

**Gullewa Limited and Controlled Entities ACN 007 547 480**  
Financial Report – 30 June 2001

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## Company Particulars

### Directors

D. Deitz  
*Chairman*

S.C. Everett

G.H. Steemson

E. Lee

A.W. Howland-Rose  
(Alternate for D. Deitz)

### Secretary

S.J. Dick

### Notice of annual general meeting

The annual general meeting of Gullewa Limited

**will be held at** Horwath (NSW) Pty Limited  
Level 10  
1 Market Street, (BT Building, corner of Kent and  
SYDNEY Market Streets)

time 11am

date **21 November, 2001**

### Registered office and principal place of business

Level 1  
55 York Street  
SYDNEY NSW 2000  
Telephone: +61 2 9299 1771  
Facsimile: +61 2 9299 1817  
Email: [info@gullewa.com](mailto:info@gullewa.com)  
Web Address: <http://www.gullewa.com>

### Share registers

**Computershare Registry Services Pty Limited**  
Level 2 Reserve Bank Building  
45 St George's Terrace  
PERTH WA 6000  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9232 2033

### Auditor

**Horwath Sydney Partnership**  
Level 10  
1 Market Street  
SYDNEY NSW 2000  
Telephone: +61 2 9372 0777  
Facsimile: +61 2 9372 0606

### Solicitors

**Blakiston & Crabb**  
1202 Hay Street  
WEST PERTH WA 6005

### Bankers

**National Australia Bank**  
255 George Street  
SYDNEY NSW 2000

### Stock exchange listings

Gullewa Limited shares and options are listed on the Australian Stock Exchange.

## Directors' Report

Your directors present their report on the financial statements for the year ended 30 June 2001.

### Directors

The following persons held office as directors of Gullewa Limited at the date of this report :

D. Deitz  
S.C. Everett  
G.H. Steemson  
E. Lee  
A.W. Howland-Rose (Alternate for D. Deitz)

### Principal Activities

The principal activity of the economic entity during the financial year was investments in E-Commerce and in exploration and mining.

### Operating Results

The consolidated operating loss of the economic entity for the year was \$504,590 (2000: \$1,423,697). There was no provision for income tax.

### Dividends

No dividends have been paid or declared since the commencement of the last financial year and no dividends have been recommended by the directors.

### Review of Operations

A review of the economic entity's operations during the financial year and the results of those operations are set out in the section entitled "Review of Operations" elsewhere in this report.

### Significant Changes in the State of Affairs

On 15 September, 2000 the company entered into two option agreements for the sale of its mineral assets, with a combined exercise price of \$1,020,000 and the right to receive a gross royalty of 1% of gross revenue derived from the mineral tenements. The first option agreement was exercised during the year at the exercise price of \$320,000 and the second option is exercisable prior to 15 December, 2001 with an exercise price of of \$700,000 and the right to receive a 1% gross royalty, bringing the total expected proceeds to approximately \$1,262,000. The carrying value of the net mineral assets subject to the sale totalled \$1,231,963 at balance date.

There were no significant changes in the state of affairs of the chief entity during the financial year, not otherwise disclosed in this report except that during the year the company disposed of its two major investments in associated entities which were undertaking IT project development.

### Events Subsequent to the End of the Financial Year

Since the end of the financial year, the directors are not aware of any matter or circumstances, that have significantly or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

### Likely Developments

Likely future developments in the operations of the economic entity are referred to in the accompanying "Chairman's Letter" and "Review of Operations".

### Information on Directors

#### *David Deitz – Chairman*

B.Com, MAusIMM, CPA

### Experience

Appointed to the Board in July 1999. Mr Deitz, a Financial Accountant has had some ten years experience in the mineral exploration industry. He is also a director of Allegiance Mining N.L.

### Interest in Shares and Options

500,000 options (unlisted and exercisable at 20 cents on or before 30 September 2001).

5,000,000 options (unlisted and exercisable at 22 cents on or before 31 December 2002).

Mr Deitz is a Director of Allegiance Mining N.L. which is the holder of 15,197,144 shares and 9,150,000 options expiring on 30 September, 2001 and 2,598,271 options expiring on 30 June 2002.

Gullewa Limited and Controlled Entities

***Stephen C. Everett – Director***

BE (ChemEng)

**Experience**

Appointed to the Board in July 1999. Mr Everett has over 25 years experience in the resource and resource finance industries, in positions ranging from production and project management, to Managing Director/Chief Executive Officer in both public and private companies. Non-executive directorships included 3 years on the Board of Tasmanian Development and Resources.

**Interest in Shares and Options**

500,000 options (unlisted and exercisable at 20 cents on or before 30 September 2001).

1,000,000 options (unlisted and exercisable at 22 cents on or before 31 December 2002).

***Gregory H. Steemson – Director***

BApp.Sc(Hons), MSc, FAusIMM, FAIG

**Experience**

Appointed to the Board in April 1997. Mr Steemson is a geologist with over 20 years experience in mineral exploration in Australia. He has a strong background in all aspects of mineral exploration and development.

**Interest in Shares and Options**

750,000 options (unlisted and exercisable at 20 cents on or before 30 September 2001).

750,000 options (unlisted and exercisable at 20 cents on or before 23 June 2003).

1,000,000 options (unlisted and exercisable at 22 cents on or before 31 December 2002).

***Eddie Lee – Director***

BE, BSc, DIP BDG SC

**Experience**

Appointed to the Board in October, 1999. Mr Lee has extensive background in corporate management and is the Australian representative of several substantial Asian investment and corporate groups. He is chairman of Metroland Australia Limited and is also a director of Allegiance Mining N.L. Mr Lee has wide experience in the fields of civil engineering, finance, corporate management and mining.

**Interests in Shares and Options**

1,000,000 options (unlisted and exercisable at 22 cents on or before 31 December 2002).

Mr Lee is a Director of Allegiance Mining N.L. which is the holder of 15,197,144 shares and 9,150,000 options expiring on 30 September, 2001 and 2,598,271 options expiring on 30 June 2002.

***Anthony W. Howland-Rose – (Alternate for David Deitz)***

MSc, DIC, FIMM, FAusIMM, FAIG, FGS, CEng

Tony Howland-Rose is a qualified geophysicist who has extensive experience in mining exploration and has contributed to many major discoveries in Australia including the Mt Windara and South Mr Keith (Cliffs Charterhall) nickel deposit in Western Australia, the Elura Lead Zinc Deposit in New South Wales and Sandy Flat Redbank Copper Project. His experience includes acting as Director and as Vice President of the listed Canadian Geophysical Services Company, Scintrex Limited and as Chairman and Managing Director of its local subsidiary Scintrex Pty Limited. Mr Howland-Rose is presently Chairman of Allegiance Mining N.L.

**Interest in Shares and Options**

500,000 options (unlisted and exercisable at 20 cents on or before 30 September 2001).

5,000,000 options (unlisted and exercisable at 22 cents on or before 31 December 2002).

Mr Howland-Rose is a Director of Allegiance Mining N.L. which is the holder of 15,197,144 shares and 9,150,000 options expiring on 30 September, 2001 and 2,598,271 options expiring on 30 June 2002.

**Environmental Regulations**

The consolidated entity is subject to significant environmental regulation in respect to its exploration.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

**Directors' and Executives' Emoluments**

Details of the nature and amount of each element of the emoluments of each director of Gullewa Limited and the consolidated entity receiving the highest emoluments are set out in the following table:

	<b>Fees and Salaries</b>	<b>Superannuation</b>	<b>Total</b>
	\$	\$	\$
<i>Non-Executive Directors of Gullewa Limited</i>			
Companies associated with Mr D. Deitz	56,000	-	56,000
Companies associated with Mr A.W. Howland Rose	24,000	-	24,000
Mr S.C. Everett	-	-	-
Mr E. Lee	-	-	-
<i>Executive Director of Gullewa Limited</i>			
Mr G.H. Steemson	53,250	4,500	57,750
<i>Other Executives of Gullewa Limited</i>			
Companies associated with Mr S.J. Dick	-	-	49,450

**Meeting of Directors**

During the financial year, 16 meetings of directors were held. Attendances were:

	<b>Number Eligible to Attend</b>	<b>Directors' Meetings Number Attended</b>
D. Deitz	16	16
S.C. Everett	16	15
E. Lee	16	15
G.H. Steemson	16	15

**Share Options**

The following options over ordinary shares in Gullewa Limited have been issued to directors:

<b>Name of director</b>	<b>Number of Options</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
D. Deitz	500,000	30 September 2001	\$0.20
	5,000,000	31 December 2002	\$0.22
A.W. Howland-Rose	500,000	30 September 2001	\$0.20
	5,000,000	31 December 2002	\$0.22
S.C. Everett	500,000	30 September 2001	\$0.20
	1,000,000	31 December 2002	\$0.22
G.H. Steemson	750,000	30 September 2001	\$0.20
	1,000,000	31 December 2002	\$0.22
	750,000	23 June 2003	\$0.20
E. Lee	1,000,000	31 December 2002	\$0.22

Options are exercisable at any time up to and including the expiry date. At balance date the company's share price was \$0.017 and consequently the options were out of the money.

At the date of this report, the following listed options over ordinary shares in Gullewa Limited remain current:

<b>Number of Options</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
24,059,412	30/06/2002	\$0.20

At the date of this report, the following unlisted options over ordinary shares in Gullewa Limited also remain current:

<b>Number of Options</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
12,050,000	30/09/2001	\$0.20
13,000,000	31/12/2002	\$0.22
1,250,000	23/06/2003	\$0.20

No person entitled to exercise these options had or has any right, by virtue of option, to participate in any share issue of any other body corporate.

Dated at Sydney this 28th day of September, 2001

Signed in accordance with a resolution of Directors:

D.Deitz  
Director

## **Corporate Governance**

The Board is responsible for the overall Corporate Governance of the Group (“the Group”) including the strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has also established a framework for the management of the Group including setting levels of remuneration for Executive Directors, Managers and senior personnel, an overall framework of internal control and the establishment of appropriate ethical standards.

The Board regularly reviews operational and financial performance and reviews and approves detailed budgets and investment opportunities. Being a small company at present, the Board works closely with executive management to identify and manage operational, financial and legislative risk.

### **Composition of the Board**

The composition of the Board is determined using the following principles:

- the Board should comprise four Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises.
- The Board should comprise Directors with a broad range of expertise.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

### **Independent Professional Advice**

Each Director has the right to seek independent professional advice at the Group’s expense. However, prior approval of the Chairman is required, which may not be unreasonably withheld.

### **Remuneration**

Remuneration levels are set by the Board in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages.

### **Audit Committee**

The Company is not of a size which justifies having a separate audit committee, however, matters typically dealt with by such a committee are dealt with by the full Board of Directors.

### **Ethical Standards**

All Directors, Managers and employees are to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

## Statements of Financial Performance

For the year ended 30 June 2001

		Consolidated		Parent Company	
		2001	2000	2001	2000
		\$	\$	\$	\$
	Notes				
Revenue from ordinary activities	2	<b>1,209,523</b>	135,705	<b>1,209,523</b>	135,705
Expenses from ordinary activities	3	<b>(1,714,113)</b>	(1,470,164)	<b>(1,714,113)</b>	(1,470,164)
Share of net loss of associates accounted for using the equity method		-	(89,238)	-	(89,238)
<b>Loss from ordinary activities before income tax expense</b>		<b>(504,590)</b>	(1,423,697)	<b>(504,590)</b>	(1,423,697)
Income tax expense		-	-	-	-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(504,590)</b>	(1,423,697)	<b>(504,590)</b>	(1,423,697)
Loss per share	7				

*The above statements of financial performance should be read in conjunction with the accompanying notes.*



**Statements of Financial Position**

As at 30 June 2001

	Notes	Consolidated		Parent Entity	
		2001 \$	2000 \$	2001 \$	2000 \$
<b>Current Assets</b>					
Cash assets	9	1,830,977	1,810,950	1,830,977	1,810,950
Receivables	10	18,406	6,189	18,406	6,189
Other	11	1,248,046	1,721,249	1,248,046	1,721,249
<b>Total Current Assets</b>		<b>3,097,429</b>	<b>3,538,388</b>	<b>3,097,429</b>	<b>3,538,388</b>
<b>Non-Current Assets</b>					
Receivables	12	83,000	333,591	83,000	483,591
Investments accounted for using the equity method	13	-	154,500	-	4,500
Other financial assets	16	60,853	-	60,853	-
Property, plant and equipment	17	1,650	-	1,650	-
<b>Total Non-Current Assets</b>		<b>145,503</b>	<b>488,091</b>	<b>145,503</b>	<b>488,091</b>
<b>Total Assets</b>		<b>3,242,932</b>	<b>4,026,479</b>	<b>3,242,932</b>	<b>4,026,479</b>
<b>Current Liabilities</b>					
Payables	18	142,646	291,603	142,646	291,603
Provisions	19	83,000	213,000	83,000	213,000
<b>Total Current Liabilities</b>		<b>225,646</b>	<b>504,603</b>	<b>225,646</b>	<b>504,603</b>
<b>Total Liabilities</b>		<b>225,646</b>	<b>504,603</b>	<b>225,646</b>	<b>504,603</b>
<b>Net Assets</b>		<b>3,017,286</b>	<b>3,521,876</b>	<b>3,017,286</b>	<b>3,521,876</b>
<b>Equity</b>					
Contributed equity	20	19,372,343	19,372,343	19,372,343	19,372,343
Reserves	21	284,828	284,828	284,828	284,828
Accumulated losses	21	(16,639,885)	(16,135,295)	(16,639,885)	(16,135,295)
<b>Total Equity</b>		<b>3,017,286</b>	<b>3,521,876</b>	<b>3,017,286</b>	<b>3,521,876</b>
Contingent liabilities	24				
Commitments for expenditure	23				

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

**Statements of Cash Flows**

For the year ended 30 June 2001

	Notes	Consolidated		Parent Entity	
		2001	2000	2001	2000
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Receipts from customers		4,130	30,646	4,130	30,646
Payments to suppliers and employees		(610,334)	(631,768)	(610,334)	(631,768)
Other Payments		(7,663)		(7,663)	
Interest received		93,304	72,178	93,304	72,178
<b>Net cash inflow from operating activities</b>	8(a)	<b>(520,563)</b>	<b>(528,934)</b>	<b>(520,563)</b>	<b>(528,934)</b>
<b>Cash Flows from Investing Activities</b>					
Payments for exploration expenditure		(87,979)	(226,138)	(87,979)	(226,138)
Payment for purchase of property, plant and equipment		(1,650)	(8,588)	(1,650)	(8,588)
Proceeds from sale of property, plant and equipment		478,008	32,881	478,008	32,881
Payment for purchase of investments		(215,896)	(442,956)	(88,282)	(11,508)
Proceeds from disposal of associated entity		320,000	-	320,000	-
Loans to related entities		-	-	(127,614)	(431,448)
Loans to associated entities		(285,014)	(120,194)	(285,014)	(120,194)
<b>Net cash outflow from investing activities</b>		<b>207,469</b>	<b>(764,995)</b>	<b>207,469</b>	<b>(764,995)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from call on shares		-	398,657	-	398,657
Proceeds from sale of forfeited shares		-	657,936	-	657,936
Proceeds from issue of shares		-	1,764,499	-	1,764,499
Proceeds from issues of options		314,091	92,967	314,091	92,967
Advances from related party		19,030	46,678	19,030	46,678
<b>Net cash inflow from financing activities</b>		<b>333,121</b>	<b>2,960,737</b>	<b>333,121</b>	<b>2,960,737</b>
<b>Net Increase in Cash Held</b>		<b>20,027</b>	<b>1,666,808</b>	<b>20,027</b>	<b>1,666,808</b>
Cash at the beginning of the financial year		1,810,950	144,142	1,810,950	144,142
<b>Cash at the End of the Financial Year</b>	9	<b>1,830,977</b>	<b>1,810,950</b>	<b>1,830,977</b>	<b>1,810,950</b>

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

## **Note 1. Summary of Significant Accounting Policies**

This general purpose financial report has been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

### **(a) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Gullewa Limited as at 30 June 2001 and the results of all controlled entities for the year then ended. Gullewa Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during the financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated, the consolidated entity's share of the profit or losses of associates is recognised as revenue in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control. The use of the equity method was adopted with effect from the date of first acquisition of an investment in associates.

### **(b) Temporary Mine Closures**

During the temporary closure of a mining operation:

- "care and maintenance" costs are written off as incurred;
- assets under "care and maintenance" are not depreciated unless deterioration occurs, when an appropriate provision for depreciation/write down is made;
- the mine property is not amortised; and
- special regard is given to the net carrying value of all non-monetary assets and, where their long-term recoverable amount is considered to have diminished below that carrying value, an appropriate write-down is made. Unless otherwise stated, expected cash flows are not discounted in determining recoverable amount.

### **(c) Exploration, Mine Property and Development Expenditure**

Exploration, evaluation, mine property and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**Note 1. Summary of Significant Accounting Policies (continued)**

**(d) Restoration, Rehabilitation and Environmental Expenditure**

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental costs necessitated by development and production activities are accrued on a gradual basis over the production life of the mining activity and treated as costs of production.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off. Changes in estimates of costs relating to producing areas are dealt with prospectively over the remaining mine life.

**(e) Depreciation**

Depreciation is provided on all property, plant and equipment so as to write off assets progressively over their useful economic lives and is calculated on the prime cost method. The expected useful lives are as follows:

Property, plant and equipment	5 years
Buildings and fixtures	7 years

**(f) Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in call deposits with banks or financial institutions which are readily convertible to cash on hand and which are used in the cash management functions on a day to day basis, net of bank overdrafts.

**(g) Earnings per share**

*(i) Basic Earnings per Share*

Basic earnings per share is determined by dividing the profit/loss from ordinary activities of the company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*(ii) Diluted Earnings per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

**(h) Income Tax**

Tax effect accounting procedures are followed whereby income tax expense in the statement of financial performance is matched with the accounting profit/loss after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at rates which are expected to apply when those timing differences reverse.

**(i) Acquisition of Assets**

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined by reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

**Note 2 Revenue from Ordinary Activities**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>Revenue from operating activities</b>				
Interest received	93,304	72,178	93,304	72,178
Management fees	4,130	30,646	4,130	30,646
	<b>97,434</b>	102,824	<b>97,434</b>	102,824
:				
<b>Revenue from outside the operating activities</b>				
Proceeds from the issue of options	314,081	-	314,081	-
Proceeds from sale of property, plant and equipment held for resale	478,008	32,881	478,008	32,881
Proceeds from disposal of associated entity	320,000	-	320,000	-
	<b>1,112,089</b>	32,881	<b>1,112,089</b>	32,881
<b>Revenue from ordinary activities</b>	<b>1,209,523</b>	<b>135,705</b>	<b>1,209,523</b>	<b>135,705</b>

**Note 3 Expenses from Ordinary Activities**

**Loss from ordinary activities includes the following specific expenses:**

Employee benefits	69,182	189,851	69,182	189,851
Depreciation of property plant and equipment	-	30,851	-	30,851
Exploration and evaluation expenditure written off	36,272	328,629	36,272	328,629
Carrying amount of property plant and equipment held for resale	478,008	36,068	478,008	36,068
Carrying amount of investments in associate	477,614	-	477,614	-
Provision for diminution in value of amounts receivable from related entities	-	-	-	381,448
Provision for diminution in shares in associates	-	292,210	-	-
Provision for restoration	-	5,000	-	5,000
Other expenses from ordinary activities	653,037	587,555	653,037	587,555
	<b>1,714,113</b>	<b>1,470,164</b>	<b>1,714,113</b>	1,470,164

**Note 4 Loss from Ordinary Activities**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>(a) Loss from Ordinary Activities is arrived at after crediting and charging the following specific items:</b>				
(i) Charges				
Depreciation of:				
- property, plant and equipment	-	30,851	-	30,851
Exploration and evaluation expenditure written off	36,272	328,629	36,272	328,629
Other provisions:				
- Net loss on disposal and write-off of property, plant and equipment	3,187	3,187	3,187	3,187
- Provision for restoration	-	5,000	-	5,000
Provision for diminution in value of amounts receivable from related entities	-	-	-	381,448
Provision for diminution in shares in associates		292,210	-	-
Loss on disposal of associate	91,237	-	-	-
(ii) Credits				
Interest received from other persons	93,304	72,178	93,304	72,178
<b>(b) Operating Revenue</b>				
Sales revenue				
Other operating revenue				
- interest received	93,304	72,178	93,304	72,178
- management fees	4,130	27,882	4,130	27,882

**Note 5 Remuneration of Directors and Executives****(a) Directors' Remuneration**

Income paid or payable, or otherwise made available, to directors by entities in the economic entity and related parties

	<b>137,750</b>	<b>224,447</b>	<b>137,750</b>	<b>224,447</b>
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Number of parent entity directors whose income from the parent entity or related parties was within the specified bands as follows:

	Number	
	2001	2000
\$0 - \$10,000	3	2
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	-	2
\$50,000 - \$59,999	2	-
\$130,000 - \$139,999	-	1

Included in the above are consulting fees paid in the normal course of business to firms of consultants of which Directors are principals.

The fees covered the provision of geological, management consulting and corporate secretarial services.

**(b) Executive Officers' Remuneration**

There was no executive officer remuneration apart from amounts totalling \$49,450 (2000: \$18,975) paid to entities associated to the company secretary for his services.

**Note 6. Auditors' Remuneration**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Remuneration for audit or review of the financial reports of the parental entity or any entity in the economic entity:	24,535	18,336	24,535	18,336
Remuneration for other services	-	2,700	-	2,700
	<u>24,535</u>	<u>21,036</u>	<u>24,535</u>	<u>21,036</u>

**Note 7 Earnings Per Share**

	2001	2000
	Cents	Cents
<b>(a) Basic loss per share</b>	<u>(0.05)</u>	<u>(1.5)</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>104,047,062</u>	<u>94,977,663</u>

**(b) Diluted Earnings Per Share**

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share on the basis that options on issue are not considered to be potential ordinary shares that are dilutive due to the significant shortfall between the company's share price at balance date and the exercise prices of the options.

**Note 8 Cash Flow Information****(a) Reconciliation of Cash Flow from Operations**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Operating loss after income tax	(504,590)	(1,423,697)	(504,590)	(1,423,697)
Non-cash flows in operating loss:				
Depreciation	-	30,851	-	30,851
Share of associates' net loss	-	89,238	-	-
Loss on sale and write-off of plant	-	3,187	-	3,187
Write-off of capitalised exploration expenditure	81,172	328,629	81,172	328,629
Loss on disposal of associated entity	90,508	-	90,508	-
Write-off of investment -other	20,815	-	20,815	-
Provision for diminution in value of amounts receivable from related entities	-	-	157,614	381,448
Proceeds from issue of options	(314,091)		(314,091)	
Provision for diminution in shares in associates	157,614	292,210	-	-
Changes in assets and liabilities:				
Provision for employee entitlements	-	(23,076)		(23,076)
Provision for restoration and rehabilitation		5,000		5,000
(Increase) in receivables	(11,820)	(4,693)	(11,820)	(4,693)
Decrease in other current assets	4,270	4,033	4,270	4,033
Decrease in inventories	-	15,172	-	15,172
Increase/(Decrease) in trade creditors and accruals	(44,441)	154,212	(44,441)	154,212
Cash flows from operations	<u>(520,563)</u>	<u>(528,934)</u>	<u>(520,563)</u>	<u>(528,934)</u>

**(b) Non-Cash Investing Activities**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Acquisition of equity investment financed in part by the issue of shares at fair value	-	100,000	-	100,000

**Note 9 Current Assets - Cash**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Cash at bank and on hand	1,830,977	1,810,950	1,830,977	1,810,950
Deposits at call	-	-	-	-
	<u>1,830,977</u>	<u>1,810,950</u>	<u>1,830,977</u>	<u>1,810,950</u>

**Note 10 Current Assets - Receivables**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>Current</b>				
Sundry debtors	18,406	6,189	18,406	6,189



**Note 11. Current Assets – Other**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Prepayments	-	4,270	-	4,270
Investments	16,083	7,008	16,083	7,008
Assets held for resale (a)	1,231,963	1,709,971	1,231,963	1,709,971
	<u>1,248,046</u>	<u>1,721,249</u>	<u>1,248,046</u>	<u>1,721,249</u>

(a) The assets held for resale represent mineral exploration and development expenditures.

**Note 12. Non Current Assets – Receivables**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Cash on deposit (a)	83,000	213,397	83,000	213,397
Amounts receivable from controlled entity (unsecured)	-	-	539,062	531,448
Amounts receivable from associated entities (unsecured)	-	120,194	-	120,194
	<u>83,000</u>	<u>333,591</u>	<u>622,062</u>	<u>865,039</u>
Less				
Provision for diminution in value of controlled entity	-	-	539,062	381,448
	<u>83,000</u>	<u>333,591</u>	<u>83,000</u>	<u>483,591</u>

(a) Deposits lodged with financial institutions as security for Department of Minerals and Energy mining tenement performance bonds issued by the financial institutions and not readily convertible to cash.

**Note 13. Non Current Assets – Investments accounted for using the Equity Method**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>Non-traded investments</b>				
Shares in associates (note 15)	-	446,710	-	4,500
Less: Provision for diminution	-	292,210	-	-
	<u>-</u>	<u>154,500</u>	<u>-</u>	<u>4,500</u>

**Note 14. Controlled Entities**

Name of Entity	Country of Incorporation	Class of Share	Equity holding		Cost of Parent Entity's investment	
			2001	2000	2001	2000
			%	%	\$	\$
Claymor Resources Pty Ltd	Australia	Ordinary	100	100	100,000	100,000
Less: provision for diminution					(100,000)	(100,000)
					<u>-</u>	<u>-</u>

**Note 15. Investments in associates****Shares in Associates**

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (see note 13)

Name of Company	Principal Activity	Ownership Interest		Consolidated carrying amount		Parent entity Carrying amount	
		2001 %	2000 %	2001 \$	2000 \$	2001 \$	2000 \$
Dark Horizon Pty Limited.	E-commerce	-	40	-	442,210	-	-
Videcom Holdings Pty Limited	E-commerce	-	45	-	4,500	-	4,500
				-	446,710	-	4,500
Less:							
Provision for diminution				-	292,210	-	-
				-	154,500	-	4,500

Consolidated Carrying amount	
2001	2000
\$	\$

**Movements in carrying amounts of investments in associates**

Carrying amount at the beginning of the financial year	-	-
Acquisition cost of investment in associates	-	535,948
Share of operating loss after income tax	-	( 89,238)
	-	446,710
Less:		
Provision for diminution in value	-	292,210
Carrying amount at the end of the financial year	-	154,500

**Results attributable to associates**

Operating loss before income tax	-	89,238
Income tax expense	-	-
Operating loss after income tax	-	89,238

**Note 16. Non Current Assets – Other financial assets**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>Investments traded on organised markets</b>				
Shares in other corporations - at cost	<b>60,853</b>	-	<b>60,853</b>	-

**Note 17. Non Current Assets – Property, Plant and Equipment**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Property, plant and equipment:				
At cost	<b>1,650</b>	-	<b>1,650</b>	-
Accumulated depreciation	-	-	-	-
	<b>1,650</b>	-	<b>1,650</b>	-

**Note 18. Current Liabilities - Payables**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>Current</b>				
Trade creditors	<b>76,918</b>	<b>63,762</b>	<b>76,918</b>	<b>63,762</b>
Creditors – Dark Horizon Pty Limited	-	<b>120,000</b>	-	<b>120,000</b>
Other creditors	-	<b>61,163</b>	-	<b>61,163</b>
Advances from related party (unsecured)*	<b>65,728</b>	<b>46,678</b>	<b>65,728</b>	<b>46,678</b>
	<b>142,646</b>	<b>291,603</b>	<b>142,646</b>	<b>291,603</b>

\* non-interest bearing, repayable at call

**Note 19. Current liabilities - Provisions**

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>Current</b>				
Restoration and rehabilitation	<b>83,000</b>	<b>213,000</b>	<b>83,000</b>	<b>213,000</b>

**Note 20. Contributed Equity**

	2001	2000	Parent Entity	
			2001	2000
	No	No	\$	\$
<b>(a) Paid Up Capital</b>				
Ordinary shares – Fully paid	<b>104,047,062</b>	104,047,062	<b>19,372,343</b>	19,372,343

<b>(b) Options</b>	<b>Balance</b>				<b>Balance</b>
	<b>1 July 2000</b>	<b>Additions</b>	<b>Exercised</b>	<b>Lapsed</b>	<b>30 June 2001</b>
<b>(i) Listed options</b>					
The Parent Entity has on issue 24,059,412 (2000: 7440,829) listed options which are exercisable by the payment of \$0.20 at any time up to and including 30 June 2002	<b>7,440,829</b>	16,618,583	-	-	<b>24,059,412</b>
<b>(ii) Unlisted Options</b>					
The Parent Entity has on issue 26,300,000 (2000: 26,300,000) unlisted options to employees and directors and which are exercisable as follows					
By the payment of \$0.20 at any time up to and including 23 June 2003	1,250,000	-	-	-	<b>1,250,000</b>
By the payment of \$0.20 at any time up to and including 30 September 2001	12,050,000	-	-	-	<b>12,050,000</b>
By the payment of \$0.22 at any time up to and including 31 December 2002	13,000,000	-	-	-	<b>13,000,000</b>
	<b>26,300,000</b>	-	-	-	<b>26,300,000</b>

**Note 21. Reserves and Accumulated Losses**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(a) Capital Reserves:</b>				
<b>Movements during the year:</b>				
Capital reserve				
Opening balance	<b>284,828</b>	191,861	<b>284,828</b>	191,861
Amounts received on issue of 9,150,000 options expiring 30 September 2001	-	9,150	-	9,150
Amounts received on issue of 4,190,829 options expiring 30 June 2002	-	83,817	-	83,817
Closing balance	<b>284,828</b>	284,828	<b>284,828</b>	284,828
<b>(b) Accumulated Losses</b>				
Opening balance	<b>(16,135,295)</b>	(14,711,598)	<b>(16,135,295)</b>	(14,711,598)
Net loss attributable to members of the parent entity	<b>(504,590)</b>	(1,423,697)	<b>(504,590)</b>	(1,423,697)
Closing balance	<b>(16,639,885)</b>	(16,135,295)	<b>(16,639,885)</b>	(16,135,295)

**Note 22. Financial Instruments**

The net fair value of financial assets and financial liabilities of the economic entity approximates their carrying value. The credit risk on financial assets of the economic entity which have been recognised in the balance sheet is the carrying amount, net of any provisions for doubtful debts. The economic entity's exposure to interest rate risk is limited to that earned on cash which is deposited at a weighted average interest rate of 5%. All other financial instruments are non-interest bearing.

**Note 23. Commitments for Expenditure**

**Exploration Commitments**

In order to maintain current rights of tenure to exploration and mining tenements, the economic entity has the following discretionary expenditure requirements up until expiry of leases. These obligations, which are subject to re-negotiation upon expiry of the leases are not provided for in the financial statements. In 2001/2002, estimated outlays by the economic entity are \$412,800 (2000: \$579,116). Commitments are dependent upon whether the option granted to King Solomon Mines Pty Ltd is exercised, or whether existing rights to tenure are renewed or new rights of tenure are acquired. If King Solomon Mines Pty Limited does not exercise its option or if the economic entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

**Note 24. Contingent Liabilities**

There were no contingent liabilities not provided for in the financial statements of the Consolidated Entity and the Parent Entity as at 30 June 2001.

**Note 25. Statement of Operations by Segment**

During the year the company disposed of its two major investments in associated entities which were undertaking IT project development. The company has continued its investment in and investigation of other IT opportunities and has continued to hold mineral exploration and mining assets. The activities of these associated entities and the company were conducted solely within Australia.

**Note 26. Related Party Transactions**

**Directors**

The names of the persons who were directors of Gullewa Limited at any time during the financial year are as follows:

- D. Deitz
- S.C. Everett
- G.H. Steemson
- E. Lee
- A.W. Howland-Rose (Alternate for D. Deitz)

**Remuneration**

Information on remuneration of directors is disclosed in Note 5.

**Transactions of Directors and Director-Related Entities Concerning Shares or Share Options**

Aggregate numbers of share and options of Gullewa Limited acquired by directors or their director-related entities during the year were as follows:

	<b>Number 2001</b>	<b>Number 2000</b>
Options over ordinary shares (a)	-	12,050,000
Options over ordinary shares (b)	-	525,000
Options over ordinary shares (c)	-	13,000,000

	Number 2001	Number 2000
--	----------------	----------------

Aggregate number of shares and options held by Directors and their related entities at balance date were as follows:

Aggregate fully paid shareholdings of Directors	<b>11,346,751</b>	11,346,751
Aggregate options held by Directors	<b>16,000,000</b>	16,000,000

- (a) The options are unlisted and exercisable at 20 cents on or before 30 September 2001.  
 (b) The options are listed and exercisable at 20 cents on or before 30 June 2003.  
 (c) The options are unlisted and exercisable at 22 cents on or before 31 December 2002.

Allegiance Mining N.L. holds 15,197,144 shares, 9,150,000 options expiring 30 September, 2001 and 2,598,271 options expiring on 30 June 2002. Mr D. Deitz, Mr E. Lee and Mr A.W. Howland-Rose are directors of Allegiance Mining N.L.

#### Other Transactions of Directors and Director-Related Entities

The following transactions with directors and director-related entities occurred during the period on normal commercial terms and conditions:

- (a) fees for company consulting services were paid to a company in which D. Deitz is a director and shareholder; and  
 (b) fees for consulting services were paid to a company in which A.W. Howland -Rose is a director and shareholder.

All of the above are included in Directors' remuneration set out in Note 5.

#### Wholly-Owned Group

The wholly-owned group consists of Gullewa Limited and its wholly-owned controlled entity, Claymor Resources Pty Ltd. Ownership interests in the controlled entity is set out in Note 14.

Transactions between Gullewa Limited and related parties in the wholly-owned group during the years ended 30 June 2000 and 30 June 2001 consisted of:

	Parent Entity	
	2001	2000
	\$	\$
(a) loans advanced by Gullewa Limited	<b>7,614</b>	531,448
(b) loans repaid to Gullewa Limited	-	-

#### Controlling Entity

The ultimate controlling entity in the wholly-owned group is Gullewa Limited

#### Transactions with related parties

(a) loans advanced by Allegiance Mining N.L.	<b>157,021</b>	55,556
(b) loans repaid to Allegiance Mining N.L.	<b>137,971</b>	8,878

Balance outstanding at 30 June 2001 was \$ 65,728 (refer to Note 18)

#### Note 27. Income Tax

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
(a) <b>The prima facie tax benefit on loss from ordinary activities differs from the income tax provided in the accounts as follows:</b>				
Loss from ordinary activities before income tax	<b>504,590</b>	1,423,697	<b>504,590</b>	1,423,697
Prima facie tax at 34%	<b>(171,561)</b>	(512,531)	<b>(171,561)</b>	(512,531)
Add (Less) tax effect of:				
Non-deductible expenditure	<b>1,059</b>	1,059	<b>1,059</b>	1,059
Share of losses of associates	-	32,125	-	-
	<b>1,059</b>	33,184	<b>1,059</b>	1,059
	<b>(170,502)</b>	(479,347)	<b>(170,502)</b>	(511,472)

	Consolidated		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Tax losses and timing differences not recognised	170,502	479,347	170,502	511,472
Income tax attributable to loss from ordinary activities	-	-	-	-
<b>(b) The directors estimate that the potential future income tax benefit at 30 June in respect of tax losses not brought to account is:</b>	-	-	-	-

Due to the business activities of the company it is not certain that the company will be able to claim a deduction for the accumulated tax losses in the future. Accordingly, the potential future income tax benefit of \$9,999,7503 (Consolidated) and \$9,912,663 (Parent Entity) have not been included in the accounts.

### **Note 28. Events Occurring after Balance Date**

There has not arisen during the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that has, in the opinion of the Directors of the Company, significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

### **Note 29. Additional Information**

Gullewa Limited is a listed public company, incorporated and operating in Australia. The Company has no employees other than the Directors.

## **Directors' Declaration**

The directors declare that the financial statements and notes set out on pages 8 to 23:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (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.

This declaration is made in accordance with a resolution of the directors.

D. Deitz  
Director

Sydney  
28 September 2001



## **Independent Audit Report to the Members of Gullewa Limited and Controlled Entities**

### **Scope**

We have audited the financial report of Gullewa Limited for the financial year ended 30 June 2001 as set out on pages \_\_\_ to \_\_\_. The financial report includes the consolidated financial statements 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. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### **Audit opinion**

In our opinion, the financial report of Gullewa Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Dated the 26<sup>th</sup> day of September 2001.

**HORWATH**  
**Sydney Partnership**  
Chartered Accountants

Alfred A Nehama  
Partner

## Shareholder Information

The shareholder information set out below was applicable as at 20 September 2001.

### A. Substantial Shareholders

Substantial shareholders who have notified the Company are as follows:

	<u>Ordinary Shares</u>	<u>Options Expiring 30/06/2002</u>	<u>Unquoted Options Expiring 30/09/2001</u>
Allegiance Mining NL	15,197,744	2,598,271	9,150,000

### B. Distribution of Equity Securities

	<b>Quoted Ordinary Shares</b>	<b>Unquoted Options Expiring 30/9/2001</b>	<b>Quoted Options Expiring 30/6/2002</b>	<b>Unquoted Options Expiring 31/12/2002</b>	<b>Unquoted Options Expiring 23/6/2003</b>
(i) Analysis of numbers of holders by size of holding:					
1 - 1,000	204	-	287	-	-
1,001 - 5,000	573	-	308	-	-
5,001 - 10,000	407	-	90	-	-
10,001 - 100,000	846	-	62	-	-
100,001 - and over	149	6	29	5	2
Total number of holders	<u>2,179</u>	<u>6</u>	<u>776</u>	<u>5</u>	<u>2</u>
(ii) Numbers of holders of less than a marketable parcel:	1,714				
(iii) Percentage held by the 20 largest holders:	35.97		76.16		
(iv) Issued unquoted equity securities		12,050,000		13,000,000	1,250,000
(v) Holders of 20% or more of equity securities in an unquoted class					
Allegiance Mining N.L.		9,150,000			
David Deitz				5,000,000	
Anthony Howland-Rose				5,000,000	
Gregory Steemson					750,000
Gillian Swaby					500,000

### C. Twenty Largest Shareholders

The names of the 20 largest holders of ordinary shares are listed below:

<b>Ordinary Shares:</b>	<b>Number Held</b>	<b>Percentage Held</b>
Allegiance Mining NL	15,197,744	14.61
Mr Daryl Brian Watts	3,103,572	2.98
Scomac Management Services Pty Ltd	2,300,000	2.21
Paladin Resources NL	1,682,645	1.62

**C. Twenty Largest Shareholders**

(continued)

<b>Ordinary Shares:</b>	<b>Number Held</b>	<b>Percentage Held</b>
Mr Kenneth Joseph Hall & Mrs Mary Christine Hall [Hall Superannuation Fund A/C]	1,582,248	1.52
Boldbow Pty Ltd	1,190,000	1.14
Mr Ralph Bard III	1,125,000	1.08
Mr Kent Bourquin & Mrs Mary Bourquin [Bourquin Family UTA 5798 A/C]	1,125,000	1.08
Mrs Katharine Bard Dickson	1,025,000	0.99
Dr Leon Eugene Pretorius	1,000,000	0.96
Shar Holdings Pty Ltd [Shar Fund A/C]	1,000,000	0.96
Mary Anne Baxter	981,604	0.94
Glindemann & Kitching Pty Ltd	972,275	0.93
Powys Engineers Pty Ltd	860,000	0.83
Mr Reed Evans	800,000	0.77
Paso Holdings Pty Ltd	760,000	0.73
ANZ Nominees Limited	700,000	0.67
Mr Clifford Raymond Arnold	700,000	0.77
Merrill Lynch (Australia) Nominees Pty Ltd	691,050	0.66
Kristi Jordan Pty Ltd	650,000	0.62
<b>Total</b>	<b>37,446,138</b>	<b>35.97</b>

**D. Twenty Largest Holders of Quoted Options**

The names of the 20 largest holders of quoted options expiring 30 June, 2002 are listed below:

<b>Option Holders:</b>	<b>Number Held</b>	<b>Percentage Held</b>
Allegiance Mining NL	2,598,271	10.80
Mr David Atkinson	1,650,000	6.86
Planet Capital Pty Ltd	1,500,000	6.23
Allandale Holdings Pty Ltd	1,000,000	4.16
Debours Pty Limited	1,000,000	4.16
Gerendasi Holdings Pty Ltd	1,000,000	4.16
Gurravembi Investments Pty Ltd	1,000,000	4.16
Northern Diamonds Pty Ltd	1,000,000	4.16
Vesna Nominees Pty Ltd	1,000,000	4.16
Mr Peter Radnai	830,907	3.45
Minotaur Trading Pty Ltd	750,000	3.12
Navigator International Investments Ltd	719,734	2.99
Morshead Pty Ltd	618,583	2.57
Mr Graeme John Clatworthy [G Clatworthy Family A/C]	600,000	2.49
Capping Finance Pty Ltd	550,000	2.29
Mr Graham Allan	500,000	2.08
Mr Brian James Dunn	500,000	2.08
Naripaz Pty Ltd & Kirzy Pty Ltd [Hatch Trading A/C]	500,000	2.08
Minapet Securities Pty Ltd	500,000	2.08
Mrs Bee Ngan Ong	500,000	2.08
<b>Total</b>	<b>18,317,495</b>	<b>76.16</b>

**Voting Rights**

The voting rights attached to ordinary shares are that on a show of hands, every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## Summary of Mining Tenements

### E. Summary of Mining Tenements

	Tenement	Interest	J V Partners	Operator
Gullewa	2 E's	100%	*	
	2 L's	100%	*	
	12 M's	100%	*	
Kanowna	2 M's	\$1/tonne royalty	Delta Gold NL	Delta
Nunngarra	1 M	\$1/tonne royalty	Herald Resources Ltd	Herald

E Exploration Licence (WA)  
 L Miscellaneous Licence (WA)  
 M Mining Lease (WA)

\* Subject to Second Option Agreement between Gullewa Limited and King Solomon Mines Pty Limited (“KSM”) whereby Gullewa granted KSM an option to acquire mining property including the tenements prior to 15 December, 2001.