget, in which case the repayment date will be extended by 90 days.

The repayment date can continue to be extended by 90 day periods in this manner until a sunset repayment date of 30 June 2017, at which time all of the debts must be repaid. However, if on the repayment date MCI reasonably considers that it can

Notes to the financial statements

30 June 2015

pay part of the money comprising its debts, such that Allegiance will have sufficient cash to cover its 12 month operating budget, it must repay that part of the debt.

Interest charged is based on the 90 day bank bill swap rate plus 4%.

Gullewa has agreed to extend the repayment date based on this term

Note 18. Equity - contributed equity DD to Provide

	Consolidated			
	2015 Shares	2014 Shares	2015 \$	2014 \$
Ordinary shares - fully paid	150,123,100	150,123,100	21,294,326	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 and the company does not have a limited amount of authorised capital.

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.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

Note 19. Equity - reserves

	Consolidated	
	2015 \$	2014 \$
Capital profits reserve	204,828	204,828
Share-based payments reserve	1,069,820	1,069,820
	<u>1,274,648</u>	<u>1,274,648</u>

Capital profit reserve

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

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Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Capital profits \$	Share-based payments \$	Total \$
Balance at 1 July 2013	204,828	894,089	1,098,917
Issue of options	-	175,731	175,731
Balance at 30 June 2014	204,828	1,069,820	1,274,648
Issue of options	-	-	-
Balance at 30 June 2015	204,828	1,069,820	1,274,648

Note 20. Equity - accumulated losses

	Consolidated	
	2015 \$	2014 \$
Accumulated losses at the beginning of the financial year	(14,771,065)	(12,275,123)
Loss after income tax benefit for the year	(928,047)	(2,495,942)
Accumulated losses at the end of the financial year	(15,699,112)	(14,771,065)

Note 21. Equity - non-controlling interest

	Consolidated	
	2015 \$	2014 \$
Contributed equity	8,625,388	8,625,388
Reserves	88,970	88,970
Accumulated losses	(7,376,155)	(6,999,619)
	1,338,203	1,714,739

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

Note 22. Equity - dividends

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

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Note 23. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate 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 derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. 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 senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

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 at fair value through profit or loss. The consolidated entity does not hedge its price risks.

At 30 June 2014, 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 \$5,496 (2013: \$6,319) 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.

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 (2014: 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 \$17,959 (2014: \$26,469).

Credit risk

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 a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

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.

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.

Notes to the financial statements

30 June 2015

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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 - 2015	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						
<i>Non-interest bearing</i>						
Trade payables	-%	138,190	-	-	-	138,190
Other payables	-%	9,879	-	-	-	9,879
<i>Interest-bearing - variable</i>						
Borrowings	6.70%	359,176	-	-	-	359,176
Total non-derivatives		507,246	-	-	-	507,246

Consolidated - 2014	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						
<i>Non-interest bearing</i>						
Trade payables	-%	19,924	-	-	-	19,924
Other payables	-%	114,927	-	-	-	114,927
<i>Interest-bearing - variable</i>						
Advance from shareholder	8.91%	575,989	-	-	-	575,989
Total non-derivatives		710,840	-	-	-	710,840

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. 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

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Consolidated - 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss - marketable securities	38,449	-	-	38,449
Total assets	38,449	-	-	38,449

Consolidated - 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss - marketable securities	54,958	-	-	54,958
Total assets	54,958	-	-	54,958

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other 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 liabilities.

Note 25. Key management personnel disclosures

Compensation

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

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	270,638	225,000
Post-employment benefits	15,883	12,025
Share-based payments	-	92,950
	286,521	329,975

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by SCS Audit & Corporate Services Pty Ltd, the auditor of the company:

	Consolidated	
	2015	2014
	\$	\$
<i>Audit services</i> – SCS Audit & Corporate Services Pty Ltd	25,000	
<i>Audit services</i> – Deloitte Touche Tohmatsu	-	75,000
	25,000	75,000

Notes to the financial statements

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Note 27. Contingent liabilities

There were no contingent liabilities at 30 June 2015 or 30 June 2014.

Note 28. Commitments

	Consolidated	
	2015	2014
	\$	\$
<i>Capital commitments - exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,000,000	415,115
One to five years	500,000	880,745
	<u>1,500,000</u>	<u>1,295,860</u>

An operating leases was entered into as a means of acquiring plant and equipment. The lease was fixed for one year and then moved onto a monthly rolling contract.

Capital commitments have significantly decreased in the year due to the tenements which have been impaired.

Note 29. Related party transactions

Parent entity

Gullewa Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Associates

Interests in associates are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2015	2014
	\$	\$
Other income:		
Management fees from associate, Central Iron Ore Limited	37,413	-
Other transactions:		
Administration fees and reimbursements paid to other related party, C. Randall & Associates Pty. Limited	1,475	2,302
Wages paid to Mendel Deitz, son of David Deitz, a director of the parent entity.	30,069	32,877

Notes to the financial statements

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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	
	2015 \$	2014 \$
Interests paid by joint venture parties (Hunter Valley Pty Ltd) to companies associated with A.W Howland Rose:	58,750	-
Current borrowings:		
Administration fees and reimbursements payable to other related party, C Randall & Associates Pty. Limited	-	1,414
Loan from C Randall & Associates Pty. Limited	359,176	535,501
Loan from director, David Deitz	-	4,320
<i>Terms and conditions</i>		
All transactions were made on normal commercial terms and conditions and at market rates.		
Transactions with joint venture parties		
Loan to joint venture (Hunter Valley Pty Ltd) from companies associated with: Anthony Howland-Rose	1,900,000	

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2015 \$	2014 \$
Loss after income tax	(112,367)	(2,864,700)
Total comprehensive income	(112,367)	(2,864,700)

Notes to the financial statements

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Statement of financial position

	Parent	
	2015	2014
	\$	\$
Total current assets	2,344,546	5,780,980
Total assets	6,224,532	7,400,320
Total current liabilities	5,747,780	6,811,201
Total liabilities	5,747,780	6,811,201
Equity		
Contributed equity	21,294,326	21,294,326
Capital profits reserve	284,828	284,828
Share-based payments reserve	851,821	851,821
Accumulated losses	(21,954,223)	(21,841,856)
Total equity	476,752	589,119

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 2015 and 30 June 2014.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

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, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in 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:

Notes to the financial statements

30 June 2015

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
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	50.00%	50.00%
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%	57.86%
Mineral & Coal Investments Pty Limited	Australia	57.86%	57.86%
Echidna Coal Pty Limited	Australia	57.86%	57.86%
Moreton Coal Pty Limited	Australia	57.86%	57.86%

Note 32. Interests in associates

Interests 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	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
Central Iron Ore Limited	Mineral extraction	36.10%	36.10%
Hunter Valley Pty Ltd	Property development	69.00%	-

Notes to the financial statements

30 June 2015

Summarised financial information

	2015 \$	2014 \$
<i>Summarised statement of financial position</i>		
Current assets	48,731	91,876
Non-current assets	3,036,653	1,346,834
Total assets	3,103,064	1,438,710
Current liabilities	95,978	140,338
Total liabilities	1,425,028	140,338
Net assets	1,678,036	1,298,372
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	14,723	2,395
Expenses	(138,507)	(233,415)
Loss before income tax	(123,784)	(231,020)
Income tax benefit	(1,885)	12,137
Loss after income tax	(125,669)	(218,883)
Other comprehensive income		-
Total comprehensive income	(125,669)	(218,883)

The summarised financial information above relates to the consolidated entity's share of the associate.

Note 33. Events after the reporting period

One matter or circumstances have arisen since 30 June 2015 that have 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.

Loan repayment

C. Randall & Associates Pty Limited has requested repayment of their loan on 30 September 2015. As at 30 June 2015 the outstanding loan was \$359,176.

No other matter or circumstance has arisen since 30 June 2015 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.

Notes to the financial statements

30 June 2015

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2015	2014
	\$	\$
Loss after income tax benefit for the year	(1,304,583)	(2,864,700)
Adjustments for:		
Depreciation and amortisation	37,513	32,961
Impairment of non-current assets	722,348	1,966,194
Write off of property, plant and equipment	-	8,460
Share-based payments	-	201,647
Share of net losses of associates	125,669	218,883
Change in operating assets and liabilities:		
Increase in trade and other receivables	(80,375)	(76,602)
Decrease in inventories	-	-
Decrease in trade and other payables	134,044	(178,950)
Decrease in employee benefits	-	-
Net cash used in operating activities	(365,384)	(692,107)

Note 35. Earnings per share

	Consolidated	
	2015	2014
	\$	\$
Loss after income tax	(1,304,583)	(2,864,700)
Non-controlling interest	376,536	368,758
Loss after income tax attributable to the owners of Gullewa Limited	(928,047)	(2,495,942)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	150,123,100	150,123,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	150,123,100	150,123,100
	Cents	Cents
Basic earnings per share	(0.62)	(1.66)
Diluted earnings per share	(0.62)	(1.66)

22,675,000 (2014: 28,155,000) options are excluded from the above calculation as they would be anti-dilutive for the period.

Note 36. 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.

Notes to the financial statements

30 June 2015

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

2015

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
08/12/2009	30/11/2014	\$0.1200	5,480,000	-	-	5,480,000	-
07/03/2011	06/03/2016	\$0.2200	4,475,000	-	-	-	4,475,000
16/05/2011	15/05/2016	\$0.2200	1,000,000	-	-	-	1,000,000
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
27/11/2013	27/11/2018	\$0.0495	10,900,000	-	-	-	10,900,000
			28,155,000	-	-	5,480,000	22,675,000
Weighted average exercise price							0.0150

2014

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
08/12/2009	30/11/2014	\$0.1200	5,480,000	-	-	-	5,480,000
07/03/2011	06/03/2016	\$0.2200	4,475,000	-	-	-	4,475,000
16/05/2011	15/05/2016	\$0.2200	1,000,000	-	-	-	1,000,000
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
27/11/2013	27/11/2018	\$0.0495	-	10,900,000	-	-	10,900,000
			17,255,000	10,900,000	-	-	28,155,000
Weighted average exercise price							\$0.1077

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.38 years (2013: 2.97 years).

The weighted average share price during the year was \$0.0267 (2013: \$0.0615).

Note 37. 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.

DIRECTOR'S DECLARATION

30 June 2015

1. In the opinion of the directors of Allegiance Coal Limited (the 'Company'):
 - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements,
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.



David Deitz
Director

30 September 2015
Sydney



SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

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 2015, the statement of profit or loss and other 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 20 to 54.

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.

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 2015 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.

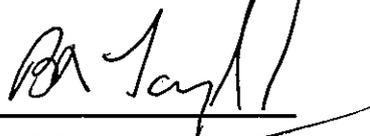
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Yours faithfully,
SCS Audit & Corporate Services Pty Ltd
(An Authorised Audit Company)



Brian R Taylor
Director

Shareholder information

30 June 2015

The shareholder information set out below was applicable as at 15 September 2015.

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	395
5,001 to 10,000	282
10,001 to 100,000	471
100,001 and over	135
	1,469
Holding less than a marketable parcel	1192

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
MR DAVID DEITZ	13,638,219	9.08
FANCHEL PTY LTD	9,333,648	6.22
MR DAVID DEITZ	8,809,896	5.87
MRS SHOSHANA KONCEPOLSKI	6,510,276	4.34
MR ANTHONY HOWLAND-ROSE	6,421,233	4.28
WHITTINGHAM SECURITIES PTY LIMITED	5,000,000	3.33
JUDITH KRASNJANSKI	4,285,714	2.85
HOWLANDROSE HOLDINGS PTY LIMITED <HOWLANDROSE FAMILY A/C>	4,182,227	2.79
FEZUNE PTY LTD <THE REID FAMILY S/F A/C>	4,150,000	2.76
MOSHE AMBARCHI + NADINE AMBARCHI <BULINE SUPERANNUATION A/C>	4,000,000	2.66
RAINIDAYS PTY LTD <RAINIDAYS SUPER FUND A/C>	3,000,000	2.00
SANDOR NOMINEES PTY LTD <ROS SANDOR SUPER FUND A/C>	2,857,143	1.90
HOWLANDROSE HOLDINGS PTY LTD	2,845,018	1.90
ASHECORP PTY LTD <MD & DS MOSS SUPER FUND A/C>	2,770,000	1.85
SCOMAC MANAGEMENT SERVICES PTY LTD	2,300,000	1.53
MR DAVID DEITZ	2,214,022	1.47
TALFRESH PTY LTD	2,094,289	1.40
MR TREVOR NEIL HAY	1,779,800	1.19
MR EDDIE LEE	1,738,378	1.16
GOLDBERG SUPER PTY LTD <GOLDBERG SUPER A/C>	1,600,000	1.07
	89,529,863	59.64

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

There are no substantial holders in the company.

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.

Tenements

Description	Tenement number	Interest owned
QUEENSLAND – Mineral & Coal Investments P/L		
Exploration Permit for Coal - Back Creek - Surat Basin	EPC 1297	57.86%
Exploration Permit for Coal - Kilmain - Bowen Basin	EPC 1298	57.86%
Exploration Permit for Coal - Calen South - Calen Basin	EPC 1631	57.86%
Exploration Permit for Coal - Kilmain South - Bowen Basin	EPC 1917	57.86%
WESTERN AUSTRALIA – Central Iron Ore P/L		
Exploration Licence - Leonora - South Darlot	E37/882	36.10%
Exploration Licence - Leonora - British King	M37/30	36.10%
Exploration Licence - Kalgoorlie - Eureka Gold	M24/189	36.10%
Exploration Licence - Kalgoorlie - Eureka Gold	M24/584	36.10%
Exploration Licence - Kalgoorlie - Eureka Gold	M24/585	36.10%
Exploration Licence - Kalgoorlie - Eureka Gold	M24/586	36.10%
WESTERN AUSTRALIA – Barrick (Darlot) NL		
Exploration Licence - Leonora Earning - Barrick JV	M37/421	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/552	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/631	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/632	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/709	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7364	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7365	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7366	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7367	36.10%
WESTERN AUSTRALIA – Barrick Plutonic Limited		
Exploration Licence - Leonora Earning - Barrick JV	M37/1045	36.10%
Summary of Mining Royalties		
<i>Gullewa Limited is entitled to a 1% royalty from its joint venture partner Muting Gold Limited which relates to the following tenements:</i>		
Western Australia	L59/50	
	M59/50	
	M59/50	
	M59/68	
	M59/132	
	M59/294	
	M59/335	
	M59/336	
	M59/356	
	M59/391	
	M59/442	
	M59/522	
	M59/530	
	M59/531	
	L59/35	
	L59/49	
	E59/1241 (part)	
	E59/1242 (part)	