GULLEWA
LIMITED

ACN 007 547 480
ABN 30 007 547 480

QUARTERLY REPORT
FOR THE PERIOD ENDING
31 DECEMBER 2003

PROPERTY

The option to purchase the St Ives property was exercised in early December 2003. Gullewa Limited and Abraham Der Melkonian are equal partners in a company called Our Field Pty Limited which entered into the option to purchase the property at St Ives in 2001. The terms of the option were as follows:

1.	Exercise price:	$1.4 million
2.	Option fee first 12 months:	$15,000
	24 months:	$10,000
		$25,000
3.	Expiry date:	1 December 2003

Settlement is scheduled to occur in March 2004.

During the last two years we have monitored the situation between the State Government, and Kuringai Council and were very pleased when a draft plan was developed in which our property fell into one of the few areas in St Ives that would be available for medium density. The draft plan is still not approved but has gained the acceptance of Kuringai Council. Our plan for the site is to hold as a residential rental proposal until the rezone is formally approved, in which case the value of the property would increase substantially.

CORPORATE

The Annual General Meeting was held on Friday, 28 November 2003. Funds of $225,000 was raised by the issue of 8,230,581 fully paid ordinary shares at an issue price of 2.71 cents each.

ALLEGIANCE MINING NL

The Chairman of Allegiance Mining NL made the following comments in the December 2003 quarterly:

Substantial progress was made during the quarter ending 31 December 2003. During this period, planning and tender preparation were undertaken and plans put in place for drilling at Burbank and Melba Flats. Just before the Christmas break, the final permissions were received to permit the exploration decline to commence. The contracts for the roadworks and box-cut have been let and work began in the third week of January 2004. Tender documents for the decline have been released and are now in the review process.

VIKING MINERALISATION EXTENDS FURTHER WEST

Encouraging intersections in drill hole A 044 clearly indicates the Viking mineralisation extends 70-80m further west. Drill hole A 045 situated yet 120m further west, is interpreted as 'clipping' the upper section of the Viking zone inferring the zone to continuing plunging west. We consider these results most encouraging.

CAPITAL TRANSACTIONS

We were delighted at the positive response from the 610 shareholders who subscribed for 14,288,415 shares Shareholder Placement Plan which raised $2,329,000. We were also pleased to welcome the Lion Selection Group Limited as a substantial shareholder taking a placement of 22,000,000 shares to raise $3.63 M. Further confidence was exhibited by Option Holders who elected to exercise 9,494,916 31 December 2003 20 cent options which raised $1,898,983.20.

In addition to the above, subject to final legal agreements, a 3,000,000 3 year Convertible Note has been arranged from Société Générale Australia Branch (SG). The funding is in the form of a secured loan facility at a margin of 3.5% per annum over the Australian Bank Bill Rate, with Allegiance having the right to capitalise interest. In consideration for providing the facility, SG will be issued 13,500,000 3 year options exercisable at 22.35 cents.

CURRENT EXPLORATION

Subsequent to the quarter, a helicopter aeromagnetic survey has been undertaken over the East Renison, Heazlewood and Little Henty areas. The results of these surveys will be analysed over the next two quarters, and will provide one of the key inputs for target generation for Avebury Type lookalikes. In addition, helicopter supported drilling commenced at Burbank in mid January 2004.

CONTINUING STRONG NICKEL MARKET

The Nickel market remains strong with prices being above US$14,600 (A$19,000) at time of writing. The strong recovery predicted in the US together with the continuing astounding progress in China bodes well for continued elevated nickel prices well into the current decade. By way of comparison, at current metal prices, 1% nickel is equivalent to 6.0% copper, 14.8% zinc or 2.4% tin.

DAVID DEITZ
Chairman

30 January 2004

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