



**GULLEWA
LIMITED**

ACN 007 547 480
ABN 30 007 547 480

4 September 2006

Ms Elizabeth Harris
Adviser, Issuers (Perth)
Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Facsimile No: (08) 9221 2020

Dear Elizabeth

Gullewa Limited (the "Company") – Appendix 5B for the period ended 30 June 2006 ("Appendix 5B") released to the Australian Stock Exchange Limited ("ASX")

We refer to your letter dated 24 August 2006.

We apologise for the delay in providing our response to your letter which is set out below:

1. We confirm that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B it will have sufficient cash to fund its activities. The Company has liquid assets comprising an investment of listed equities valued at in excess of \$8 million as at the date of this letter. The Company has had positive net investing cash flows over the year ending 30 June 2006 which includes the realisation from time to time of part of this investment.
2. The Company expects that it will have negative operating cash flows in the future but at a materially lower rate than that reported in the Appendix 5B for that quarter. After net investing cash flows are taken into account the Company will have sufficient funds in order to continue its operations. The directors of the Company are also considering raising further funds via equity or debt, or a combination of both.
3. The Company has taken steps to continue to its business objectives of investing in listed equities, property, mining and exploration to produce returns. It has realised a gain on the part disposal of its investment in listed equities to date and expects that its other investments will yield returns in the future. The Company directors are continually investigating opportunities to invest the Company's funds consistent with its business objectives.

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49-51 York Street
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Email:
info@gullewa.com

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

4. The Company confirms it is in compliance with the listing rules and, in particular, listing rule 3.1.
5. The Company is in compliance with listing rule 12.2. The Company currently has an approximate net asset position exceeding \$9 million by its investments in property, listed equities, mining and exploration. The information in paragraphs 1 to 3 above also discloses the Company's compliance with listing rule 12.2.
6. The Company refers you to the announcements released to the ASX by Allegiance Mining Limited ("Allegiance"). Gullewa has included in its quarterly report on activities for the period ended 30 June 2006 the summary information (Principal Points) released by Allegiance in the Allegiance quarterly report for the period ended 30 June 2006. If you have any queries, please do not hesitate to contact David Deitz on 02 9397 7555.

Yours sincerely



David Deitz
Chairman
Gullewa Limited

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RESENDING
4/9/06



ASX

AUSTRALIAN STOCK EXCHANGE

24 August 2006

Stephen Dick
Company Secretary
Gullewa Limited
106 Briggs Street
WELSHPOOL WA 6106

Facsimile: 9470 2857/ (02) 9299 1817

Dear Stephen

Gullewa Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2006, released to Australian Stock Exchange Limited ("ASX") on 1 August 2006, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$0.
2. Net negative operating cash flows for the quarter of \$171,000.
3. Cash at end of quarter of \$65,000

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

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5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.
6. Please advise if the Avebury resource has been categorised in accordance with Listing Rule 5.6 - the JORC Code.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

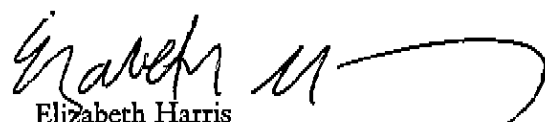
This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5.00 p.m. W.S.T. tomorrow Friday 25 August 2006.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please contact me on 9224 0017.

Yours sincerely,


Elizabeth Harris
Adviser, Issuers (Perth)