

Gullewa Limited

ACN 007 547 480
ABN 30 007 547 480

Annual Report

30 June 2003

REVIEW OF OPERATIONS

GOLD ASSETS

The Company now has a 1% gross royalty on leases in the Gullewa Project that have now been transferred to Batavia Mining Limited.

On 20 December 2002, Gullewa received \$713,917 in finalisation of the original transaction which commenced in September 2000 with King Solomon Mines Limited (KSM). During this period, KSM entered into agreements with two listed companies, Menzies Gold Limited and Hallmark Consolidated Limited, who provided funding.

ALLEGIANCE MINING NL

At a shareholder meeting on 14 March 2003, an investment of \$770,000 to take up a placement of shares in Allegiance Mining NL was approved. Gullewa now holds 23,227,328 shares which represent 10.2% of Allegiance. The average cost of the investment by Gullewa into Allegiance is 4.6 cents. Currently, Allegiance's shares are trading at approximately 10 cents which represents a 100% increase in value.

Allegiance Mining has announced a 'fast track' strategy aimed at bringing the deposit into production within 18 months. Allegiance is currently awaiting approval for issue of a Mining Licence and the Development Proposal and Environmental Management Plan (DPEMP) which will clear the way subject to funding, to commence building the decline.

Barrett Fuller Partners Pty Ltd (BFP), Independent Mining Consultants, have completed an Indicative Feasibility Study which is very positive on the project.

PROPERTY

Gullewa paid the second instalment to extend the option until December 2003. The rezone is still under discussion between the Department of Urban Planning and Kuringai Council, who have indicated that the site is included in the proposed rezone area. We are still awaiting a final determination.

DAVID DEITZ
Chairman

Gullewa Limited and Controlled Entities ACN 007 547 480
Financial Report – 30 June 2003

Contents

Company Particulars	2
Directors' Report	3
Corporate Governance	6
Statements of Financial Performance	7
Statements of Financial Position	8
Statements of Cash Flows	9
Notes to and Forming Part of the Financial Statements	10
Directors' Declaration	20
Independent Audit Report to the Members	21
Shareholder Information	22

Company Particulars

ABN	30 007 547 480
Directors	D. Deitz <i>Chairman</i> E. Lee D.J. Atkinson
Secretary	S.J. Dick
Registered office and principal place of business	Level 11 Shaw House 49-51 York Street SYDNEY NSW 2000 Telephone: +61 2 9299 4366 Facsimile: +61 2 9299 1817 Email: 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 are listed on the Australian Stock Exchange.

Directors' Report

Your directors present their report on the financial statements for the year ended 30 June 2003.

Directors

The following persons held office as directors of Gullewa Limited during the whole of the financial year and up to the date of this report:

D. Deitz
E. Lee
D.J. Atkinson

D.J. Atkinson was appointed on 18 October 2002.

G.H. Steemson and S.C. Everett were directors from the beginning of the financial year until their resignations on 18 October 2002 and 29 November 2002, respectively.

A.W. Howland-Rose was an alternate director from the beginning of the financial year until his resignation on 21 May 2003.

Principal Activities

The principal activity of the economic entity during the financial year was investments in property, telecommunications, exploration and mining.

Operating Results

The consolidated operating loss of the economic entity for the year was \$231,888 (2002: \$902,956). 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

During the financial year:

- (i) the parent entity subscribed for 17,111,111 fully paid ordinary shares in Allegiance Mining NL, for \$770,000. Following the placement, Gullewa Limited holds 10.17% of the post issue capital of Allegiance Mining NL; and
- (ii) the final payment from the sale of King Solomon Mines Pty Limited of \$713,917 was received, thereby completing the vendors' obligations.

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 over ten years experience in the mineral exploration industry. He is also a Director of Allegiance Mining NL

Interest in Shares

Mr Deitz is a Director of Allegiance Mining NL which is the holder of 23,227,328 shares.

Gullewa Limited and Controlled Entities

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 NL. Mr Lee has wide experience in the fields of civil engineering, finance, corporate management and mining.

Interest in Shares

Mr Lee is a Director of Allegiance Mining NL which is the holder of 23,227,328 shares.

David J Atkinson – Director

Experience

Appointed to the Board in October 2002. Mr Atkinson has over 15 years experience in the IT industry. He has held many roles as a Director. He has extensive experience in the development of financial systems for Government, Advertising, Property and Telecommunications industries.

Interest in shares

Nil

Gullewa Limited and Controlled Entities

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:

	Fees and Salaries \$	Superannuation \$	Total \$
<i>Directors of Gullewa Limited</i>			
- Mr D.J. Atkinson	18,720	-	18,720
- Mr D Deitz	22,000	-	22,000
- Mr S.C. Everett	-	-	-
- Mr A.W. Howland-Rose	30,000	-	30,000
- Mr E. Lee	16,428	-	16,428
- Mr G.H. Steemson	5,000	450	5,450

Meeting of Directors

During the financial year, 14 meetings of directors were held. Attendances were:

	Number eligible to attend	Number attended
D J Atkinson	12	12
D Deitz	14	14
S C Everett	5	4
E Lee	14	14
G H Steemson	2	2

Dated at Sydney this 5th day of September 2003.

Signed in accordance with a resolution of Directors:

DAVID 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 Board comprises 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 2003

	Notes	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
Revenue from ordinary activities	2	170,086	262,802	170,086	262,802
Expenses from ordinary activities	3	(401,974)	(1,165,758)	(401,974)	(1,165,758)
Loss from ordinary activities before income tax expense		(231,888)	(902,956)	(231,888)	(902,956)
Income tax expense		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		(231,888)	(902,956)	(231,888)	(902,956)
Basic Loss per share (cents)	7	(0.21)	(0.9)	(0.21)	(0.9)
Diluted Loss per share (cents)	7	(0.21)	(0.9)	(0.21)	(0.9)

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

Statements of Financial Position

As at 30 June 2003

	Notes	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Current Assets					
Cash assets	9	978,953	1,377,376	978,953	1,377,376
Receivables	10	47,366	44,189	47,366	44,189
Other financial assets	11	32,998	206,599	32,998	206,599
Other Current Assets	12	-	583,000	-	583,000
Total Current Assets		1,059,317	2,211,164	1,059,317	2,211,164
Non-Current Assets					
Other financial assets	11	1,072,709	-	1,072,709	-
Property, plant and equipment	14	47,840	14,282	47,840	14,282
Total Non-Current Assets		1,120,549	14,282	1,120,549	14,282
Total Assets		2,179,866	2,225,446	2,179,866	2,225,446
Current Liabilities					
Payables	15	142,031	111,116	142,031	111,116
Interest bearing liabilities	16	5,129	-	5,129	-
Total Current Liabilities		147,160	111,116	147,160	111,116
Non-Current Liabilities					
Interest bearing liabilities	16	29,249	-	29,249	-
Total Non-Current Liabilities		29,249	-	29,249	-
Total Liabilities		176,409	111,116	176,409	111,116
Net Assets		2,003,457	2,114,330	2,003,457	2,114,330
Equity					
Contributed equity	17	19,493,358	19,372,343	19,493,358	19,372,343
Reserves	18	284,828	284,828	284,828	284,828
Accumulated losses	18	(17,774,729)	(17,542,841)	(17,774,729)	(17,542,841)
Total Equity		2,003,457	2,114,330	2,003,457	2,114,330
Contingent liabilities	21				
Commitments for expenditure	20				

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 2003

	Notes	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts from operations		62,151	-	62,151	-
Payments to suppliers and employees		(445,063)	(418,759)	(445,063)	(386,863)
Interest received		107,935	56,132	107,935	56,132
Net cash inflow from operating activities	8(a)	(274,977)	(362,627)	(274,977)	(330,731)
Cash Flows from Investing Activities					
Payment for purchase of property, plant and equipment		(36,515)	(13,117)	(36,515)	(13,117)
Proceeds from sale of property, plant and equipment			198,815		198,815
Payment for purchase of investments		(839,850)	(318,589)	(839,850)	(318,589)
Proceeds from sale of investments		-	62,068	-	62,068
Proceeds from disposal of associated entity					
Loans to controlled entities		-	-	-	(31,896)
Loans to related entities		15,256	(25,329)	15,256	(25,329)
Proceeds from non-current receivables		583,000	-	583,000	-
Net cash outflow from investing activities		(278,109)	(96,152)	(278,109)	(128,048)
Cash Flows from Financing Activities					
Proceeds from issues of shares		121,015	-	121,015	-
Proceeds from borrowings		33,648	5,178	33,648	5,178
Net cash inflow from financing activities		154,663	5,178	154,663	5,178
Net Increase (Decrease) in Cash Held		(398,423)	(453,601)	(398,423)	(453,601)
Cash at the beginning of the financial year		1,377,376	1,830,977	1,377,376	1,830,977
Cash at the End of the Financial Year	9	978,953	1,377,376	978,953	1,377,376

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

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2003

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 2003 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.

(b) 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:

Motor vehicles	5 years
Plant and equipment	5 years

(c) 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.

(d) 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.

(e) 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.

(f) 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	
	2003	2002	2003	2002
	\$	\$	\$	\$
Revenue from operating activities				
Interest received	107,935	56,131	107,935	56,131
Royalties	61,196	-	61,196	-
Share Trading	955	6,670	955	6,670
	<u>170,086</u>	<u>62,802</u>	<u>170,086</u>	<u>62,802</u>
Revenue from outside the operating activities				
Proceeds from sale of tenements	-	200,000	-	200,000
	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Revenue from ordinary activities	<u>170,086</u>	<u>262,802</u>	<u>170,086</u>	<u>262,802</u>

Note 3 Expenses from Ordinary Activities**Loss from ordinary activities includes the following specific expenses:**

Employee benefits	168,319	149,553	168,319	149,553
Depreciation of motor vehicles, plant and equipment	2,957	485	2,957	485
Exploration and evaluation expenditure written off	5,983	6,085	5,983	6,085
Write down of assets held for resale	-	450,148	-	450,148
Carrying amount of property tenements sold	-	200,000	-	200,000
Legal fees	22,628	17,656	22,628	17,656
Advertising	19,173	155	19,173	155
Audit & accounting fees	27,113	19,066	27,113	19,066
Share register costs	12,424	13,563	12,424	13,563
Property expenses	74,410	52,232	74,410	52,232
Communication expenses	19,923	23,725	19,923	23,725
Investments written down	25,984	36,132	25,984	36,132
Other expenses from ordinary activities	23,060	196,958	23,060	196,958
	<u>401,974</u>	<u>1,165,758</u>	<u>401,974</u>	<u>1,165,758</u>

Note 4 Loss from Ordinary Activities

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
(a) Loss from Ordinary Activities is arrived at after crediting and charging the following specific items:				
(i) Charges				
Depreciation of:				
- motor vehicle, plant and equipment	2,957	485	2,957	485
Exploration and evaluation expenditure written off	5,983	6,085	5,983	6,085
Provision for diminution in value of amounts receivable from controlled entities	-	-	25,985	22,510
Provision/write back for diminution/revaluation in listed investments	(57,818)	117,445	(57,818)	117,445
Write down of assets held for resale	-	450,148	-	450,148
(ii) Credits				
Interest received from other persons	107,935	56,131	107,935	56,131
(b) Operating Revenue				
Other operating revenue				
- interest received	107,935	56,131	107,935	56,131

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

	<u>95,298</u>	132,145	<u>95,298</u>	<u>132,145</u>
--	---------------	---------	---------------	----------------

Number of parent entity directors whose income from the parent entity or related parties was within the specified bands as follows:

	Number	
	2003	2002
\$0 - \$9,999	1	1
\$10,000 - \$19,999	2	2
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1

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

(b) Executive Officers' Remuneration

There was no executive officer remuneration apart from amounts totalling Nil (2002: \$17,408) paid to entities associated to the company secretary for his services.

Note 6 Auditors' Remuneration

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the economic entity:	15,750	15,000	15,750	15,000
Remuneration for other services	-	-	-	-
	15,750	15,000	15,750	15,000

Note 7 Earnings Per Share

	2003	2002
	Cents	Cents
(a) Basic loss per share	(0.21)	(0.9)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	110,764,839	104,047,062

(b) Diluted Earnings Per Share

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there are no options on issue.

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

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Operating loss after income tax	(231,888)	(452,808)	(231,888)	(452,808)
Non-cash flows in operating loss:				
Depreciation	2,957	485	2,957	485
Write-off/back of investment—other	(59,258)	131,066	(59,258)	131,066
Provision for diminution in value of amounts receivable from controlled entities		-		22,510
Changes in assets and liabilities:				
(Increase) in receivables	(3,177)	(9,840)	(3,177)	(454)
Decrease in other current assets	-	83,000	-	83,000
Decrease in trade creditors, accruals	16,389	(114,530)	16,389	(114,530)
Cash flows from operations	(274,977)	(362,627)	(274,977)	(330,731)

Note 9 Current Assets – Cash

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Cash at bank and on hand	978,953	1,377,376	978,953	1,377,376
	978,953	1,377,376	978,953	1,377,376

Note 10 Current Assets - Receivables

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Sundry debtors and deposits	22,038	18,860	22,038	9,500
Amounts receivable:				
- Telephony Associates Pty Ltd	-	-	-	9,360
- Our Field Pty Ltd	25,328	25,329	25,328	25,329
	47,366	44,189	47,366	44,189

Note 11 Other Financial Assets

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Current				
Shares in listed entities - at cost	90,816	324,044	90,816	324,044
Less:				
Provision for Diminution	57,818	117,445	57,818	117,445
	<u>32,998</u>	<u>206,599</u>	<u>32,998</u>	<u>206,599</u>
Non Current				
Shares in listed entities - at cost (note 23)	1,072,709	-	1,072,709	-
- at market value	<u>1,138,139</u>	<u>-</u>	<u>1,138,139</u>	<u>-</u>

Note 12 Current Assets – Other

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Investments				
Amount receivable	-	583,000	-	583,000
	<u>-</u>	<u>583,000</u>	<u>-</u>	<u>583,000</u>

Note 13 Controlled Entities

Name of Entity	Country of Incorporation	Class of Share	Equity holding		Cost of Parent Entity's investment	
			2003	2002	2003	2002
			%	%	\$	\$
Claymor Resources Pty Ltd	Australia	Ordinary	100	100	100,000	100,000
Less: provision for diminution					(100,000)	(100,000)
Telephony Associates Pty Ltd	Australia	Ordinary	70	70	-	-
					<u>-</u>	<u>-</u>

Note 14 Non Current Assets – Property, Plant and Equipment

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Motor Vehicle:				
At Cost	49,632	13,117	49,632	13,117
Accumulated Depreciation	(3,194)	(361)	(3,194)	(361)
Plant and equipment:				
At cost	1,650	1,650	1,650	1,650
Accumulated depreciation	(248)	(124)	(248)	(124)
	<u>47,840</u>	<u>14,282</u>	<u>47,840</u>	<u>14,282</u>

	Motor Vehicles	Plant & Equipment	Total
Consolidated & parent entity			
Carrying amount at 1 July 2002	12,756	1,526	14,282
Additions	36,515	-	36,515
Depreciation	(2,833)	(124)	(2,957)
	<u>46,438</u>	<u>1,402</u>	<u>47,840</u>
Carrying amount at 30 June 2003	<u>46,438</u>	<u>1,402</u>	<u>47,840</u>

Note 15 Current Liabilities - Payables

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Current				
Trade creditors and accruals	55,869	40,210	55,869	40,210
Advances from related party (unsecured)*	86,162	70,906	86,162	70,906
	<u>142,031</u>	<u>111,116</u>	<u>142,031</u>	<u>111,116</u>

* non-interest bearing, repayable at call

Note 16 Interest Bearing Liabilities

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Current				
Hire purchase liability (Note 20)	5,129	-	5,129	-
Non-Current				
Hire purchase liability	29,249	-	29,249	-

Note 17 Contributed Equity

	2003	Parent Entity		2002
	No	2002	2003	\$
		No		\$
(a) Paid Up Capital				
Ordinary shares – fully paid				
Balance at beginning of financial year	104,047,062	104,047,063	19,372,343	19,372,343
Placement on 10 March 2003 at 1.8 cents each	6,717,777	-	121,015	-
Balance at end of financial year	<u>110,764,839</u>	<u>104,067,062</u>	<u>19,493,358</u>	<u>19,372,343</u>
(b) Options				
	Balance		Balance	
	1 July 2002	Additions	Exercised	Lapsed
				Balance
				30 June 2003
(i) Unlisted Options				
By the payment of \$0.20 at any time up to and including 23 June 2003	1,250,000	-	-	1,250,000
By the payment of \$0.22 at any time up to and including 31 December 2002	13,000,000	-	-	13,000,000
	<u>14,250,000</u>	<u>-</u>	<u>-</u>	<u>14,250,000</u>

Note 18 Reserves and Accumulated Losses

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
(a) Capital Reserves				
Movements during the year:				
Capital reserve				
Opening balance	284,828	284,828	284,828	284,828
Closing balance	284,828	284,828	284,828	284,828
(b) Accumulated Losses				
Opening balance	(17,542,841)	(16,639,885)	(17,542,841)	(16,639,885)
Net loss attributable to members of the parent entity	(231,888)	(902,956)	(231,888)	(902,956)
Closing balance	(17,774,729)	(17,542,841)	(17,774,729)	(17,542,841)

Note 19 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 20 Commitments for Expenditure**Hire Purchase Commitments**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Commitments in relation to hire purchase agreements are payable as follows:				
Within one year	6,879	-	6,879	-
Later than one year but not later than 5 years	33,770	-	33,770	-
	40,649	-	40,649	-
Less future finance changes	6,271	-	6,271	-
Total hire purchase liability	34,378	-	34,378	-
Representing :				
Current	5,129	-	5,129	-
Non-current	29,249	-	29,249	-
	34,378	-	34,378	-

Note 21 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 2003.

Note 22 Statement of Operations by Segment

The company has continued its investment in and investigation of property, IT and mining opportunities. The activities of these associated entities and the company were conducted solely within Australia.

Note 23 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 (resigned 29 November 2002)
 G.H. Steemson (resigned 18 October 2002)
 E. Lee
 A.W. Howland-Rose (Alternate for D. Deitz) (resigned 21 May 2003)
 D.J. Atkinson (appointed 18 October 2002)

Remuneration

Information on remuneration of directors is disclosed in Note 5.

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 two companies 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.

	Parent Entity	
2003	2002	
\$	\$	

Controlling Entity

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

Transactions with related parties

Allegiance Mining NL

Balance outstanding

The loan is interest free

	86,162	70,906
--	---------------	--------

Investment in Listed Securities

The Parent Entity purchased 17,111,111 (2002:4,328,270) shares and nil (2002: 1,237,000) options in Allegiance Mining N.L, a company in which David Deitz and Eddie Lee are Directors.

As at the end of the financial year, the Parent Entity held the following interests in Allegiance Mining N.L

- 23,227,328 (2002: 6,116,217) shares, representing 10.17% (2002: 2.89%) interest - market value
- 1,237,000 (2002: 1,237,000) options – market value

	1,138,139	183,400
	3,711	3,711

Note 24 Income Tax

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
(a) The prima facie tax benefit on loss from ordinary activities differs from the income tax provided in the accounts as follows:				
Loss from ordinary activities before income tax	231,888	902,956	231,888	902,956
Prima facie tax at 30%	(69,566)	(270,887)	(69,566)	(270,887)
Tax losses and timing differences not recognised	69,566	270,887	69,566	270,887
Income tax attributable to loss from ordinary activities	-	-	-	-
(b) The directors estimate that the potential future income tax benefit at 30 June in respect of tax losses not brought to account is:				
	-	-	-	-

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 \$10,500,278 (Consolidated) and \$10,415,438 (Parent Entity) have not been included in the accounts.

Note 25 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 26 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 7 to 19:

- (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 2003 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.

DAVID DEITZ
DIRECTOR

Dated at Sydney this 5th day of September 2003.

Independent audit report to members of Gullewa Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Gullewa Limited (the company) and Gullewa Limited (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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 disclosing entity's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Dated the 8th day of September 2003.

HORWATH
Sydney Partnership
Chartered Accountants

Alfred A Nehama
Partner

Shareholder Information

The shareholder information set out below was applicable as at 22 August 2003.

A. Substantial Shareholders

Substantial shareholders who have notified the Company are as follows:

	<u>Ordinary Shares</u>
Allegiance Mining NL	21,892,374

B. Distribution of Equity Securities

	Quoted Ordinary Shares
(i) Analysis of numbers of holders by size of holding:	
1 - 1,000	204
1,001 - 5,000	538
5,001 - 10,000	353
10,001 - 100,000	682
100,001 - and over	131
Total number of holders	1,908
(ii) Numbers of holders of less than a marketable parcel:	1,468
(iii) Percentage held by the 20 largest holders:	50.19

C. Twenty Largest Shareholders

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

Ordinary Shares:	Number Held	Percentage Held
Allegiance Mining NL	21,892,374	19.76
Mr Daryl Brian Watts	5,947,000	5.37
Arthur John Dennis	3,500,502	3.16
Mr Sholomo Thaler	2,927,777	2.64
Ashecorp Pty Ltd	2,770,000	2.50
PS Consulting Pty Ltd	2,300,000	2.08
Scomac Management Services Pty Ltd	2,300,000	2.08
Paso Holdings Pty Ltd	1,689,533	1.53
Mr Kenneth Joseph Hall & Mrs Mary Christine Hall	1,582,248	1.43
Mary Anne Baxter	1,372,920	1.24
Mr Ralph Bard III	1,125,000	1.02
Mr Carl Reid	1,061,333	0.96
Miss Lee-Anne Mai Billing	1,000,000	0.90
Shar Holdings Pty Ltd	1,000,000	0.90
Mr Shaun Miller Clark	999,980	0.90
Glindemann & Kitching Pty Ltd	972,275	0.88
Powys Engineers Pty Ltd	860,000	0.78
ANZ Nominees Limited	855,000	0.77
Mr Avrohom Deitsch	735,212	0.66
21 Brighton Finance Pty Ltd	700,000	0.63
Total	55,591,154	50.19

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 Royalties

	Interest	J V Partners	Operator
Gullewa	1% royalty	Batavia Mining Limited	BTV

applies to the following tenements:

M59/49	M59/522
M59/68	M59/530
M59/132	M59/531
M59/294	E59/877
M59/335	E59/988
M59/336	E59/1124APP
M59/356	P59/1640APP
M59/391	P59/1641APP
M59/392	L59/35
M59/394	L59/49
M59/507	L59/50