Gullewa Limited

A.C.N 007 547 480
Financial Statements

For the Year Ended 30 June 2008

Gullewa Limited

For the Year Ended 30 June 2008

CONTENTS

Gullewa Limited

Corporate Directory

ABN	30 007 547 480
Directors	David Deitz (Chairman) Eddie Lee David Atkinson
Company Secretary	David Atkinson
Registered Office and Principal Place of Business	Level 8 Quantum House 49-51 York Street SYDNEY NSW 2000 Tel: +61 2 9397 7555 Fax: +61 2 9397 7575
Share Registry	Computershare Investor Services Pty Limited Level 2 Reserve Bank Building 45 St George's Terrace PERTH WA 6000 Tel: +61 8 9323 2000 Fax: +61 8 9323 2033
Auditors	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street SYDNEY NSW 2000 Tel: +61 2 9322 7000 Fax: +61 2 9322 7001
Solicitors	DLA Phillips Fox Level 32 St Martins Tower 44 St George's Terrace PERTH WA 6000
Bankers	National Australia Bank Limited 255 George Street SYDNEY NSW 2000
Securities Exchange Listings	Gullewa Limited shares are listed on the Australian Securities Exchange. Home Exchange - Perth The options in Gullewa Limited are unlisted.

Gullewa Limited

Directors' Report

30 June 2008

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

1. General information

a Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	**Position**
David Deitz	Executive Director (Chairman)
Eddie Lee	Non-Executive Director
David Atkinson	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

b Company Secretary

The position of company secretary at the end of the financial year was held by:

David Atkinson	Appointed 15 April 2008

Elan Slater resigned as company secretary on 15 April 2008.

c Principal Activities

The principal activities of the Group during the financial year was investments in listed equities, property, exploration and mining.

There have been no significant changes in the nature of the Group's principal activities during the financial year.

2. Business review

a Operating Results

The consolidated profit of the Group after providing for income tax amounted to $2,593,085 (2007: $5,424,492).

b Dividends

No dividends have been paid or declared since the commencement of the last financial year and no dividends have been recommended by the directors.

2. Business review continued

c Review of operations

Investments

In December 2007 Zinifex Limited initiated a takeover of Allegiance Mining NL. By the end of March 2008 the consolidated entity disposed of all its shares and deposited the funds in the bank. The takeover was successful and Zinifex acquired all the shares in Allegiance Mining NL.

Gullewa invested in and disposed of listed equities and losses were incurred as a result of the decline in the world markets.

Exploration

EL 2002 – Gold/Copper (NSW)
The Exploration License 7002 was granted on 28 November 2007. We have completed the first pass regional geoelectrochemical surveys and work will now proceed to the next stage.

Coal (NSW)
Gullewa Limited announced that it has entered into a Heads of Agreement to commence an application for a coal exploration licence in New South Wales. Technical presentations have been made to the NSW Department of Primary Industries – Mineral Resources. Gullewa has the opportunity to invest up to $1m to earn an 80% financial interest in any licence, so granted.

Property
Normanhurst – The subdivision has been approved. We will determine if the property can be sold in one line before proceeding to the sub division work.
St Ives – The property is currently tenanted. Before proceeding with the development we will wait until the market for medium density housing improves.

d Significant Changes in State of Affairs

All the shares in Allegiance Mining NL have been disposed.

e Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

f Future Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

g Environmental Issues

During the year under review, the directors are not aware of any particular or significant environmental issues, which have been raised in relation to the Group's operations.

3. Director Information

a Information on Directors:

David Deitz	**Chairman**
Qualifications	B.Com, MAusIMM, CPA
Experience	Appointed to the Board in July 1999, Mr Deitz, a Financial Accountant has had over eighteen years experience in the mineral exploration industry.
Interest in Shares and Options	Mr Deitz has 13,901,337 shares and 23,500,000 options in the company.
Directorships held in other listed entities	Mr Deitz is not a director of any other listed entities.

Eddie Lee	**Director**
Qualifications	BE, BSc, DIP BDG SC
Experience	Appointed to the Board in October 1999, Mr Lee has extensive background in corporate management and is the Australia representative of several substantial Asian investment and corporate groups. He is a director of Metroland Australia Limited and was also a Director of Allegiance Mining NL. Mr Lee has wide experience in the fields of civil engineering, finance, corporate management and mining.
Interest in Shares and Options	Mr Lee has nil shares and 5,378,378 options in the company.
Directorships held in other listed entities	Mr Lee is not a director of any other listed entities.

David Atkinson	**Director and Company Secretary**
Experience	Appointed to the Board in October 2002, Mr Atkinson has over 15 years experience in the IT industry. He has held many roles as a Director. He has extensive experience in the development of financial systems for Government, Advertising, Property and Telecommunications industries.
Interest in Shares and options	Mr Atkinson has nil shares and 5,378,378 options in the company.
Directorships held in other listed entities	Mr Atkinson is not a director of any other listed entities.

b Meetings of Directors

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings held by each director (while they were a director or committee member). During the financial year 9 board meetings, 3 audit committee meetings and 1 remuneration committee meeting was held.

	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
David Deitz	9	9	3	3	1	1
Eddie Lee	9	9	3	3	1	1
David J Atkinson	9	9	3	3	1	1

4. Remuneration Report

a Remuneration Report - audited

This remuneration report, which forms part of the directors' report, sets out the information about the remuneration of Gullewa Limited's directors and its senior management for the financial year ended 30 June 2008. The following persons acted as directors of the company during or since the end of the financial year:

- David Deitz (Chairman, Executive director)
- Eddie Lee (Non-executive director)
- David Atkinson (Non-executive director)

There were no other senior management personnel of the Group. There are no service agreements with the directors.

b Remuneration principles

Compensation levels of Gullewa Limited are set by the Board in accordance with industry standards to attract suitably qualified and experienced directors and senior management. The Board obtains independent advice on the appropriateness of compensation packages.

As there is only one key executive, Mr Deitz, who is also the chairman of the Company, a detailed policy which distinguishes between executive and non-executive compensation has not been warranted to date. All of the directors receive a fixed fee for their services, their fees are set out in accordance with a shareholder-approved threshold. Mr Deitz's compensation is set at a level which also takes into account his executive services, and is subject to adjustment from time to time as deemed appropriate with Board approval. There is no bonus system in place or other performance based compensation such as the achievement of certain key performance indicators. Options have been issued to directors, though not in the current financial year, details of which can be found later in this report.

Gullewa Limited

Directors' Report

30 June 2008

c Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2008:

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
	$	$	$	$	$*
Income	10,705,291	8,419,817	1,567,510	119,261	24,957
Net profit before tax	3,809,711	6,485,484	1,276,634	(336,730)	(514,888)
Net profit after tax	2,593,085	5,424,492	1,276,634	(336,730)	(514,888)

* Gullewa Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with Gullewa Limited's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
	$	$	$	$	$
Share price at start of year	0.09	0.04	0.02	0.02	0.01
Share price at end of year	0.06	0.09	0.04	0.02	0.02
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic earnings per share[1]	2.05	4.31	1.01	(0.23)	(0.45)
Diluted earnings per share[1]	1.83	4.20	1.01	(0.23)	(0.45_

[1] Gullewa Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The basic and diluted earnings per share for the year ended 30 June 2004 were calculated in accordance with Gullewa Limited's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

d Details of remuneration

The remuneration for each director of the Group during the year was as follows:

	Short-term benefits Cash salary and fees $	Share-based payment Options $	Total $	Proportion of remuneration - Options %
2008				
Executive directors:				
David Deitz	72,349	-	72,349	-
Non-executive directors:				
Eddie Lee	25,006	-	25,006	-
David Atkinson	24,960	-	24,960	-
	122,315	-	122,315	-
2007				
Executive directors:				
David Deitz	62,500	132,300	194,800	67.9%
Non-executive directors:				
Eddie Lee	25,006	37,800	62,806	60.2%
David Atkinson	24,960	37,800	62,760	60.2%
	112,466	207,900	320,366	64.9%

e Service Agreements

There are no service agreements with the directors.

f Share-based compensation for the year ended 30 June 2008

Options granted as compensation

Gullewa Limited has no formal Employee Option Plan with the directors approving all grants of options. Options are granted with no vesting conditions and therefore vest on grant date and expire at varying dates. Options are granted for no consideration, and with no performance conditions attached, however they are issued with an exercise price above the current market price. When exercisable, each option is convertible into one ordinary share of Gullewa Limited. Options granted carry no dividend or voting rights.

Gullewa Limited

Directors' Report

30 June 2008

4. Remuneration Report continued

f Share-based compensation continued

During the financial year, the following share based payment arrangements were in existence:

	Number Granted	Grant Date	Exercise Price $	Value per Option at Grant Date $	Expiry Date
Issued 28 November 2003	11,000,000	28/11/03	0.06	-	28/6/09
Issued 11 October 2005	12,256,756	11/10/05	0.032	0.0102	30/11/10
Issued 30 November 2006	11,000,000	30/11/06	0.0725	0.0189	30/11/11

At the date of this report, the un-issued ordinary shares of Gullewa Limited under option are as follows:

Grant Date	Date of Expiry	Exercise price of option	Number of Options
28 Nov 2003	30 Jun 2009	6 cents	11,000,000
11 Oct 2005	30 Nov 2010	3.25 cents	12,256,756
30 Nov 2006	30 Nov 2011	7.25 cents	11,000,000
			34,256,756

Details of options over ordinary shares in the company provided as compensation to each director of Gullewa Limited are set out below:

	Number of options granted during the year		Number of options vested during the year	
	2008	2007	2008	2007
Directors				
David Deitz	-	7,000,000	-	7,000,000
Eddie Lee	-	2,000,000	-	2,000,000
David Atkinson	-	2,000,000	-	2,000,000
	-	11,000,000	-	11,000,000

Details of the value of these options granted are included in the above remuneration tables. No options were exercised or lapsed during the current financial year.

4. Remuneration Report continued

f Share-based compensation continued

The options grated to individuals in the prior year vested immediately, thus the fair value of the option in entirety is included in the compensation tables above. Fair values at grant date are independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Ordinary shares held by key management personnel in Gullewa Limited:

	Balance at the start of the financial year	Received as compensation during the year	Other changes during the year	Balance at the end of the year	Balance at the date of this financial report
2008					
Directors					
David Deitz	3,149,698	-	10,751,639	13,901,337	13,901,337
Eddie Lee	-	-	-	-	-
David Atkinson	-	-	-	-	-

	Balance at the start of the year	Received as compensation during the year	Other changes during the year	Balance at the end of the year
2007				
Directors				
David Deitz	3,149,698	-	-	3,149,698
Eddie Lee	-	-	-	-
David Atkinson	-	-	-	-

5. Other information

a Auditors Independence and Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the company and consolidated entities are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year to the Group are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 12.

b Auditor's Remuneration

	2008	**2007**
	$	**$**
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity	**68,225**	51,800
Remuneration for taxation services	**10,000**	10,000
Total	**78,225**	61,800

c Indemnifying Officers or Auditors

During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

d Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
David Deitz

Dated this 25th day of September 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Gullewa Limited
Level 8 Quantum House
49-51 York Street
Sydney NSW 2000

Dear Board Members,

Gullewa Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gullewa Limited.

As lead audit partner for the audit of the financial statements of Gullewa Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants
Sydney, 25 September 2008

Member of
Deloitte Touche Tohmatsu

Gullewa Limited

Corporate Governance Statement

30 June 2008

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2008.

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations"), Gullewa Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factor such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at www.gullewa.com. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the board and its sub-committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

Explanations for Departures from Best Practice Recommendations

During the Company's 2007/2008 financial year ("Reporting Period"), the Company has complied with the ASX Principles and Recommendations other than in relation to the matters specified below:

Principle Ref	Recommendation Ref	Notification of Departure	Explanation of Departure
2	2.2; 2.3	The chairman is the chief executive of the Company.	The board considers that, in view of the size and scope of the Company's activities, it is appropriate for Mr. Deitz to lead the Company in both a strategic and day-to-day capacity. The Board considers that Mr. Deitz is the most suitably qualified Board member to fulfill this role subject to review by the Board from time to time to ensure that the best interests of the Company and its shareholders continue to be served by the current structure.
2	2.4	A separate Nomination Committee has not been formed.	The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4	4.2	A separate Audit Committee has not been formed.	The composition of the Board is not suitable for the formation of an audit sub-committee (given that the executive chairman prepares the financial reports of the Company and the two non-executive directors do not possess the requisite financial expertise). However, the Company has developed an audit review process whereby the independent directors meet with the external auditor bi-annually and finance management as required to ensure the highest possible degree integrity of the Company's financial operations.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation of Departure
8	8.1	The full Board forms the Remuneration Committee.	The Board considers that given its size, no efficiencies, or other benefits would be gained by establishing a separate Remuneration Committee.

Nomination Committee

The names and qualifications of those appointed to the nomination committee, being the full Board, and their attendance at meetings of the committee are included in the directors' report.

Remuneration Committee

The names of the members of the remuneration committee, being the full Board, and their attendance at meetings of the committee are detailed in the directors' report.

Further details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the directors' report.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

Independent Directors

In considering the independence of directors, the Board refers to the criteria for independence as recommended by the ASX. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter/Statement of Board and Management Functions, which is disclosed in full on the Company's website.

Applying the independence criteria, the Board considers that Mr David Atkinson is independent.

Statement concerning availability of Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board

The names of the members of the nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

Other Information

Further information relating to the Company's corporate governance practices and policies have been made publicly available on the company's web site.

Website: *www.gullewa.com*

Gullewa Limited

Index to the financial report

Contents **Page**

Gullewa Limited

Income Statement

For the Year Ended 30 June 2008

		Consolidated		Parent	
		2008	2007	**2008**	2007
	Note	**$**	**$**	**$**	**$**
Income	4	**238,571**	42,671	**189,111**	24,301
Other income	5	**10,466,720**	8,457,868	-	12,247,456
Share of net (loss) profit of associate	12(c)	**(25,836)**	49,624	-	-
Employee benefits expense		**(102,166)**	(113,883)	**(102,166)**	(113,883)
Depreciation, amortisation and impairments	6(a)	**(21,866)**	(742,153)	**(21,866)**	(742,153)
Other expenses	6	**(6,526,284)**	(1,041,220)	**(6,128,184)**	(1,016,438)
Finance costs	6(b)	**(219,428)**	(167,423)	**(126,989)**	(57,437)
Profit/(loss) before income tax		**3,809,711**	6,485,484	**(6,190,094)**	10,341,846
Income tax expense/(income)	8	**(1,216,626)**	(1,060,992)	**698,170**	(1,057,566)
Profit/(loss) attributable to members		**2,593,085**	5,424,492	**(5,491,924)**	9,284,280

Earnings Per Share:

Basic earnings per share (cents per share)	9	**2.05**	4.31	-	-
Diluted earnings per share (cents per share)	9	**1.84**	4.20	-	-

Gullewa Limited

Balance Sheet

30 June 2008

		Consolidated		Parent	
		2008	**2007**	**2008**	**2007**
	Note	**$**	**$**	**$**	**$**
ASSETS					
Current assets					
Cash and cash equivalents	10	**10,717,783**	1,179,539	**9,731,131**	892,320
Trade and other receivables	11	**103,862**	334,369	**103,662**	5,538,403
Other financial assets	14	**814,495**	1,549,630	**814,495**	1,549,630
Total current assets		**11,636,140**	3,063,538	**10,649,288**	7,980,353
Non-current assets					
Investments accounted for using the equity method	12	**566,323**	548,608	**-**	-
Other financial assets	14	**270,719**	16,496,979	**425,271**	8,678,699
Property, plant and equipment	15	**48,825**	18,414	**48,825**	18,414
Investment property	17	**950,000**	1,150,000	**-**	-
Deferred tax assets	8(c)	**299,403**	-	**224,410**	291,269
Intangible assets	16	**1,223**	-	**1,223**	-
Exploration, evaluation and development	18	**30,120**	30,120	**-**	-
Total non-current assets		**2,166,613**	18,244,121	**699,729**	8,988,382
TOTAL ASSETS		**13,802,752**	21,307,659	**11,349,017**	16,968,735
LIABILITIES					
Current liabilities					
Trade and other payables	19	**98,865**	3,600,365	**2,110,506**	2,706,666
Borrowings	20	**-**	793,958	**-**	793,958
Tax liabilities	8(e)	**1,439,039**	176,715	**1,439,039**	176,715
Total current liabilities		**1,537,904**	4,571,038	**3,549,545**	3,677,339
Non-current liabilities					
Deferred tax liabilities	8(c)	**-**	1,942,411	**-**	-
Total non-current liabilities		**-**	1,942,411	**-**	-
TOTAL LIABILITIES		**1,537,904**	6,513,449	**3,549,545**	3,677,339
NET ASSETS		**12,264,849**	14,794,210	**7,799,472**	13,291,396
EQUITY					
Issued capital	21	**19,845,098**	19,845,098	**19,845,098**	19,845,098
Reserves	22	**617,686**	5,740,132	**617,686**	617,686
Accumulated losses	22	**(8,197,935)**	(10,791,020)	**(12,663,312)**	(7,171,388)
TOTAL EQUITY		**12,264,849**	14,794,210	**7,799,472**	13,291,396

The accompanying notes form part of these financial statements.

Gullewa Limited

Statement of Changes in Equity

For the Year Ended 30 June 2008

		Parent				
2008	**Note**	**Ordinary Shares $**	**Accumulated Losses $**	**Capital Profits Reserve $**	**Share Based Payments Reserve $**	**Total $**
Balance at 1 July 2007		**19,845,098**	**(7,171,388)**	**284,828**	**332,858**	**13,291,396**
Loss attributable to members		**-**	**(5,491,924)**	**-**	**-**	**(5,491,924)**
Total recognised income and expense		**-**	**(5,491,924)**	**-**	**-**	**(5,491,924)**
Balance at 30 June 2008		**19,845,098**	**(12,663,312)**	**284,828**	**332,858**	**7,799,472**

		Parent					
2007	**Note**	**Ordinary Shares $**	**Accumulated Losses $**	**Capital Profits Reserve $**	**Available for Sale Asset Revaluation Reserve $**	**Share Based Payments Reserve $**	**Total $**
Balance at 1 July 2006		19,845,098	(16,455,668)	284,828	2,653,466	124,958	6,452,682
Profit attributable to members		-	9,284,280	-	-	-	9,284,280
Transfer to profit or loss on available-for-sale investments		-	-	-	(3,790,666)	-	(3,790,666)
Transfer to tax on sale of available-for-sale investments		-	-	-	1,137,200	-	1,137,200
Total recognised income and expense		-	9,284,280	-	(2,653,466)	-	6,630,814
Recognition of share based payments	27(c)	-	-	-	-	207,900	207,900
Balance at 30 June 2007		19,845,098	(7,171,388)	284,828	-	332,858	13,291,396

The accompanying notes form part of these financial statements.

Gullewa Limited

Statement of Changes in Equity

For the Year Ended 30 June 2008

		Consolidated					
		Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Available for Sale Asset Revaluation Reserve	Share Based Payments Reserve	Total
2008	Note	$	$	$	$	$	$
Balance at 1 July 2007		**19,845,098**	**(10,791,020)**	**284,828**	**5,122,446**	**332,858**	**14,794,210**
Profit attributable to members		-	**2,593,085**	-	-	-	**2,593,085**
Transfer to profit or loss on available-for-sale investments		-	-	-	**(7,317,780)**	-	**(7,317,780)**
Transfer to tax on sale of available-for-sale investments		-	-	-	**2,195,334**	-	**2,195,334**
Total recognised income and expense		-	**2,593,085**	-	(5,122,446)	-	(2,529,361)
Balance at 30 June 2008		**19,845,098**	**(8,197,935)**	**284,828**	**-**	**332,858**	**12,264,849**

		Consolidated					
		Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Available for Sale Asset Revaluation Reserve	Share Based Payments Reserve	Total
2007	Note	$	$	$	$	$	$
Balance at 1 July 2006		19,845,098	(16,215,512)	284,828	2,653,466	124,958	6,692,838
Gain/(loss) on available-for-sale investments		-	-	-	7,317,780	-	7,317,780-
Related income tax		-	-	-	(2,195,334)	-	(2,195,334)
Net income recognised directly in equity		-	-	-	5,122,446	-	5,122,446
Profit attributable to members		-	5,424,492	-	-	-	5,424,492
Transfer to profit or loss on available-for-sale investments		-	-	-	(3,790,666)	-	(3,790,666)
Transfer to tax on sale of available-for-sale investments		-	-	-	1,137,200	-	1,137,200
Total recognised income and expense		-	5,424,492	-	2,468,980	-	7,893,472
Recognition of share based payments	27(c)	-	-	-	-	207,900	207,900
Balance at 30 June 2007		19,845,098	(10,791,020)	284,828	5,122,446	332,858	14,794,210

The accompanying notes form part of these financial statements.

Gullewa Limited

Cash Flow Statement

For the Year Ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Cash from operating activities:					
Payments to suppliers and employees		**(1,343,832)**	(803,414)	**(950,114)**	(745,616)
Dividends received		**11,705**	-	**11,705**	-
Interest received		**226,116**	42,671	**176,656**	24,301
Finance costs		**(219,428)**	(167,423)	**(126,989)**	(57,437)
Proceeds from disposal of financial assets at fair value through profit or loss		**95,322,075**	78,012,474	**94,726,263**	78,012,474
Acquisition of financial assets at fair value through profit or loss		**(98,831,772)**	(76,572,621)	**(98,831,772)**	(76,322,621)
Net cash provided by (used in) operating activities	10(b)	**(4,835,136)**	511,683	**(4,994,251)**	911,101
Cash flows from investing activities:					
Proceeds from sale of plant and equipment		-	4,000	-	4,000
Acquisition of plant and equipment		**(52,141)**	(12,350)	**(52,141)**	(12,350)
Acquisition of intangible assets		**(1,359)**	-	**(1,359)**	-
Acquisition of investment property		**(74,418)**	(21,806)	-	(21,806)
Payments for equity accounted investments		**(43,551)**	(55,351)	**(43,551)**	(55,351)
Payments for other financial assets		**(20,719)**	-	-	-
Proceeds from disposal of available for sale financial assets		**109,902,546**	20,125,678	**97,932,805**	20,125,678
Acquisition of available for sale financial assets		**(94,543,020)**	(19,124,286)	**(92,451,763)**	(19,124,286)
Exploration and evaluation expenditure		-	(30,120)	-	-
Loans from subsidiaries – proceeds from borrowings		-	-	**9,243,029**	-
Loans to subsidiaries - payments made		-	-	-	(1,316,757)
Net cash provided by (used in) investing activities		**15,167,338**	885,765	**14,627,020**	(400,872)
Cash flows from financing activities:					
Proceeds from borrowings		**247,882**	335,560	**247,882**	335,560
Repayment of borrowings		**(1,041,840)**	(618,992)	**(1,041,840)**	(18,992)
Net cash provided by (used in) financing activities		**(793,958)**	(283,432)	**(793,958)**	316,568
Net increase (decrease) in cash and cash equivalents held		**9,538,244**	1,114,016	**8,838,811**	826,797
Cash and cash equivalents at beginning of financial year		**1,179,539**	65,523	**892,320**	65,523
Cash and cash equivalents at end of financial year	10(a)	**10,717,783**	1,179,539	**9,731,131**	892,320

The accompanying notes form part of these financial statements.

1 Significant Accounting Policies

1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated Group of Gullewa Limited and its controlled entities ("The Group" or the "Consolidated Entity"), and Gullewa Limited as an individual parent entity ("the company" or "Gullewa Limited"). Gullewa Limited is a listed public company, incorporated and domiciled in Australia.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with AIFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 25 September 2008.

The following is a summary of the material accounting policies adopted by the company and the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of available for sale financial assets, investment properties and investments for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted, which is the Group's functional currency.

Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods. Refer to note 2 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

1 Significant Accounting Policies

(b) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)'
- AASB 7 'Financial Instruments: Disclosures'

(c) Principals of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gullewa Limited as at 30 June 2008 and the results of all subsidiaries for the year then ended.

A subsidiary is an entity over which Gullewa Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of subsidiaries is contained in Note 13 to the financial statements. All subsidiaries have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are deconsolidated from the date control ceases.

The purchase method of accounting is used to account for acquisitions of subsidiaries and businesses. Cost is measured as the fair value of the assets given, equity instruments issued (net of transaction costs) or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1 Significant Accounting Policies

(d) Investments in Associates and Jointly controlled entities

Associates

Associates are all entities over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are recognised in the parent entity financial statements at cost, and are accounted for in the consolidated financial statements using the equity method of accounting. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of the associate's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised directly in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jointly controlled entities

Interests in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

1 Significant Accounting Policies

(e) Property, Plant and Equipment continued

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The following useful lives are used in the calculation of depreciation::

Class of Fixed Asset	Useful life
Plant and Equipment	5 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred directly to retained earnings.

(f) Investment Property

Investment property, principally comprising freehold land and buildings, is held for capital growth and is not occupied by the Group. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, representing open-market value determined annually by independent valuers. Changes in fair values are recorded in the income statement as part of other income.

(g) Intangible assets – computer software

Computer software is measured on a cost basis and is amortised on a straight line basis over 3 years.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

1 Significant Accounting Policies

(i) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- Has been acquired for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses and interest calculated using the effective interest method. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

1 Significant Accounting Policies

(i) Financial assets continued

Loans and receivables

Trade receivables, loans and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(j) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

1 Significant Accounting Policies

(j) Exploration and evaluation continued

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(k) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation reserve relates to that asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal is recognised as a revaluation increase.

1 Significant Accounting Policies

(l) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of:

- The amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and

- The amount initially recognised less, where appropriate, cumulative amortisation in accordance with the Group's revenue recognition policies.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised in an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

1 Significant Accounting Policies

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

The interest expense is recognised in the income statement so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged to the income statement on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease incentives under operating leases are deferred and recognised as a liability and amortised on a straight-line basis over the lease term.

(n) Employee Benefits

A liability is recognised for the company's and the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred. There are no defined benefit plans in operation.

Equity-settled compensation

The Group provide share based compensation benefits to directors. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the director becomes unconditionally entitled to the options.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1 Significant Accounting Policies

(p) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of commodities is recognised upon the delivery of commodities to customers and the associated risks of ownership have passed.

Revenue on the sale of shares at fair value through profit or loss and available-for-sale assets is recognised on trade date when the risks and rewards of ownership have passed.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(r) Income Tax

Tax Consolidation

The Group adopted tax consolidation from 1 July 2006. Gullewa Limited is the head entity in the tax consolidated Group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated Group are recognised in the separate financial statements of the members of the tax consolidated Group using the 'separate taxpayer within Group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated Group are recognised by the company (as the head entity in the tax consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated Group in accordance with the arrangement.

Current and deferred tax

The charge for current income tax expense is based on the profit adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1 Significant Accounting Policies

(r) Income Tax continued

Deferred tax assets and liabilities are accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where at the time of the transaction there was no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the company's financial report:

Gullewa Limited

Notes to the Financial Statements

For the Year Ended 30 June 2008

1 Significant Accounting Policies

(u) Standards and Interpretations issued not yet effective continued

AASB 101 'Presentation of Financial Statements (revised September 2007). AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

AASB Interpretation 12 'Service Concession Arrangements,' AASB Interpretation 4 'Determining whether an Arrangement contains a Lease' (revised), AASB Interpretation 129 'Service Concession Arrangements: Disclosure' (revised), AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12.'	Effective for annual reporting periods beginning on or after 1 January 2008
AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	Effective for annual reporting periods beginning on or after 1 January 2008
AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 123 'Borrowing Costs' (revised). AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	Effective for annual reporting periods beginning on or after AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)
AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'	Effective for annual reporting periods beginning on or after 1 January 2009

The initial application of the expected issue of an Australian equivalent accounting standard to the following standard is not expected to have a material impact on the financial report of the Group and the company:

Improvements to IFRSs (2008)	Effective for annual reporting periods beginning on or after 1 January 2009
Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	Effective for annual reporting periods beginning on or after 1 January 2009
IFRIC 15 'Agreements for the Construction of Real Estate'	Effective for annual reporting periods beginning on or after 1 January 2009
IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'	Effective for annual reporting periods beginning on or after 1 October 2009

2 Critical Accounting Estimates and Judgements

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management have made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of Investments

Where it is considered that the Group has significant influence, but no control, investments have been equity accounted. This has resulted in the Group accounting for its share of each associate's post acquisition profits and reserves.

Other investments have been classified as either 'available for sale' or financial assets at fair value through profit or loss. Available for sale investments are not held with the intention of actively trading them. By classifying them as 'available for sale', any movement in the fair value of these investments is recognised directly in reserves in a separate asset revaluation reserve.

Key sources of estimation uncertainty

The carrying values of certain assets and liabilities are determined based on estimates and assumptions about future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of these assets and liabilities are as follows:

Share based payments

The value of amounts recognised in respect of share based payments has been estimated based on the fair value of the options. To estimate this fair value an option pricing model has been used. There are many variables and assumptions used as inputs into the model (which have been detailed in Note 27). If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised.

Investment property

Investment property is carried at fair value, representing open-market value determined annually by external valuers.

3 Segment Reporting

(a) Business and Geographic Segments

Business segments

The Group operates in the following 3 main business segments:

- *Investments*
  The Group invests in shares in listed entities.

- *Property development*
  The Group acquires investment properties with a view to capital appreciation and earning rental income.

- *Exploration and evaluation*
  The Group is involved in the exploration and evaluation for minerals.

To date, no revenue has been generated from the exploration and evaluation businesses.

Geographic segments

The Group's business segments are located in one geographical segment, being Australia.

Therefore, no secondary reporting is required.

3 Segment Reporting continued

(b) Primary reporting - Business segments

	Investments		Property		Exploration and evaluation		Elimination & other operations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$	$	$
Income	**11,705**	-	-	-	-	-	**226,866**	42,671	**238,571**	42,671
Other income	**10,466,720**	8,377,146	-	78,192	-	-	-	2,530	**10,466,720**	8,457,868
Total segment revenue/income	**10,478,425**	8,377,146	-	78,192	-	-	**226,866**	45,201	**10,705,291**	8,500,539
Share of net (loss) /profit of associates	**(25,836)**	49,624	-	-	-	-	-	-	**(25,836)**	49,624
RESULT										
Segment result	**5,611,943**	7,463,625	**(274,418)**	78,192	**(41,589)**	(15,353)	**(2,702,851)**	(2,101,972)	**2,593,085**	5,424,492
ASSETS										
Segment assets	**1,376,856**	18,046,609	**926,542**	1,150,000	**50,839**	30,120	**10,882,193**	1,532,322	**13,236,429**	20,759,051
Investment in associates	**566,323**	548,608	-	-	-	-	-	-	**566,323**	548,608
Total assets	**1,943,178**	18,595,217	**926,542**	1,150,000	**50,839**	30,120	**10,882,193**	1,532,322	**13,802,752**	21,307,659
LIABILITIES										
Segment liabilities	**(12,759)**	(5,392,750))	**(23,458)**	(23,458)	-	-	**(1,525,145)**	(1,097,241)	**1,537,904**	(6,513,449)

3 Segment Reporting continued

(b) Primary reporting - Business segments continued

	Investments		Property		Exploration and evaluation		Elimination & other operations		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
OTHER										
Investments in associates	**566,323**	548,608	-	-	-	-	-	-	**566,323**	548,608
Acquisition of non-current segment assets	**94,543,020**	19,124,286	**74,418**	21,806	**20,719**	30,120	**53,500**	12,350	**94,691,657**	19,188,562
Depreciation, amortisation and impairments	-	730,841	-	-	-	-	**21,866**	11,312	**21,866**	742,153
Exploration and evaluation expenses	-	-	-	-	**41,589**	15,353	-	-	**41,589**	15,353
Other non-cash expenses	-	-	-	-	-	-	-	207,900	-	207,900

4 Income

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Income				
Interest received	**226,116**	42,671	**176,656**	24,301
Dividend income	**11,705**	-	**11,705**	-
Other income	**750**	-	**750**	-
	238,571	42,671	**189,111**	24,301

5 Other income

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Realised gains on the sale of available-for-sale investments	**10,466,720**	8,377,146	-	12,244,926
Revaluation of investment property	-	78,192	-	-
Profit on sale of property, plant and equipment	-	2,530	-	2,530
	10,466,720	8,457,868	-	12,247,456

Gullewa Limited

Notes to the Financial Statements

For the Year Ended 30 June 2008

6 Expenses

Included in profit for the year are the following expenses:

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Accounting fees	**36,481**	18,000	**36,481**	18,000
Administration fees	**58,972**	54,772	**57,726**	45,831
Advertising	**5,356**	1,350	**5,356**	1,350
Auditors remuneration	**78,225**	61,800	**78,225**	61,800
Bad debts	**497,250**	-	**169,080**	-
Communication expenses	**25,329**	16,074	**25,329**	16,074
Consulting and professional fees	**170,209**	93,903	**132,936**	93,903
Exploration expenditure	**41,589**	15,353	**(750)**	623
Insurance	**7,684**	5,275	**6,999**	4,587
Key management personnel compensation	**122,315**	112,466	**122,315**	112,466
Loss on sale of available for sale financial assets	**-**	-	**288,261**	-
Fair value losses on financial assets at fair value through profit or loss	**4,840,645**	232,304	**4,840,645**	232,304
Fair value losses on investment property	**274,418**	-	**-**	-
Legal costs	**84,528**	25,231	**83,311**	25,231
Motor and travel expenses	**22,045**	29,352	**22,045**	29,352
Property evaluation costs	**40,790**	45,819	**39,990**	45,819
Minimum lease payments	**108,174**	41,824	**108,174**	41,824
Repairs and maintenance	**42,854**	23,350	**42,854**	23,350
Share based payments	**-**	207,900	**-**	207,900
Share registry and listing fees	**30,958**	25,550	**30,958**	25,550
Other expenses	**38,462**	30,897	**38,249**	30,474
	6,526,284	1,041,220	**6,128,184**	1,016,438

(a) Depreciation, amortisation and impairment losses

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Depreciation of property, plant and equipment	**21,730**	11,311	**21,730**	11,311
Amortisation of intangible assets	**136**	-	**136**	-
Impairment losses to available-for-sale financial assets	**-**	730,842	**-**	730,842
	21,866	742,153	**21,866**	742,153

(b) **Finance costs**

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Interest on bank overdrafts and loans	**2,223**	65,117	**2,223**	-
Interest on related party loans (note 20)	**55,312**	52,047	**55,312**	52,047
Interest charged on payables (note 19)	**160,135**	44,869	**67,698**	-
Interest on obligations under finance leases	-	5,390	-	5,390
Other interest	**1,758**	-	**1,756**	-
	219,428	167,423	**126,989**	57,437

(c) **Gain/(loss) on share trading recognised in income statement**

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Fair value loss on financial assets at fair value through profit or loss	**(4,840,645)**	(232,304)	**(4,840,645)**	(232,304)
Realised gain on sale of available for sale financial assets	**3,437,201**	5,317,322	-	5,317,322
Loss on sale of available for sale financial assets	**(288,261)**	-,	**(288,261)**	-,
Impairment loss on available for sale financial assets	-	(730,842)	-	(730,842)
Transfer to profit or loss on sale of available for sale financial assets	**7,317,780**	3,790,666	-	3,790,666
Gain on sale of available for sale investments to subsidiary (eliminated on consolidated, transferred to income statement on sale in current year)	-	-	-	3,867,780
	5,626,075	8,144,842	**(5,128,906)**	12,012,622

7 Auditors Remuneration

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Remuneration of the auditor of the parent entity for:				
- Auditing or reviewing the financial report	**68,225**	51,800	**68,225**	51,800
- Taxation services	**10,000**	10,000	**10,000**	10,000
	78,225	61,800	**78,225**	61,800

8 Income Tax Expense/(Tax Income)

(a) The components of tax expense/(tax income) comprise:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Current tax	**1,263,106**	2,260,938	**(765,029)**	2,295,858
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(46,480)**	(252,923)	**66,859**	(291,269)
Recoupment of prior year tax losses not previously brought to account	**-**	(947,023)	**-**	(947,023)
	1,216,626	1,060,992	**(698,170)**	1,057,566

(b) The prima facie tax on profit before income tax is reconciled to the income tax expense/(income) as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Profit/(Loss) before income tax	**3,809,711**	6,485,484	**(6,190,094)**	10,341,846
Tax expense/(income) at the Australian tax rate of 30% (2007: 30%)	**1,142,913**	1,945,645	**(1,857,027)**	3,102,551
Tax effect of share based payments	**-**	62,370	**-**	62,370
Transactions within the tax consolidated entity	**-**	-	**1,160,332**	(1,160,332)
Other non-deductible amounts	**75,188**	-	**-**	-
Other non –assessable amounts	**(1,475)**	-	**(1,475)**	-
Recoupment of prior year tax losses not previously brought to account	**-**	(947,023)	**-**	(947,023)
Income tax expense/(income)	**1,216,626**	1,060,992	**(698,170)**	1,057,566

(c) Deferred tax assets and liabilities are attributable to the following:

	Consolidated		
	2008		
	Assets	Liabilities	Net
	$	$	$
Unrealised gain on investment property	**-**	**(23,458)**	**(23,458)**
Unrealised loss on financial assets at fair value through profit or loss	**213,910**	**-**	**213,910**
Provision for doubtful debts	**98,451**	**-**	**98,451**
Accrued audit fees	**10,500**	**-**	**10,500**
	322,861	**(27,273)**	**299,403**

(c) **Deferred tax assets and liabilities are attributable to the following: continued**

	Consolidated 2007		
	Assets $	Liabilities $	Net $
Revaluations of available-for-sale financial assets	-	(2,195,334)	(2,195,334)
Impairment loss of available-for-sale financial assets	219,252		219,252
Unrealised gain on investment property	-	(23,458)	(23,458)
Unrealised loss on financial assets at fair value through profit or loss	51,557	-	51,557
Equity accounted adjustments	-	(14,888)	(14,888)
Accrued audit fees	20,460	-	20,460
	291,269	(2,233,680)	(1,942,411)

	Parent 2008		
	Assets $	Liabilities $	Net $
Unrealised loss on financial assets at fair value through profit or loss	213,910	-	213,910
Accrued audit fees	10,500	-	10,500
	224,410	-	224,410

	Parent 2007		
	Assets $	Liabilities $	Net $
Impairment loss of available-for-sale financial assets	219,252	-	219,252
Unrealised loss on financial assets at fair value through profit or loss	51,557	-	51,557
Accrued audit fees	20,460	-	20,460
	291,269	-	291,269

(d) Movement in temporary differences during the year

	Consolidated			
	Balance 1 Jul 07	**Recognised in income**	**Recognised in equity**	**Balance 30 Jun 08**
For year ended 30 June 2008	**$**	**$**	**$**	**$**
Revaluations of available-for-sale financial assets	(2,195,334)	-	2,195,334	-
Impairment loss of available-for-sale financial assets	219,252	(219,252)	-	-
Unrealised gain on investment property	(23,458)	-	-	**(23,458)**
Unrealised loss on financial assets at fair value through profit or loss	51,557	162,353	-	**213,910**
Provision for doubtful debts	-	98,451	-	**98,451**
Equity accounted adjustments	(14,888)	14,888	-	-
Accrued audit fees	20,460	(9,960)	-	**10,500**
	(1,942,411)	**46,480**	2,195,334	**299,403**

	Consolidated			
	Balance 1 Jul 06	**Recognised in income**	**Recognised in equity**	**Balance 30 Jun 07**
For year ended 30 June 2007	**$**	**$**	**$**	**$**
Tax losses	1,137,201	(1,137,201)	-	-
Revaluations of available for-sale-financial assets	(1,137,201)	1,137,201	(2,195,334)	**(2,195,334)**
Impairment loss of available for-sale-financial assets	-	219,252	-	**219,252**
Unrealised gain on investment property	-	(23,458)	-	**(23,458)**
Unrealised loss on financial assets at fair value through profit or loss	-	51,557	-	**51,557**
Equity accounted adjustments	-	(14,888)	-	**(14,888)**
Accrued audit fees	-	20,460	-	**20,460**
	-	**252,923**	**(2,195,334)**	**(1,942,411)**

	Parent			
	Balance 1 Jul 07	**Recognised in income**	**Recognised in equity**	**Balance 30 Jun 08**
For year ended 30 June 2008	**$**	**$**	**$**	**$**
Impairment loss of available-for-sale financial assets	219,252	(219,252)	-	-
Unrealised loss on financial assets at fair value through profit or loss	51,557	162,353	-	**213,910**
Accrued audit fees	20,460	(9,960)	-	**10,500**
	291,269	**(66,859)**	-	**224,410**

(d) Movement in temporary differences during the year continued

	Parent			
	Balance 1 Jul 06	**Recognised in income**	**Recognised in equity**	**Balance 30 Jun 07**
For year ended 30 June 2007	**$**	**$**	**$**	**$**
Tax losses	1,137,201	(1,137,201)	-	-
Revaluations of available-for-sale financial assets	(1,137,201)	1,137,201	-	-
Impairment loss of available-for-sale financial assets	-	219,252	-	**219,252**
Unrealised loss on financial assets at fair value through profit or loss	-	51,557	-	**51,557**
Accrued audit fees	-	20,460	-	**20,460**
	-	**291,269**	**-**	**291,269**

(e) Current tax liabilities

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Income tax payable	**1,439,039**	176,715	**1,439,039**	176,715

9 Earnings per Share

Basic earnings per share

	2008	**2007**
	cents	**cents**
Basic Earnings Per Share	**2.06**	4.31

Basic earnings per share calculated as follows:

	2008	**2007**
	$	**$**
Net profit attributable to ordinary shareholders	**2,593,085**	5,424,492

	2008	**2007**
	No.	**No.**
Weighted average number of ordinary shares	**125,931,551**	125,931,551

Diluted earnings per share

	2008	**2007**
	cents	**Cents**
Diluted Earnings Per Share	**1.84**	4.2

Diluted earnings per share calculated as follows:

	2008 $	2007 $
Net profit attributable to ordinary shareholders (diluted)	**2,593,085**	5,424,492

	2008 No.	2007 No.
Weighted average number of ordinary shares	**125,931,551**	125,931,551
Shares deemed to be issued for no consideration in respect of options	**15,058,364**	3,133,732
Weighted average number of ordinary shares (diluted)	**140,989,915**	129,065,283

10 Cash and Cash Equivalents

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Cash at bank and on hand	**10,717,783**	1,179,539	**9,731,131**	892,320

10(a) Reconciliation of Cash

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	**10,717,783**	1,179,539	**9,731,131**	892,320

10(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Net profit for the period	**2,593,085**	5,424,492	**(5,491,924)**	9,284,280
Non-cash flows in profit:				
Depreciation, amortisation and impairments	**21,866**	742,153	**21,866**	742,153
Realised loss/(gain) on the sale of available-for-sale investments	**(10,466,720)**	(8,377,146)	**288,261**	(12,244,926)
Devaluation/(revaluation) of investment property	**274,418**	(78,192)	**-**	-
Profit on sale of property, plant and equipment	**-**	(2,530)	**-**	(2,530)
Fair value losses on financial assets at fair value through profit or loss	**4,840,645**	232,304	**4,840,645**	232,304
Bad debt expense	**497,250**	-	**169,080**	-
Share based payments	**-**	207,900	**-**	207,900
Share of (profit)/loss in associate	**25,836**	(49,624)	**-**	-
Increase in amounts due under tax funding arrangement	**-**	-	**(2,027,353)**	-
Changes in assets and liabilities:				
Net movement on financial assets at fair value through profit or loss	**(3,509,697)**	1,439,853	**(4,105,509)**	1,687,953
(Increase)/decrease in trade and other receivables	**(266,743)**	(85,299)	**61,627**	(85,299)
Increase/(decrease) in trade and other payables	**(60,920)**	(3,220)	**(80,127)**	31,700
Increase/(decrease) in income taxes payable	**1,262,324**	176,715	**1,262,324**	176,715
Increase/(decrease) in deferred taxes payable	**(46,480)**	884,277	**66,859**	880,851
Net cash from operating activities	**(4,835,136)**	511,683	**(4,944,251)**	911,101

11 Trade and Other Receivables

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
CURRENT				
Amounts receivable from controlled entities	**-**	-	**-**	5,204,034
Other receivables and deposits	**103,862**	334,369	**103,662**	334,369
	103,862	334,369	**103,662**	5,538,403

12 Investments Accounted for Using the Equity Method

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Interest in associate	**566,323**	548,608	-	-
	566,323	548,608	-	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. Information relating to the associate is set out below.

(a) Carrying amounts

Interests are held in the following associated company:

Name	Principal Activities	Country of Incorporation	Ownership Interest		Carrying amount of Investment	
			2008	2007	2008	2007
			%	%	$	$
Unlisted:						
Our Field Pty Limited	Property development	Australia	**50**	50	**566,323**	548,608
					566,323	548,608

(b) Movements in carrying amounts

	Consolidated	
	2008	2007
	$	$
Balance at beginning of the financial year	**548,608**	443,633
Add:		
New investments during the year	**43,551**	55,351
Share of profit/(loss) in associate	**(25,836)**	49,624
Balance at end of the financial year	**566,323**	548,608

(c) Equity accounted profits of associates

	Consolidated	
	2008	2007
	$	$
Share of associate's profit before income tax expense	**(36,909)**	70,892
Share of associate's income tax expense	**11,073**	(21,268)
Share of associate's profit after income tax	**(25,836)**	49,624

(d) Summarised financial information of associates (Group's share of)

	2008 $	2007 $
Total Assets	**1,152,026**	1,140,389
Total Liabilities	**1,009,974**	973,300
Net Assets	**142,052**	167,089
Revenue	**19,021**	239,734
Total (loss)/profit for the year	**(51,672)**	99,248

(e) Share of associate's expenditure commitments

The associate had no capital or lease commitments outstanding as at 30 June 2008(2007: $nil).

(f) Contingent liabilities of associate

There were no contingent liabilities of the associate as at 30 June 2008 (2007: $nil).

13 Controlled Entities

Name	Country of incorporation	Percentage Owned 2008 %	Percentage Owned 2007 %
Parent Entity:			
Gullewa Limited	Australia		
Subsidiaries of parent entity:			
Rondav Pty Limited	Australia	**100**	100
Claymor Resources Pty Limited	Australia	**100**	100
Telephony Associates Pty Limited	Australia	**70**	70
York Corporate Pty Limited	Australia	**100**	100

14 Other Financial Assets

Current Financial Assets

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Financial assets at fair value through profit or loss	**814,495**	1,549,630	**814,495**	1,549,630

Non-Current Financial Assets

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Available-for-sale assets: Listed investments, at fair value				
Shares in listed corporations	**250,000**	250,000	-	-
Shares in other related parties	-	16,246,979	-	8,296,981
	250,000	16,496,979	-	8,296,981
Other financial assets				
Shares in controlled entities at cost (note 13)	-	-	**200**	200
Investment in associate - at cost		-	**425,071**	381,518
Term deposit	**20,719**	-	-	-
	20,719	-	**425,271**	381,718
Total non-current financial assets	**270,719**	16,496,979	**425,271**	8,678,699

15 Property Plant and Equipment

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Plant and equipment				
At cost	**57,698**	5,557	**57,698**	5,557
Less accumulated depreciation	**(17,960)**	(4,481)	**(17,960)**	(4,481)
Total plant and equipment	**39,738**	1,076	**39,738**	1,076
Motor vehicles				
At cost	**48,865**	48,865	**48,865**	48,865
Less accumulated depreciation	**(39,778)**	(31,527)	**(39,778)**	(31,527)
Total motor vehicles	**9,087**	17,338	**9,087**	17,338
Total property, plant and equipment	**48,825**	18,414	**48,825**	18,414

(a) Movements in Carrying Amounts

Consolidated and Parent Entity

	Plant and Equipment $	Motor Vehicles $	Total $
Year end 30 June 2008:			
Balance at the beginning of year	**1,076**	**17,338**	**18,414**
Additions	**52,141**	**-**	**52,141**
Disposals	**-**	**-**	**-**
Depreciation expense	**(13,479)**	**(8,251)**	**(21,730)**
Balance at 30 June 2008	**39,738**	**9,087**	**48,825**
Year end 30 June 2007:			
Balance at the beginning of year	2,187	16,658	18,845
Additions	-	12,350	12,350
Disposals	-	(1,470)	(1,470)
Depreciation expense	(1,111)	(10,200)	(11,311)
Balance at 30 June 2007	1,076	17,338	18,414

16 Intangible Assets

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Computer software				
Gross carrying amount				
Balance at 1 July	-	-	-	-
Additions	**1,359**	-	**1,359**	-
Balance at 30 June	**1,359**	-	**1,359**	-
Accumulated amortisation				
Balance at 1 July	-	-	-	-
Amortisation expense	**(136)**	-	**(136)**	-
Balance at 30 June	**(136)**	-	**(136)**	-
Net Book Value at 30 June	**1,223**	-	**1,223**	-

17 Investment Property

(a) Movement in year

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Balance at beginning of year	**1,150,000**	1,050,000	-	-
Acquisitions	-	-	-	-
Additions resulting from capitalised expenditure	**74,418**	21,806	-	-
Fair value adjustments	**(274,418)**	78,194	-	-
Balance at end of year – at fair value	**950,000**	1,150,000	-	-

(b) Amounts recognised in profit and loss for investment property

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Net (loss)/gain from fair value adjustment	**(274,418)**	78,194	-	-

(c) Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar market conditions. The revaluations for the year ending 30 June 2008 were based on independent assessments made by a qualified member of the Australian Property Institute, who has recent experience in the location and category of property being valued.

(d) Contractual obligations

There were no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements as of 30 June 2008.

18 Exploration, Evaluation and Development

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Exploration and evaluation - at cost	**30,120**	30,120	-	-

19 Current Trade and Other Payables

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Trade payables	**31,429**	3,469,053	**31,429**	2,540,434
Sundry payables and accrued expenses	**67,436**	131,312	**67,436**	166,232
Payable to subsidiaries	**-**	-	**2,011,641**	-
	98,865	3,600,365	**2,110,506**	2,706,666

Interest was charged at 9.5% (2007: 9.5%) by some of the Group's stock brokers.

20 Current Borrowings

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Unsecured liabilities				
Advance from related party (note 28 (d))	**-**	793,958	**-**	793,958

21 Issued Capital

(a) Movements in share capital

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
125,931,551 (2007: 125,931,551) Ordinary shares fully paid	**19,845,098**	19,845,098	**19,845,098**	19,845,098
	19,845,098	19,845,098	**19,845,098**	19,845,098

There has been no movement in ordinary share capital in 2008 and 2007.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

22 Reserves and Accumulated Losses

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Reserves				
Available-for-sale investments revaluation reserve	**-**	5,122,446	**-**	-
Share based payments reserve	**332,858**	332,858	**332,858**	332,858
Capital profits reserve	**284,828**	284,828	**284,828**	284,828
	617,686	5,740,132	**617,686**	617,686
Accumulated losses				
Opening balance	**(10,791,020)**	(16,215,512)	**(7,171,388)**	(16,455,668)
Net profit/(loss) attributable to members	**2,593,085**	5,424,492	**(5,491,924)**	9,284,280
	(8,197,935)	(10,791,020)	**(12,663,312)**	(7,171,388)

(a) Reconciliation of movement in reserves

	Parent			
	Available-for sale-investments revaluation reserve	Share based payments reserve	Capital Profits reserve	Total Reserves
	$	$	$	$
Balance at 1 July 2006	2,653,466	124,958	284,828	3,063,252
Transfer of realised increment on sale	(2,653,466)	-	-	(2,653,466)
Option expense	-	207,900	-	207,900
Balance at 30 June 2007 and 30 June 2008	-	332,858	284,828	617,686

(a) Reconciliation of movement in reserves continued

	Consolidated			
	Available-for-sale investments revaluation reserve	**Share based payments reserve**	**Capital Profits reserve**	**Total Reserves**
	$	**$**	**$**	**$**
Balance at 1 July 2006	2,653,466	124,958	284,828	3,063,252
Fair value adjustment of investment (net of tax effect)	5,122,446	-	-	5,122,446
Transfer of realised increment on sale	(2,653,466)	-	-	(2,653,466)
Option expense	-	207,900	-	207,900
Balance at 30 June 2007	5,122,446	332,858	284,828	5,740,132
Transfer of realised increment on sale	**(5,122,446)**	**-**	**-**	**(5,122,446)**
Balance at 30 June 2008	**-**	**332,858**	**284,828**	**617,686**

(b) Nature and purpose of reserves

(i) Available for sale investments revaluation reserve

Changes in the fair value of investments, such as equities, classified as available-for-sale financial assets, are taken to the available for sale investments revaluation reserve, as described in Note 1(i), until the investments are sold.

(ii) Share based payments reserve

The share based payments reserve is used to recognise the expense of the fair value of options issued but not exercised.

(iii) Capital profits reserve

The capital profits reserve arose historically and is distributable.

23 Financial Instruments

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. The Group does not have any debt. Operating cash flows are used to maintain and expand the Group's investments, as well as to pay for operating expenses, including tax liabilities.

(b) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and commodity markets and seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by the Board of Directors.

(c) Market risk

Price Risk

The Group is exposed to equity securities price risk because of the listed investments held, classified as either fair value through profit or loss, or available-for-sale investments. The Group is also exposed to price risk in the Australian housing market, due to its ownership of an investment property, although this risk is not significant to the Group. The Group does not hedge its price risks.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant the Group's and company's net profit would increase/decrease by $81,000 (2007: $155,000) as a result of the change in the value of financial assets held at fair value through profit or loss.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant the Group's net assets would increase/decrease by $106,000 (2007: $1,805,000) as a result of the change in the value of financial assets held at fair value through profit or loss and available-for-sale investments.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant the company's net assets would increase/decrease by $81,000 (2007: $985,000) as a result of the change in the value of financial assets held at fair value through profit or loss and available-for-sale investments.

Interest rate risk

Because the Group has no external debt, its only exposure to interest rate risk is on its cash and cash equivalents. The sensitivity analyses below have been determined based on the exposure to interest rates and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit and net assets would increase/decrease by $21,000 (2007: $3,000), and the company's net profit and net assets would increase/decrease by $19,000 (2007: $4,000).

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit –ratings agencies. The Group does not have any significant receivables.

(d) Credit risk management continued

The Group and company's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount as disclosed in the balance sheet and notes to the financial statements, and the guarantee provided to an associate detailed at note 25.

(e) Liquidity risk management

Liquidity risk management is carried out by the directors who ensure that there are available facilities for the Group and company to meet its operating funding requirements. The Group manages liquidity risk through realising its financial assets at fair value through profit or loss, or its available-for-sale investments to meet any forecast cash outflow commitments.

Liquidity and interest risk tables

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated

	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months – 1 year $	> 1 year $
2008					
Non-interest bearing	-	31,429	-	-	-
		31,429	-	-	-
2007					
Non-interest bearing	-	3,469,053	-	-	-
Variable interest rate instruments	8.3%	-	-	849,270	-
		3,469,053	-	849,270	-

Gullewa Limited

Notes to the Financial Statements

For the Year Ended 30 June 2008

Liquidity and interest risk tables continued

Parent

	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months – 1 year $	> 1 year $
2008					
Non-interest bearing	-	31,429	-	2,011,641	-
		31,429	-	2,011,641	-
2007					
Non-interest bearing		2,540,434	-	-	-
Variable interest rate instruments	8.3%	-	-	849,270	-
		2,540,434	-	849,270	-

The following tables detail the company's and the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company/Group anticipates that the cash flow will occur in a different period.

Consolidated

	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months – 1 year $	> 1 year $
2008					
Non-interest bearing	-	814,495	-	-	805,250
Variable interest rate instruments	5.41%	10,717,783	-	-	20,719
		11,532,277	-	-	825,969
2007					
Non-interest bearing	-	1,549,630	-	-	17,045,587
Variable interest rate instruments	4.91%	1,179,539	-	-	-
		2,729,169	-	-	17,045,587

Liquidity and interest risk tables continued

Parent

	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months – 1 year $	> 1 year $
2008					
Non-interest bearing	-	814,495	-	-	425,071
Variable interest rate instruments	4.72%	9,731,131	-	-	-
		10,545,625	-	-	425,071
2007					
Non-interest bearing	-	1,549,630	-	5,169,114	8,678,499
Variable interest rate instruments	3.23%	892,320	-	-	
		2,441,949		5,169,114	8,678,499

(f) Fair value of financial instruments

The fair values of financial assets and financial assets are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets and determined with reference to quoted market prices. The quoted market prices used for financial assets held by the Group are the current bid prices for the Group.

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

- The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

24 Capital and Leasing Commitments

Operating Lease Commitments

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Offices				
- not longer than one year	27,669	-	27,669	-
- longer than 1 year and not longer than 5 years	-	-	-	-
- longer than 5 years	-	-	-	-
	27,669	-	27,669	-

25 Contingent Liabilities

Gullewa Limited has given a guarantee in respect of a bank loan of its associate company amounting to $1,050,000 (2007: $1,050,000). (See Note 28(e)) No material losses are anticipated in respect of the contingent liabilities.

26 Key Management Personnel Disclosures

The directors and other members of key management personnel of the Group during the year were:

- David Deitz (Chairman, Executive director)
- Eddie Lee (Non-executive director)
- David Atkinson (Non-executive director)

There were no other senior management personnel of the Group.

Compensation levels of Gullewa Limited are set by the Board in accordance with industry standards to attract suitably qualified and experienced directors and senior executives. The Board obtains independent advice on the appropriateness of compensation packages. As there is only one key executive, Mr Deitz, who is also the chairman of the Company, a detailed policy which distinguishes between executive and non-executive compensation has not been warranted to date. All of the directors receive a fixed fee for their services, their fees are set out in accordance with a shareholder-approved threshold. Mr Deitz's compensation is set at a level which also takes into account his executive services, and is subject to adjustment from time to time as deemed appropriate with Board approval. There is no bonus system in place or other performance based compensation such as the achievement of certain key performance indicators.

(a) Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Short-term employee benefits	**122,315**	112,466	**122,315**	112,466
Share-based payments	**-**	207,900	**-**	207,900
	122,315	320,366	**122,315**	320,366

(b) Option Holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Gullewa Limited and other key management personnel of the Group, including their personally related parties, are set out below. All options vest immediately. Further details on the terms and conditions of options are detailed at note 27.

	Balance 01/07/2007	Granted as Compensation	Options Exercised	Net Change Other	Balance 30/06/2008	Total Vested & Exercisable
2008						
David Deitz	23,500,000	-	-	-	23,500,000	23,500,000
Eddie Lee	5,378,378	-	-	-	5,378,378	5,378,378
David Atkinson	5,378,378	-	-	-	5,378,378	5,378,378
Total	34,256,756	-	-	-	34,256,756	34,256,756

There are no other key management personnel of the Group.

	Balance 01/07/2006	Granted as Compensation	Options Exercised	Net Change Other	Balance 30/06/2007	Total Vested & Exercisable
2007						
David Deitz	16,500,000	7,000,000	-	-	23,500,000	23,500,000
Eddie Lee	3,378,378	2,000,000	-	-	5,378,378	5,378,378
David Atkinson	3,378,378	2,000,000	-	-	5,378,378	5,378,378
Total	23,256,756	11,000,000	-	-	34,256,756	34,256,756

There are no other key management personnel of the Group.

(c) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Gullewa Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2008	Balance 01/07/2007	Received as Compensation	Options Exercised	Net Change Other	Balance 30/06/2008
David Deitz	3,149,698	-	-	10,751,639	13,901,337
Eddie Lee	-	-	-	-	-
David Atkinson	-	-	-	-	-
	3,149,698	-	-	10,751,639	13,901,337

2007	Balance 01/07/2006	Received as Compensation	Options Exercised	Net Change Other*	Balance 30/06/2007
David Deitz	3,149,698	-	-	-	3,149,698
Eddie Lee	-	-	-	-	-
David Atkinson	-	-	-	-	-
	3,149,698	-	-	-	3,149,698

There were no other key management personnel of the Group.

27 Share Based Payments

(a) Employee Option Plan

Gullewa Limited has no formal employee option plan with the directors approving all grants of options.

Options are granted with no vesting conditions and expire at varying dates. Options are granted for no consideration, with the exercise price as listed below payable on exercise of the options. When exercisable, each option is convertible into one ordinary share.

Options granted carry no dividend or voting rights.

(b) Summary of Options Granted

		Consolidated and Parent			
		2008		2007	
Grant Date	Expiry Date	Number of Options	Exercise Price $	Number of Options	Exercise Price $
28 Nov 2003	30 Jun 2009	11,000,000	0.06	11,000,000	0.06
11 Oct 2005	5 Dec 2010	12,256,756	0.0325	12,256,756	0.0325
30 Nov 2006	30 Nov 2011	11,000,000	0.0725	11,000,000	0.0725
Outstanding at year-end		34,256,756		34,256,756	
Exercisable at year-end		34,256,756		34,256,756	
Weighted average exercise price		-		-	0.05

(b) Summary of Options Granted continued

The weighted average remaining contractual life of share options outstanding at the end of the period was 3 years (2007: 4 years).

Fair value of options granted

No options were granted during the year-ended 30 June 2008. The assessed fair value of the options granted during the year ended 30 June 2007 was 1.89 cents per option.

This price was independently calculated by using a binomial options pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2007 included:

(i) Options are granted for no consideration.	There are no vesting conditions.
(ii) Exercise price:	7.25 cents
(iii) Grant date:	30 November 2006
(iv) Expiry date:	30 November 2011
(v) Share price at grant date:	5.8 cents
(vi) Expected price volatility of the company's shares:	58.14%
(vii) Expected dividend yield:	1.25%
(viii)Risk-free interest rate:	6%

Historical volatility (based on the remaining life of the options) has been the basis for determining expected share price volatility, adjusted for any expected changes to future volatility due to publicly available information.

(c) Expenses arising from share-based payment transactions

Included under other expenses in the income statement is $nil (2007: $207,900) relating to equity-settled share-based payment transactions to directors.

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Options issued under employee option plan	-	207,900	-	207,900

28 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in Note 13.

(b) Key management personnel

Disclosures relating to key management personnel remuneration, options and shareholdings are set out in Note 26.

(c) Other related party transactions with director related entities.

	2008 $	2007 $		
Payment for services:				
Amounts paid to Allegiance Mining NL (a company in which D Deitz and E Lee were directors) for Gullewa Limited's portion of shared costs	**227,076**	182,814	-	-

	Consolidated		Parent	
	2008	2007	2008	2007
Other transactions:	$	$	$	$
The parent entity purchased 120,091,160 at an average cost of 74.9 cents (2007: 25,990,322) and sold 130,588,231 at an average price of 75 cents (2007: 38,419,226) shares in Allegiance Mining NL.				
At the year end, the parent entity held nil shares (2007: 10,497,071) representing 0% (2007: 1.59%) - at market value	-	8,296,929	-	8,296,929
York Corporate Pty Limited, a wholly-owned subsidiary of Gullewa Limited disposed of 10,000,000 shares in Allegiance Mining NL. At year-end, the subsidiary, held nil (2007:10,000,000) shares representing 0% (2007: 1.46%) - at market value	-	7,950,050	-	-
Total	-	16,246,979	-	8,296,929

In the prior year, Gullewa Limited sold 10,000,000 shares in Allegiance Mining NL to its wholly owned subsidiary, York Corporate Pty Limited, resulting in a realised gain on sale of available for sale investments of $3,867,780. This gain was eliminated on consolidation.

(d) Loans to/(from) related parties

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Loans to (from) subsidiaries				
Beginning of the year	-	-	**5,204,034**	326,731
Loans advanced/(received)	-	-	**(7,215,675)**	4,877,303
End of year	-	-	**(2,011,641)**	5,204,034
Loans from Allegiance Mining NL				
Beginning of the year	**793,958**	458,298	**793,958**	458,298
Additional borrowing (incl interest)	**247,882**	335,660	**247,882**	335,660
Repaid	**(1,041,840)**	-	**(1,041,840)**	-
End of year	-	793,958	-	793,958

Advances from Allegiance Mining NL bore interest at a rate of 8.3% (2007: 8.3%). Interest paid on the advance in the year-ended 30 June 2008 was $55,312 (2007:$52,047).

(e) Guarantees

The following guarantee has been given:

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Guarantee of a mortgage to Our Field Pty Limited	**1,050,000**	1,050,000	**1,050,000**	1,050,000

29 Retirement Benefit Obligations

Superannuation Commitments

During the year, the Group provided employees with access to external defined contribution superannuation plans that provide benefits on retirement, resignation, disability or death.

30 Events After the Balance Sheet Date

There has not arisen during the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature that has, in the opinion of the Directors of the Company, significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

31 Company Details

Registered office and principal place of business

The registered office and principal place of business of the Group is:

Gullewa Limited
Level 8 Quantum House
49-51 York Street
Sydney NSW 2000

Gullewa Limited

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 16 to 64, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and Group;

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the company and Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
David Deitz

Dated 25 September 2008

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Gullewa Limited

Report on the Financial Report

We have audited the accompanying financial report of Gullewa Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year, as set out on pages 16 to 65.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and compensation disclosures contained in the directors' report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the compensation disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the compensation disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion on the Financial Report

In our opinion:

(a) the financial report of Gullewa Limited is in accordance with the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Gullewa Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants
Sydney, 25 September 2008

Member of
Deloitte Touche Tohmatsu

Gullewa Limited

ASX Additional Information

The shareholder information set out below was applicable as at 18 July 2008.

1. Substantial Shareholders

As at 29 June 2008 the substantial shareholders who have notified the Company were as follows:

Shareholder	Number of Shares
Mr D Deitz, including McNeil Nominees Pty Ltd	13,901,337
Hudson Corporate Limited	9,252,557

2. Distribution of Shareholders

Analysis of number of shareholders by size of holding.

Category of holding		Number	Number of Shares
1	- 1,000	190	97,711
1,001	- 5,000	444	1,251,129
5,001	- 10,000	321	2,514,131
10,001	- 100,000	554	20,631,213
100,001	- shares and over	138	101,462,845
Total		**1,647**	**125,957,029**

Number of holders of less than a marketable parcel: 788

Percentage held by the 20 largest holders: 50.95%

3. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 24 September 2008 are:

	Number of Shares	Percentage of total shares (%)
McNeil Nominees Pty Limited (Mr D Deitz)	9,677,419	7.68
Hudson Corporate Limited	9,252,557	7.35
Judith Krasnjanski	4,285,714	3.40
Anything Communication Pty Ltd	4,074,083	3.23
Moshe Ambarchi and Nadine Ambarchi <Buline Superannuation Account>	4,000,000	3.18
Fezune Pty Ltd <Reid Family Super Fund A/C>	3,050,000	2.42
Mr Sholomo Thaler	2,927,777	2.32
Sandor Nominees Pty Limited	2,857,143	2.27
National Nominees Ltd	2,822,205	2.24
Ashecorp Pty Ltd <MD & DS Moss Super Fund A/C>	2,770,000	2.20
Scomac Management Services Pty Ltd	2,300,000	1.83
Mr David Deitz	2,214,022	1.76
Mr Sholomo Thaler	2,182,084	1.73
Mr David Deitz	2,009,896	1.60
Howland Rose Holdings Pty Ltd	1,845,018	1.46
Goldberg Super Pty Ltd <Goldbeg Super A/C>	1,800,000	1.43
Leet Investments Pty Ltd <Superannuation Fund A/C>	1,600,000	1.27
Mr Kenneth Joseph Hall & Mrs Mary Christine Hall <Hall Super Fund A/C>	1,582,248	1.26
UBS Wealth Management Australia Nominees Pty Ltd	1,460,000	1.16
Leet Investments Pty Ltd	1,455,400	1.16
Total	**64,165,566**	**50.95**

4. Unlisted Options

There are a total of 34,256,756 unlisted options as follows :

		% Held		% Held		% Held
Expiry Date	30.06.2009		5.12.2010		30.11.2011	
Exercise Price	6.00 cents		3.25 cents		7.25 cents	
Option Holder :						
David Atkinson	1,000,000	9.1	2,378,378	19.4	2,000,000	18.2
David Deitz	9,000,000	81.8	7,500,000	61.2	7,000,000	63.6
Eddie Lee	1,000,000	9.1	2,378,378	19.4	2,000,000	18.2
	11,000,000	100.0	12,256,756	100.0	11,000,000	100.0

The above table reflects the distribution of optionholders by size of holding, the number of options on issue in each class and the number of holders of each class.

Summary of Mining Royalties

	Interest	J V Partners	Operator
Gullewa Limited	1% Royalty	ATW Venture Australia Pty Ltd (ATW)	ATW

Gullewa's entitlement to a 1% Royalty from ATW Venture Australia Pty Ltd relates to the following tenements, located in Western Australia:

L59/50, M59/49. M59/507, M59/68, M59/132, M59/294, M59/335, M59/336, M59/356, M59/391, M59/392, M59/442, M59/522, M59/530, M59/531, L59/35, L59/49, E59/1241 (part) & E59/1242 (part).

Schedule of Tenements

Area	Gullewa Interest Held (%)	Title Holder	Date Granted	Expiry/ Payment Due	Expenditure Conditions (This Year)
Exploration Licence EL2002	100	Claymor Resources Pty Ltd	20.1.2008	20.1.2010	$408,000