



**GULLEWA
LIMITED**

ACN 007 547 480
ABN 30 007 547 480

**QUARTERLY REPORT
FOR THE PERIOD ENDING
31 MARCH 2004**

PROPERTY

The St Ives property was settled in March. The final settlement amounts were:

Purchase	1,400,000
Stamp Duty	65,000
Costs	<u>20,000</u>
TOTAL:	<u>1,485,000</u>

This was funded.

Mortgage - National Australia Bank	882,000
Advance - Gullewa Limited	301,500
Advance - Melkonian Group	<u>301,500</u>
TOTAL:	<u>1,485,000</u>

We are awaiting the adoption of the new LEP after which we will finalise the documentation of our Development Application.

ALLEGIANCE

The Chairman of Allegiance Mining NL made the following comments in their March quarterly.

AVEBURY

Much has been achieved since the requisite permissions from Government agencies were received just prior to Christmas 2003. This is detailed in the Project Manager's report. Suffice to say that subject to the adverse weather conditions now prevailing, progress has been satisfactory. All the elements are now in place to enable good progress to be made during the current quarter.

In addition, the planning for the mining of Avebury and the construction of a purpose built mill at Avebury has commenced with a view to commencing operations in late 2005.

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EXPLORATION

At **Burbank**, a significant section of highly weathered material consisting of secondary nickel minerals associated with iron oxides and clays was intersected in hole B7. This is interpreted as being the downdip extension of the extensive surface Nickel/Zinc geochemical zone at Burbank. Drilling below the level of oxidation is obviously required. This is being planned for next summer – despite the poor recoveries, we remain most encouraged by the result.

Drilling commenced at **Genets** on the Melba Flats exploration lease with the highlight being 4m of 1.98% nickel only 30m below surface. While much remains to be done, these results are extremely positive. The Melba Flats prospect is 25 km distant from Avebury and may represent an opportunity for a series of openpits, for shallow early production of a high grade nickel-copper-PGM-cobalt concentrate.

During the quarter, helicopter **airborne magnetic** surveys were flown over those areas not flown to date, namely East Renison, Heazlewood and Ian Creek.

Exploration will be vigorously pursued over the coming year.

CAPITAL TRANSACTIONS

It was most gratifying that 9,494,916 options with the expiry date of 31 December 2003 were exercised at 20 cents. This raised \$1,898,983.20.

APPOINTMENT OF DIRECTOR

Allegiance Mining NL is delighted to announce that Barry Sullivan has agreed to join the Board as a non-Executive Director with effect from 8 March 2004.

Barry has a long and successful career in the Mining Industry both in South Africa with Anglo American (1969-1974) and in Australia with MIM from 1974 to 1995. He spent the latter six years as Executive General Manager, in which capacity Barry was responsible for total operations at Mt Isa including four underground mines and one open cut mine, power stations, dams, comprehensive support services such as workshops, chemical laboratory, medical centre, etc.

Barry Sullivan adds a wealth of experience to Allegiance during this development phase of the Avebury Nickel Project. Barry not only consults to the Lion Selection Group (LSG) but has had a long association with the principals of LSG and joins us with their full and enthusiastic support. Barry is already actively involved in our deliberations.

NICKEL MARKET RETREATS FROM DECADE HIGHS

Since January, the nickel price has declined to US\$10,000-11,000/tonne from the astronomically high \$17,000/tonne peaks seen at calendar year end. The basic long-term shortage in supply over demand remains, with a deficit being forecast for 2005. While a small surplus in 2006 of 12,000 tonnes forecast when Voisey Bay is due to commence production, this is however predicted to be followed by major shortfalls in projected requirements of 59,000, 57,000, 37,000 and 74,000 tonnes in 2007 to 2010 (source Falconbridge/Noranda). This again fundamentally emphasises the positive prognosis for the market into which Avebury will be selling its concentrates.

DAVID DEITZ
Chairman

30 April 2004

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GULLEWA LIMITED

ABN

30 007 547 480

Quarter ended ("current quarter")

31 MARCH 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(95)	(20) (297)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	21
1.5 Interest and other costs of finance paid	(3)	(6)
1.6 Income taxes paid	(1)	(34)
1.7 Other (provide details if material)		
Net Operating Cash Flows	(90)	(336)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(32)	(213) (1)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities	16	6
1.12 Other (property)	(228)	(377)
Net investing cash flows	(244)	(585)
1.13 Total operating and investing cash flows (carried forward)	(334)	(921)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(334)	(921)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		225
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows		225
Net increase (decrease) in cash held		(334)	(696)
1.20	Cash at beginning of quarter/year to date	618	980
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	284	284

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	13
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

NIL

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

3.1	Loan facilities	882	882
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		SA'000
4.1	Exploration and evaluation	
4.2	Development	
Total		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter SA'000	Previous quarter SA'000
5.1 Cash on hand and at bank	284	621
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	284	621

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	119,067,420	119,067,420		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	11,000,000	Nil	<i>Exercise price</i> 6 cents	<i>Expiry date</i> 30.06.2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: ...29 April 2004.....
(Director/Company secretary)

Print name: DAVID DEITZ

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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