GULLEWA LIMITED

ACN 007 547 480
ABN 30 007 547 480

26 October 2005

Company Announcements Office
Australian Stock Exchange Limited
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

LODGED ONLINE

Dear Sirs

NOTICE OF ANNUAL GENERAL MEETING

We enclose a copy of Notice of Meeting, Explanatory Statement and Proxy Form. These will be mailed out to all shareholders today.

Yours faithfully

DAVID DEITZ
Director

Encls

Level 11 Quantum House
49-51 York Street
SYDNEY NSW 2000
AUSTRALIA
Telephone: 61 2 9299 4366
Fax: 61 2 9299 1817

Email:
info@gullewa.com

Web Address:
http://www.gullewa.com

GULLEWA LIMITED

ACN 007 547 480

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting
Wednesday, 30 November 2005

TIME OF MEETING
10:00 a.m. EDST

PLACE OF MEETING
Grace Hotel, (King Room) 1st Floor
77 York Street
Sydney NSW 2000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

GULLEWA LIMITED
ACN 007 547 480

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the Annual General Meeting of Gullewa Limited ("**Company**" or "**Gullewa**") to be held at The Grace Hotel (King Room), 1st Floor, 77 York Street, Sydney NSW 2000 on Wednesday, 30 November 2005 at 10:00 a.m. Eastern Daylight Saving Time, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of Annual General Meeting.

AGENDA

ORDINARY BUSINESS

Annual Accounts

To receive and consider the financial statements of the Company for the year ended 30 June 2005, consisting of the Statements of Financial Performance, the Statements of Financial Position, the Statements of Cash Flows, the Directors' Report, the Directors' Declaration and Auditors' Report.

Resolution 1 – Remuneration Report

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That shareholders adopt the Remuneration Report for the financial year ended 30 June 2005."*

Note: The vote on this resolution is advisory only and does not bind the Directors of the Company.

Resolution 2 – Re-election of David Deitz as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That David Deitz who retires by rotation in accordance with clause 13.2 of the Company's Constitution and who offers himself for re-election, be elected a Director of the Company."*

SPECIAL BUSINESS

Resolution 3 – Approval of Placement of up to 30,000,000 Shares

To consider, and if thought fit, to pass, with or without amendment, the resolution as an **ordinary resolution**:

> *"That, pursuant to Listing Rule 7.1 and for all other purposes, the Directors be authorised to issue up to 30,000,000 Shares at a minimum issue price per Share which is at least 80% of the average market price of ordinary shares in the capital of the Company trading on ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the shares were recorded before the date of the prospectus)."*

The Company will disregard any votes cast on this Resolution 3 by any person who may participate in the issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 – Participation of Directors in Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passage of Resolution 3 and pursuant to Listing Rule 10.11 and for all other purposes, Messrs David Deitz, Eddie Lee and David Atkinson, being Directors of the Company, or their respective nominees, may participate in the placement referred to in Resolution 3 by each or all of them or their respective nominees subscribing for, in aggregate, a maximum of 3,000,000 fully paid ordinary shares in the capital of the Company."*

The Company will disregard any votes cast on this Resolution 4 by David Deitz, Eddie Lee and David Atkinson or any associate of David Deitz, Eddie Lee and David Atkinson. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Grant of Director Options to David Deitz

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, pursuant to section 208 of the Corporations Act and Listing Rule 10.11, the Company approve and authorise the grant of up to 7,500,000 Director Options for no consideration to Mr David Deitz, the Chairman of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on this Resolution 5 by David Deitz or any associate of David Deitz. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of David Deitz or an associate of David Deitz in accordance with section 224(2) of the Corporations Act.

Resolution 6 – Grant of Director Options to Eddie Lee

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, pursuant to section 208 of the Corporations Act and Listing Rule 10.11, the Company approve and authorise the grant of up to 2,378,378 Director Options for no consideration to Mr Eddie Lee, a Director of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on this Resolution 6 by Eddie Lee or any associate of Eddie Lee. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Eddie Lee or an associate of Eddie Lee in accordance with section 224(2) of the Corporations Act.

Resolution 7 – Grant of Director Options to David Atkinson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, pursuant to section 208 of the Corporations Act and Listing Rule 10.11, the Company approve and authorise the grant of up to 2,378,378 Director Options for no consideration to Mr David Atkinson, a Director of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on this Resolution 7 by David Atkinson or any associate of David Atkinson. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of David Atkinson or an associate of David Atkinson in accordance with section 224(2) of the Corporations Act.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of Resolutions 1 – 7, the following definitions apply:

> ***"ASX"*** *means Australian Stock Exchange Limited;*
>
> ***"Company"*** *means Gullewa Limited ACN 007 547 480;*
>
> ***"Constitution"*** *means the Company's constitution, as amended from time to time;*
>
> ***"Corporations Act"*** *means Corporations Act 2001 (Cth);*
>
> ***"Directors"*** *means the Directors of the Company;*
>
> ***"Director Option"*** *means an option to acquire one Share exercisable at an exercise price which is 25% above the closing Share price on the date of this Notice of Meeting is dispatched to shareholders, on or before 30 November 2010, on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting;*
>
> ***"Listing Rules"*** *means the Listing Rules of the ASX; and*
>
> ***"Shares"*** *means fully paid ordinary shares in the capital of the Company.*

By Order of the Board of Directors

David Deitz
Chairman

26 October 2005

PROXIES

- Votes at the general meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.
- A proxy may but need not be a shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed.

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 5.00pm EDST on Monday, 28 November 2005 will be entitled to attend and vote at the Annual General Meeting.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

GULLEWA LIMITED
ACN 007 547 480

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of Gullewa.

The Directors of the Company ("**Directors**") recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

RESOLUTION 1 – REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

(a) discusses the Company's policy and the process for determining the remuneration of its executive officers (there are no executives other than the Directors); and
(b) sets out remuneration details for each Director of the Company named in the Remuneration Report for the financial year ended 30 June 2005.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Board or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF DAVID DEITZ AS A DIRECTOR

Resolution 2 seeks approval for the re-election of David Deitz as a Director with effect from the end of the Meeting.

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 year, shall retire from office.

David Deitz retires from office in accordance with this requirement and submits himself for re-election.

RESOLUTION 3 – APPROVAL OF PLACEMENT OF UP TO 30,000,000 SHARES

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's fully paid ordinary shares then on issue. Listing Rule 7.1 approval is sought so that the 15% threshold is maintained and available for use by the Company in the future should the circumstances require it.

Information for Shareholders

Resolution 3 has been included so that shareholders may approve pursuant to Listing Rule 7.1 the proposed issue of up to a maximum of 30,000,000 Shares to persons selected by the Directors in their discretion.

The maximum issue of Shares pursuant to this Resolution will represent 21.9% of the issued capital of the Company on a fully diluted basis (prior to the issue of the 30,000,000 Shares). The Company is required to seek shareholder approval for any issues of securities greater than 15% of its issued capital pursuant to Listing Rule 7.1. The passing of this Resolution will permit the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

The following further information is provided to shareholders for the purposes of Listing Rule 7.3:

(a) the maximum number of securities to be issued is 30,000,000 Shares;

(b) the Shares will be issued progressively, but no later than 3 months after the date of the Meeting;

(c) the Shares will be issued at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus);

(d) the proposed allottees are unknown at the date of the Notice but will be chosen at the discretion of the Directors and may be in conjunction with a member firm of the ASX. The Company will disclose the names of the allottees when Shares are issued;

(e) the Shares to be issued are fully paid ordinary shares which rank equally in all respects with existing Shares; and

(f) the purpose of the placement will be to raise funds to assist in funding the development of the Company's property interests and investments by the Company in listed companies.

RESOLUTION 4 – PARTICIPATION OF DIRECTORS IN PLACEMENT

Subject to the passage of Resolution 3, the Company will be making a placement of up to 30,000,000 Shares.

Resolution 4 seeks shareholder approval pursuant to Listing Rule 10.11 to allow Messrs Deitz, Lee and Atkinson, Directors of the Company, to participate in the proposed placement by permitting each or all of them or their nominees to subscribe for in aggregate up to 3,000,000 Shares, on exactly the same terms as the placement that may be made to any other persons.

The impact of passing Resolution 4 on each Director's voting power in Gullewa, assuming that each individual Director receives the full placement of 3,000,000 Shares (although only 3,000,000 Shares in total could be issued to all Directors), and including the issue of the additional 27,000,000 Shares contemplated by Resolution 3, is set out in the following table:

Directors	Shares	Options	Percentage voting power in the Company on an undiluted basis *(Total issued share capital of Gullewa is 155,932,029)*	Percentage voting power in the Company on a fully diluted basis *(Total issued share capital of Gullewa is 166,932,029)*
David Deitz	6,114,999	9,000,000	3.9%	9.1%
Eddie Lee	3,032,571	1,000,000	1.9%	2.4%
David Atkinson	4,641,472	1,000,000	3.0%	3.4%

The following further information is provided to shareholders for the purposes of Listing Rule 10.13:

(a) the maximum number of Shares the Company can issue under Resolution 4 is 3,000,000 Shares which forms part of, and is NOT additional to, the 30,000,000 Shares to be issued pursuant to Resolution 3;

(b) the Company will issue the Shares within one month of the date of the Meeting;

(c) the Shares will be issued at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus);

(d) a maximum of 30,000,000 Shares will be allotted and issued to each or all of Messrs Deitz, Lee and Atkinson or their respective nominees;

(e) the Shares to be issued are fully paid ordinary shares which rank equally in all respects with existing Shares; and

(f) the funds raised will be used to assist in funding the development of the Company's property interests and investments by the Company in listed companies.

RESOLUTIONS 5–7 – GRANT OF DIRECTOR OPTIONS TO DAVID DEITZ, EDDIE LEE AND DAVID ATKINSON

Introduction

The Company proposes to grant a total of 12,256,756 Director Options to David Deitz, Eddie Lee and David Atkinson, or their nominees, as follows:

Name	Director Options
David Deitz, or his nominee	7,500,000
Eddie Lee, or his nominee	2,378,378
David Atkinson, or his nominee	2,378,378

The terms of the Director Options are set out in Annexure A to this Explanatory Memorandum. The exercise price of the Director Options will be the price which is 25% above the closing Share price on the date this Notice of Meeting is dispatched to shareholders.

The grant of Director Options is designed to encourage the performance of the Directors.

Under the Company's current circumstances, it is considered that the incentives to the Directors represented by the issue of these Director Options are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. The Directors agree that it is better for the Company that each of them be rewarded by way of securities in the Company, rather than by way of cash.

The number of Director Options to be granted to Messrs Deitz, Lee and Atkinson and their exercise price and expiry date has been determined based upon the Directors' wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors have sought independent advice on market standards from a remuneration consultant for the purposes of considering whether the proposed number of Director Options to be granted will ensure that Messrs Deitz's, Lee's and Atkinson's overall remuneration is in line with market standards. The Directors believe the packages, including the proposed grant of Director Options are comparable to other remuneration packages for directors of comparable companies.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or

(b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Directors are each a related party of the Company.

Resolutions 5, 6 and 7 provide for the grant of Director Options to the Directors which is a financial benefit for the purposes of Chapter 2E of the Corporations Act.

In accordance with section 219 of the Corporations Act, the following information is provided to shareholders:

(a) The related parties to whom the proposed resolution would permit the financial benefit to be given are as follows:

Name	**Director Options**
David Deitz, or his nominee	7,500,000
Eddie Lee, or his nominee	2,378,378
David Atkinson, or his nominee	2,378,378

(b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit proposed to be given is the grant of the Director Options for no consideration on the terms and conditions set out in Resolutions 5, 6 and 7 and Annexure A to this Explanatory Memorandum.

(c) Directors' recommendation:

All Directors were available to consider Resolutions 5, 6 and 7.

Mr Deitz declined to make a recommendation to shareholders in respect of Resolution 5 as he has a material personal interest in the outcome of the Resolution by virtue of the proposed grant of Director Options to him or his nominee.

Messrs Lee and Atkinson (who do not have an interest in Resolution 5) recommend that the shareholders approve the grant of Director Options under Resolution 5 to Mr Deitz for the reasons outlined above.

Mr Lee declined to make a recommendation to shareholders in respect of Resolution 6 as he has a material personal interest in the outcome of the Resolution by virtue of the proposed grant of Director Options to him or his nominee.

Messrs Deitz and Atkinson (who do not have an interest in Resolution 6) recommend that the shareholders approve the grant of Director Options under Resolution 6 to Mr Lee for the reasons outlined above.

Mr Atkinson declined to make a recommendation to shareholders in respect of Resolution 7 as he has a material personal interest in the outcome of the Resolution by virtue of the proposed grant of Director Options to him or his nominee.

Messrs Deitz and Lee (who do not have an interest in Resolution 7) recommend that the shareholders approve the grant of Director Options under Resolution 7 to Mr Atkinson for the reasons outlined above.

(d) Other information that is reasonably required by shareholders to make a decision whether it is in the best interests of the Company to pass Resolutions 5, 6 and 7 that is known to the Company or any of its Directors:

(i) The proposed resolution would have the effect of giving power to the Directors to grant up to 12,256,756 Director Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 125,932,029 listed Shares on issue, and 11,000,000 unlisted options.

(ii) The Company's advisers have valued the Director Options using the Black-Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. Their assessment of the value of the Director Options has been prepared using the following variables:

- the price of the underlying share is 2.6 cents;
- the exercise price is 3.25 cents;
- the Director Option term is 5 years;
- a volatility factor of 57.11%; and
- a risk free interest rate of 5.4%, as at 12 October 2005.

In deriving the valuation the BSModel relies upon the following assumptions:

- that the Director Options are American call options (ie. they can be exercised at any time during the period);
- there are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost;
- short selling is allowed without restriction or penalty;
- the risk free interest rate is known and constant throughout the duration of the option contract;
- the underlying shares do not pay a dividend; and
- share prices behave in a manner consistent with a random walk in continuous time.

Using the abovementioned variables the BSModel calculates the value of a Director Option to be 1.02 cents. Any change in the variables applied in the BSModel between the date of the valuation and the date the Director Options are granted would have an impact on their value.

(iii) If any Director Options granted as proposed are exercised, the effect would be to dilute the shareholding of existing shareholders. Assuming all Director Options and all existing options are also exercised, and prior to the issue of 30,000,000 Shares the subject of Resolution 3, the total dilution would be approximately 18.5%. The market price of the Company's Shares during the period of the Director Options will normally determine whether or not option holders exercise the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the Director Options.

(iv) As at the date of this Notice, the Directors and their associates have relevant interests in securities in the Company as follows:

Name	Number of Shares	Number of options	Exercise Price	Expiry Date
David Deitz	3,114,999	9,000,000	6 cents	30.6.09
Eddie Lee (Contango Nominees Pty Limited)	32,571	1,000,000	6 cents	30.6.09
David Atkinson	1,641,427	1,000,000	6 cents	30.6.09

(v) The Directors will be receiving the following remuneration for their roles as Directors, plus compulsory superannuation contributions in accordance with the Superannuation Guarantee legislation:

Name	Role	Value of Director Options($)	Total Remuneration ($)
David Deitz	Chairman	76,500	136,500
Eddie Lee	Director	24,260	49,260
David Atkinson	Director	24,260	49,260

The Directors receive no other remuneration for their roles as Directors.

(vi) The following table gives details of the highest, lowest and latest price of the Company's Shares trading on ASX over the past 12 months ending on 10 October 2005:

Security	Highest Price	Date of highest price	Lowest Price	Date of lowest price	Latest Price on 10 October 2005
Ordinary Shares	0.04	1.7.2005	0.015	12.5.2005	0.025

(vii) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Director Options pursuant to the Resolutions.

(viii) Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the grant of Director Options to the Directors.

Additional Information

For the purposes of Listing Rule 10.13, the following information is provided to shareholders:

(a) the Director Options will be granted to the Directors, who are all directors of the Company, or their nominees;

(b) the maximum number of Director Options to be granted is 12,256,756;

(c) the Director Options will be granted on a date which will be no later than 1 month after the date of this Meeting;

(d) the Director Options will be granted for no consideration;

(e) no funds will be raised by the grant of the Director Options; and

(f) the terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Director Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

Annexure	means an annexure to this Explanatory Memorandum.
ASX	means Australian Stock Exchange Limited.
Board	means the board of Directors of the Company.
Company	means Gullewa Limited (ACN 007 547 480).
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Director Option	means an option to acquire one Share, exercisable at an exercise price which is 25% above the closing Share price on the date this Notice of Meeting is dispatched to shareholders, on or before 30 November 2010 and otherwise on the terms and conditions set out in Annexure A to this Explanatory Memorandum.
Meeting	means the annual general meeting the subject of the Notice.
Notice	means the notice of annual general meeting which accompanies this Explanatory Memorandum.
Resolution	means a resolution proposed pursuant to the Notice.
Share	means a fully paid ordinary share in the capital of the Company.

ANNEXURE A

TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The terms and conditions of the Directors' Options the subject of Resolutions 5 – 7 are:

1. Each option shall be issued for no consideration.

2. Each option entitles the holder to subscribe for one ordinary share in Gullewa Limited ACN 007 547 480 ("**Company**") upon the payment of [See Explanatory Memorandum] cents per share subscribed for.

3. The options will lapse at 5.00 pm, Eastern Standard Time on 30 November 2010 ("**Expiry Date**").

4. The options are not transferable and will not be listed for official quotation on the ASX.

5. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.

6. Optionholders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 10 business days before books closing date to exercise the options.

7. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the options may be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

where:

O' = the new exercise price of the option.

O = the old exercise price of the option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.]

8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

9. The options shall be exercisable at any time before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the optionholder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by him.

10. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.

11. The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

GULLEWA LIMITED
ACN 007 547 480

PROXY FORM

The Company Secretary
Gullewa Limited
Registered Office Address: Level 11 Quantum House
49-51 York Street
SYDNEY NSW 2000
Facsimile: (02) 9299 1817

I/We (name of shareholder) ....
of (address) ....
being a member/members of Gullewa Limited HEREBY APPOINT
(name) ....
of (address) ....
and/or failing him (name) ....
of (address) ....
or failing that person then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Grace Hotel (King Room), 1st Floor, 77 York Street, Sydney on Wednesday, 30 November 2005 at 10:00 a.m. Eastern Daylight Standard Time and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Remuneration Report	☐	☐	☐
Resolution 2 – Re-election of David Deitz as a Director	☐	☐	☐
Resolution 3 – Approval of Placement of up to 30,000,000 Shares	☐	☐	☐
Resolution 4 – Participation of Directors in Placement	☐	☐	☐
Resolution 5 – Grant of Director Options to David Deitz	☐	☐	☐
Resolution 6 – Grant of Director Options to Eddie Lee	☐	☐	☐
Resolution 7 – Grant of Director Options to David Atkinson	☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

If you do not wish to direct your proxy how to vote, please place a mark in this box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of Resolutions 3-7 and votes cast by him other than as proxy holder will be disregarded because of that interest. ☐

The Chairman intends to vote **in favour** of Resolutions 3 – 7 in relation to undirected proxies.

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes
My total voting right is _________ shares

If the shareholder(s) is an individual:

Name: ____________________________________

If the shareholder is a company:

Affix common seal (if required by Constitution)

__________________________ __________________________
Director/Sole Director and Secretary Director/Secretary

Dated: 26 October 2005

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.

2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.

3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.

4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.

5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting (that is, by 10:00 a.m. EDST on Monday, 28 November 2005), by post, facsimile or e-mail to the respective addresses stipulated in this proxy form.

6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:

   (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;

   (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;

   (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and

   (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

   If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

7. The Chairman intends to vote in favour of all resolutions in relation to undirected proxies.