
**QUARTERLY REPORT
FOR THE PERIOD ENDING
30 SEPTEMBER, 2007**

PROPERTY

NORMANHURST

Final stages of the subdivision work are now being completed. We hope in the current quarter to sell the lots on the subdivision for around \$1.4m.

ST IVES

We have commenced preparation of the development proposal.

OTHER

We are currently investigating other investment opportunities.

ALLEGIANCE

Allegiance Mining NL made the following Principal Points in their September quarterly.

AVEBURY NICKEL PROJECT IMPLEMENTATION

- Construction is at full pace and production is scheduled to commence in the 1st Quarter 2008.
- The primary ball mill has been installed on site by Outotec (Australasia) Pty Ltd (formerly Outokumpu Technology Australasia Pty Ltd).
- Most of the main buildings are complete and plant components are being installed.
- The project will mill 900,000 tonnes of ore producing 8,500 tonnes of nickel ("Ni") in concentrates pa. The revised business plan currently extends to June 2016 - to extend as resources expand.
- The Avebury nickel mine is fully operational and has delivered 16,800 tonnes of normal run-of-mine ore to stockpile. Ore geometry and grades encountered to date are as planned.
- Avebury's senior staff are now all in place and the processing team is being recruited now.

AREA EXPLORATION

- Hole P008 intersected 8 metres @ 1.0% Ni at the Foundation Stone Prospect located 1.5 kilometres North of the Avebury Mine. This is the first ore-grade intercept in the Pontiac Area to date.
- Drilling is extending Bintje & Bison mineralisation. These results are not yet included in resources.

- Resources reported in March 2007 were 12 million tonnes grading 1.11% Ni containing 131,000 tonnes of Ni at a 0.7% Ni cut-off grade. Ore Reserves stand at 3.35 million tonnes grading 1.16% Ni, sufficient for initial production to mid 2011.
- Infill drilling from an underground drill drive commenced in mid-May so as to materially increase ore reserves by year-end, well ahead of production to allow an early assessment of mill-mine expansion options. This drilling is proceeding ahead of schedule and is 80% complete.
- Orebody widths are typically 10 metres to 40 metres in good ground conditions.

REGIONAL EXPLORATION

- At Melba Flats, Mining Lease ML 2M/2007 has been granted and drilling is well underway.

FINANCE & CORPORATE

- Cash balance of \$14 million as at 30 September 2007 and \$37 million as at 12 October 2007.
- A\$33.04 million share placement funds from Jinchuan Nickel Group of China were received in early July and a capital raising of A\$30 million was completed by Merrill Lynch in September.
- An A\$73 million loan facility has been signed with Allegiance's banks, Société Générale and ANZ, comprising a US\$45 million project finance facility plus cost overrun and working capital facilities.

SALES AGREEMENT

- US\$3 billion offtake agreement with Jinchuan Nickel Group of China remains a cornerstone agreement that brings major benefits to the Avebury Nickel Project.

CORPORATE OVERVIEW

Allegiance Mining NL is an emerging Australian nickel mining company focused on:

- **Avebury Nickel Project** located eight kilometres west of Zeehan, in the mining province of West Coast, Tasmania, Australia which is in the advanced stages of construction.
- **Regional Nickel Exploration** mainly in the west coast region of Tasmania.
- **Geothermal Energy Tasmania Holdings Limited ("GXT")**, an ASX-compliant company that has been incorporated to hold the Allegiance geothermal interests in Tasmania.



David Deitz

Chairman

30 October, 2007

Level 2 Quantum House, 49-51 York Street
 SYDNEY NSW 2000 AUSTRALIA
 Telephone: 61 2 9397 7555
 Facsimile : 61 2 9397 7575

Email: info@gullewa.com

Web Address: www.gullewa.com

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 2007

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	(232)	(232)
1.3 Dividends received	8	8
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(31)	(31)
1.7 Other (provide details if material)		
Net Operating Cash Flows	(247)	(247)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(36)	(36)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	307	307
1.10 Loans to other entities		
1.11 Loans repaid by other entities	(7)	(7)
1.12 Other (property)	7	7
Net investing cash flows	271	271
1.13 Total operating and investing cash flows (carried forward)	24	24

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	24	24
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	(12)	(12)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	(12)	(12)
	Net increase (decrease) in cash held	12	12
1.20	Cash at beginning of quarter/year to date	1,418	1,418
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,430	1,430

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	52
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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities – Guarantee of mortgage on St Ives Property Opes Prime	1,050 3,750	1,050 951
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development - Property	195
Total	220

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,429	1,194
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,429	1,194

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	125,957,029	125,957,029		
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 12,256,756 11,000,000	Nil Nil Nil	<i>Exercise price</i> 6 cents 3.25 cents 7.25 cents	<i>Expiry date</i> 30.06.2009 05.12.2010 30.11.2011
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 31 October 2007

(Company Secretary)

Print name: ELAN SLATER

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.