



ACN 007 547 480
ABN 30 007 547 480

**QUARTERLY REPORT
FOR THE PERIOD ENDING
30 SEPTEMBER 2004**

PROPERTY

The new Local Environment Plan (LEP) has been adopted. We are waiting for finalization of the Development Control Plan (DCP) after which we can lodge a Development Application.

ALLEGIANCE

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

AVEBURY

Good progress has been made at Avebury with the exploration Decline being at 800m at the time of writing. Exploration drilling from the decline west of the known Resource has commenced. Drilling of the Resource will commence shortly with two drill rigs working on a 7/24 basis.

MELBA

Further encouraging results from shallow core drilling was received from Melba Flats, some 25 km distant from Avebury. In contrast with the Avebury deposit where nickel sulphides are almost the only payable sulphides present, Melba is a sulphide complex consisting of Ni/Cu/Co/Au/PGM, together with some significant high grades to 10% Nickel. The short term potential of Melba is as a shallow open cut operation, but the potential for higher grade material at depth represents an obvious excellent exploration target.

DRAFT DPEMP

Subsequent to the 30 September, the draft Development Plan and Environmental Management Plan has been presented to the Tasmanian State Government. This is the first step of the approval process.

CAPITAL TRANSACTIONS

In relation to the accommodation purchase referred to below, 1,111,111 shares were issued at 10.8c per share on 6 October 2004 to part-fund this acquisition.

The previously foreshadowed small pro rata rights issue will be made in the current quarter.

ZEEHAN ACCOMMODATION

Both office and accommodation for personnel is difficult to obtain on the Tasmanian West Coast generally and in Zeehan in particular. During the quarter Allegiance secured a 50% interest in Zeemain Pty Ltd which owns 18 motel units, single men's quarters and buildings suitable for office accommodation in Zeehan.

DAVID DEITZ
Chairman

29 October 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")

30 SEPTEMBER 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	(62)	(62)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	(2)	(2)
1.7 Other (provide details if material)		
Net Operating Cash Flows	(66)	(66)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	16	16
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	(6)	(6)
1.12 Other (property)	2	2
Net investing cash flows	12	12
1.13 Total operating and investing cash flows (carried forward)	(55)	(55)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(55)	(55)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
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			
Net increase (decrease) in cash held		(55)	(55)
1.20	Cash at beginning of quarter/year to date	78	78
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	23	23

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	14
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 – Guarantee of mortgage on St Ives property	1,050	1,050
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	23	78
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	23	78

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 October 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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