

# **Gullewa Limited**

**ABN 30 007 547 480**

**Annual Report - 30 June 2019**

## Corporate Directory

<b>Directors</b>	Anthony Howland-Rose - Chairman David Deitz Eddie Lee
<b>Company secretary</b>	David Deitz
<b>Registered office</b>	Suite 1, Level 2 49-51 York Street Sydney NSW 2000 Tel: +61 2 9397 7555 Fax: +61 2 9397 7575
<b>Share register</b>	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000 Tel: 1300 787 272
<b>Solicitors</b>	Cardinals Ground Floor 57 Havelock Street West Perth WA 6872
<b>Bankers</b>	National Australia Bank 255 George Street Sydney NSW 2000
<b>Stock exchange listing</b>	Gullewa Limited shares are listed on the Australian Securities Exchange (ASX code: GUL)  Home exchange is in Perth
<b>Website</b>	<a href="http://www.gullewa.com">www.gullewa.com</a>

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# Directors' Report

30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Gullewa Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

## Directors

The following persons were directors of Gullewa Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony Howland-Rose - Chairman  
David Deitz  
Eddie Lee

## Principal activities

The principal activities of the consolidated entity during the financial year were exploration, mining, investments in equities and property.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Review of operations

The Profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,028,705 (2018 profit: \$1,087,795).

## Gullewa Limited ('Gullewa')

There has been no significant trading activity in Gullewa during the financial year.

## Central Iron Ore ('CIO') – Gullewa has 36.1% holding

### South Darlot Gold Project

The company's South Darlot Gold Project area is located approximately 320 kilometres northwest of Kalgoorlie in Western Australia and includes:

The British King Mine is owned by British King Mining Pty Limited which is 49% held by the company and is NI43-101 compliant. The British King Mine is 5 kilometres southwest of Red 5 Limited Darlot Mine.

The 100% CIO owned tenement package covering 267 square kilometres was substantially sold to Kingswest Limited for 2,700,000 shares at 20 cents equating a total of \$540,000. These shares are escrowed until 17<sup>th</sup> August 2019.

Red 5 Joint Venture in which CIO has earned a 70% interest. A drilling programme of 20 holes for 2043 metres was completed. The results included significant gold intercepts with gold grades of up to 12.6 grams per tonne supporting historical and earlier work conducted on the project area. The recent drilling also confirmed the west-north-west trending shear zone named the Emperor Structure which a 2.5km strike length, direct association with gold endowment, and a favourable geological setting to host significant gold accumulation. Currently, vein-hosted gold mineralisation has been modelled at the A1 Prospect, Mermaid Prospect and the Endeavour Prospect. Potential exists to explore for extensions and splays of this structure as well as across strike.

### Eureka Gold Project

The Eureka Gold Project is approximately 50 kilometres north of Kalgoorlie and includes the Eureka open pit gold mine. It was sold in November 2017 to Tyranna Resources Limited. The final consideration which was completed in August 2018 comprised of \$1,869,003 in cash and 93,205,304 shares in Tyranna Resources Limited of which 78,499,422 shares are escrowed until mid-August 2019.

**Property**

The civil works was completed on 19 blocks which is termed Stage II. The contractor was Goldsprings. The sales process will recommence in the 3rd quarter.

**Gullewa Gold Royalty**

The company has a 1% Royalty on the project called Deflector. Doray Limited and Silver Lake Resources Limited have merged their companies during the financial year. Gullewa received royalty payments of \$1,677,458 during the financial year. The life of Mine has been extended to the end of 2022.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

There are no matters or circumstances that have arisen since 30 June 2019 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years other than the completion of the sale of the Eureka Gold Project.

**Likely developments and expected results of operations**

The consolidated entity has currently reduced the field exploration activities until the confidence has picked up in the coal sector and the market price of coal has recovered to a level where further field exploration becomes viable again.

**Environmental regulation**

The consolidated entity is subject to and compliant with all aspects of the environmental regulations of its exploration activities. Management are not aware of any environmental law that has not been complied with.

**Information on directors**

Name:	Anthony Howland-Rose
Title:	Executive Director and Chairman
Qualifications:	MSc, DIC, FGS, FIMMM, FAusIMM, FAIG, CEng
Experience and expertise:	Appointed to the Board in December 2010, Mr Howland-Rose has over 50 years experience in exploration, discovery, development and corporate activity worldwide in the junior exploration sector. He has been involved in some dozen discoveries and, most recently, in the Avebury Nickel Project, which was taken over by Zinifex Limited for approximately \$860 million.
Other current directorships:	Director of Central Iron Ore Limited, listed on the Toronto Stock Exchange - Venture (appointed on 3 June 2011)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	20,221,540 ordinary shares
Interests in options:	17,000,000 options over ordinary shares
Name:	David Deitz
Title:	Executive Director and Chief Executive Officer
Qualifications:	B.Com, MAusIMM, CPA
Experience and expertise:	Appointed to the Board in July 1999, Mr Deitz, a financial accountant, has had over 20 years' experience in the mineral exploration industry.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	31,211,858 ordinary shares
Interests in options:	28,000,000 options over ordinary shares
Name:	Eddie Lee
Title:	Non-Executive Director
Qualifications:	BE, BSc, DIP BDG SC
Experience and expertise:	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. Mr Lee has wide experience in the fields of civil engineering, finance, corporate management and mining.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,492,378 ordinary shares
Interests in options:	4,000,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary: David Deitz.

David Deitz information is included in the director information.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Howland-Rose	12	12
David Deitz	12	12
Eddie Lee	12	12

Held: represents the number of meetings held during the time the director held office.

The roles of the Nomination and Remuneration Committee and Audit Committee were performed by the full Board.

### Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### *Principles used to determine the nature and amount of remuneration*

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company. The Nomination and Remuneration Committee may use external remuneration consultants when necessary, see 'Use of remuneration consultants' section in this report.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth and delivering constant or increasing return on assets
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

#### *Non-executive directors' remuneration*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee, where necessary, seeks the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 16 November 2009, where the shareholders approved an aggregate remuneration of \$300,000.

#### *Executive remuneration*

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

There are no short-term incentives ('STI').

The long-term incentives ('LTI') includes long service leave and share-based payments.

#### *Consolidated entity performance and link to remuneration*

There is no link between the consolidated entity's performance and remuneration.

#### *Use of remuneration consultants*

During the financial year ended 30 June 2019, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') and long-term incentives ('LTI') programs.

#### *Voting and comments made at the company's 2018 Annual General Meeting ('AGM')*

At the last AGM 97% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

## Details of remuneration

*Amounts of remuneration*

Details of the remuneration of the directors of Gullewa Limited are set out in the following tables. Other than the directors, there are no other key management personnel, defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2019	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
E Lee	35,750					14,484	50,234
<i>Executive Directors:</i>							
A Howland-Rose	50,000					86,901	136,901
D Deitz	175,200			15,200		115,868	306,268
	260,950			15,200		217,253	493,403

Interest paid to Kenfam PL \$60,000 and Waave PL \$116,250

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2018	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
E Lee	25,500					8,050	33,550
<i>Executive Directors:</i>							
A Howland-Rose	50,000					48,300	98,300
D Deitz	137,500			13,063		64,400	214,963
	213,000			13,063		120,750	346,813



The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk – STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
<i>Non-Executive Directors:</i>						
E Lee	-%	-%	-%	-%	-%	-%
<i>Executive Directors:</i>						
A Howland-Rose	-%	-%	-%	-%	-%	-%
D Deitz	-%	-%	-%	-%	-%	-%

### Service agreements

Key management personnel have no entitlements to the termination of payments in the event of the removal for misconduct.

### Share-based compensation

#### Issue of shares

There were no shares issued to directors and other key management personnel as part of the compensation during the year ended 30 June 2019.

#### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30 December 2018	30 December 2018	30 December 2023	\$ 0.0287	\$0.0145

Options granted carry no dividend or voting rights.

#### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
29 November 2015	29 November 2015	29 November 2020	\$0.0156	\$0.0050
22 December 2016	22 December 2016	23 December 2021	\$0.0270	\$0.0100
29 December 2017	29 December 2017	23 December 2022	\$0.0260	\$0.0100
30 December 2018	30 December 2018	30 December 2023	\$0.0287	\$0.0145

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of the compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
Anthony Howland-Rose	6,000,000	6,000,000	6,000,000	6,000,000
David Deitz	8,000,000	8,000,000	8,000,000	8,000,000
Eddie Lee	1,000,000	1,000,000	1,000,000	1,000,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Value of options granted during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Anthony Howland-Rose	86,901	41,800	49.14%
David Deitz	115,868	41,800	29.96%
Eddie Lee	14,484	9,350	28.83%

#### Additional disclosures relating to key management personnel

In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the company or its subsidiaries.

#### Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Anthony Howland-Rose	13,448,478	-	6,773,062	-	20,221,540
David Deitz	28,382,264	-	2,829,594	-	31,211,858
Eddie Lee	2,710,378	-	-	1,218,000	1,492,378
	44,541,120	-	9,602,656	1,218,000	52,925,776

*Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Anthony Howland-Rose	19,800,000	6,000,000	5,000,000	3,800,000	17,000,000
David Deitz	23,800,000	8,000,000	-	3,800,000	28,000,000
Eddie Lee	3,850,000	1,000,000	-	850,000	4,000,000
	47,450,000	15,000,000	-	-	49,000,000

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
<i>Options over ordinary shares</i>			
Anthony Howland-Rose	17,000,000	-	17,000,000
David Deitz	28,000,000	-	28,000,000
Eddie Lee	4,000,000	-	4,000,000
	49,000,000	-	49,000,000

*Loans to key management personnel and their related parties*

There were no loans made to key management personnel and their related parties during the financial year ended 30 June 2019 other than disclosures in note 28.

*Other transactions with key management personnel and their related parties*

Nil

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of Gullewa Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 November 2015	29 November 2020	\$0.0156	7,250,000
22 December 2016	22 December 2021	\$0.0270	12,000,000
24 December 2017	23 December 2022	\$0.0260	15,000,000
30 December 2018	30 December 2023	\$0.0287	15,000,000
			49,250,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**

There were no ordinary shares of Gullewa Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

**Indemnity and insurance of auditor**

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**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.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former audit partners of SCS Audit & Corporate Services Pty Ltd**

There are no officers of the company who are former audit partners of SCS Audit & Corporate Services Pty Ltd.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 52.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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David Deitz  
Director

9 September 2019  
Sydney

# Corporate governance statement

30 June 2019

The Company is committed to the pursuit of creating value for shareholders, while at the same time meeting shareholders' expectations of sound corporate governance practices. As with all its business activities, the Company is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interests of shareholders, and consistent with its responsibilities to other stakeholders.

## THE BOARD OF DIRECTORS

The Board determines the corporate governance arrangements of the Company.

This statement discloses the Company's adoption of the Corporate Governance Principles and Recommendations (3rd edition) (the Principles) released by the Australian Securities Exchange Corporate Governance Council in March 2014, effective 1 July 2014. The Principles can be viewed at [www.asx.com.au](http://www.asx.com.au). The Principles are not prescriptive; however, listed entities (including the Company) are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle (the 'if not, why not' approach). The Principles have operated throughout the year unless otherwise indicated.

The table at the end of this statement provides cross references between the disclosures and statements in this Corporate Governance Statement and the relevant Principles.

## ROLE OF THE BOARD

The Directors must act in the best interest of the Company and in general are responsible for, and have the authority to determine, all matters relating to the policies, management and operations of the Company.

The Board's responsibilities, in summary, include:

- providing strategic direction and reviewing and approving corporate strategic initiatives;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- appointing, monitoring the performance of, and, if necessary, removing the Managing Director;
- ratifying the appointment or removal, and contributing to the performance assessment of the members of the senior management team;
- planning for Board and executive succession;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- adopting an annual budget and monitoring management and financial performance and plans;
- monitoring the adequacy, appropriateness and operation of internal controls;
- identifying significant business risks and reviewing how they are managed;
- considering and approving the Company's Annual Financial Report and the interim financial and activities reports;
- enhancing and protecting the reputation of the Company;
- reporting to, and communicating with, shareholders; and
- setting business standards and standards for social and ethical practices.

Day to day management of the Company and implementation of Board policies and strategies has been formally delegated to senior executives and management. It is the responsibility of the Board to oversee the activities of management in executing delegated tasks. In particular, the Board has delegated management responsibility for:

- delivering key objectives and milestones in accordance with market expectation as are set by the Board;
- developing project budgets for capital and operating expenditure for Board review and if appropriate, approval;
- developing and maintaining an effective risk management framework and keeping the Board and the market fully informed about risk;

- the prudent management of the Company's cash reserves in accordance with the approved annual operating budget;
- regulatory compliance across all jurisdictions in which the Company undertakes business covering amongst other things health and safety, tax, accounting and company reporting.

## COMPOSITION OF THE BOARD

The Board currently comprises two non-executive Directors and one executive Director with a broad range of skills, expertise and experience, and all of whom add value to the operation of the Board. Given the Company's current stage of development, the Board considers its structure effectively and efficiently meeting the Company's requirements.

In considering new candidates, the nomination committee (presently the full Board) evaluates the range of skills, experience and expertise of the existing Board in accordance with the skills matrix of the Company's Board. In particular, the nomination committee identifies the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent Directors on the Board. Reference is made to the Company's size and operations as they evolve from time to time.

The Directors are required to consider the number and nature of their directorships. Directors' time can be called upon from time to time for other commitments.

The following director is considered by the Board to be independent director:

Eddie Lee – Non-executive Director was appointed in October 1999

Independence is determined as the objective criteria which is acknowledged as being desirable to protect the investors' interests and optimise the value to the investors.

In determining the status of a Director, the Company considers that a Director is independent when he or she is independent of the management and free of any business or other relationship (for example a significant shareholding) that could materially interfere with or could reasonably be perceived to interfere with the exercise of unfettered and independent judgement. The Company's criteria for assessing the independence is in line with the standards set by the Principles.

The appointment and removal of Directors is governed by the Company's constitution. Under the Constitution the Board must comprise of a minimum of three Directors. The nomination committee is responsible for selecting and approving candidates to fill any of the casual vacancies that may arise on the Board from time to time.

Directors who have been appointed to fill the casual vacancies, other than the Managing Director, must offer themselves for re-election at the next annual general meeting of the Company. In addition, at each annual general meeting, at least one Director, other than the Managing Director, must be a candidate for re-election and no Director, other than the Managing Director, shall serve more than three years without being a candidate for re-election.

In making the decisions regarding the appointment of Directors, the Board assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board. When a vacancy exists, the Board determines the selection criteria which is based on the skills that are deemed necessary. The Board identifies the potential candidates, and if it is appropriate, will utilise an external consultant to assist in identifying the potential candidates. The Board then appoints the most suitable candidate.

The composition of the Board is to be reviewed regularly against the Company's Board skills matrix that is prepared and maintained by the Board to ensure the appropriate mix of skills and expertise is present to facilitate the successful strategic direction.

The Board will undertake the appropriate background checks and screening checks prior to nominating a Director for election by the shareholders and provides to the shareholders all of the material information in its possession concerning the

Director standing for election or re-election in the explanatory notes to accompany the notice of meeting. New Directors will participate in an induction program to assist them to understand the Company's business and the issues it faces.

The Board collectively has the right to seek its own independent professional advice as it sees fit. Each Director individually has the right to seek their own independent professional advice, which is subject to the approval of the Chairman. All of the Directors have direct access to the Company Secretary.

Directors may seek briefings from the senior management on the specific matters and are entitled to request any additional information at any time when they consider it is appropriate.

## **THE ROLE OF THE CHAIRMAN**

- The Chairman is responsible for the leadership of the Board, ensuring it is effective, in setting the agenda of the Board, conducting the Board meetings, ensuring it is acknowledging that an accurate record of the minutes of board meetings are held by the Company and conducting the shareholder meetings.
- Where practical, the Managing Director should not be the Chairman of the Company during his term as the Managing Director or in the future.
- The Chairman must be able to commit the time to fulfil the role effectively.
- The Chairman should be able to facilitate the effective contribution of all the Directors and promote the constructive and respectful relations between the Board members and the management.

## **BOARD COMMITTEES**

The Board generally operates as a group across the range of its responsibilities and the Company can increase its effectiveness using the committees' where close attention to specific matters are required. It fulfills this role given the nature and scale of the Company's operations.

The Board maintains two Board Committees that cover the Remuneration and Nomination, and Audit and Risk. Details regarding the number of Board and committee meetings that were held during the year and the attendance of each member is set out in the Annual Report.

The charter of each Board Committee must be approved by the Board and reviewed following any applicable regulatory changes.

### **Remuneration and Nomination Committee**

As and when it is required a Remuneration and Nomination Committee will be established by resolution of the Board. Given the Company's size and stage of development, the Remuneration and Nomination Committee is comprised of the Board as a whole.

The Remuneration Committee advises the Board on the remuneration and incentive policies and practices. It makes the specific recommendations on the remuneration packages and the other terms of employment for the Non-Executive, Executive Directors and senior executives.

Any increase in the maximum remuneration of the Non-Executive Directors is the subject of the shareholder resolution in accordance with the Company's constitution, the Corporations Act and the ASX Listing Rules, as applicable. The apportionment of the Non-Executive remuneration within the maximum amount will be made by the Board having considered the inputs and values of the Company in the respective contributions of each of the Non-Executive Directors'.

The Board may award any additional remuneration to the Non-Executive and Executive Directors who can be called upon to perform any additional services or undertake the special duties on behalf of the Company.

## Audit and Risk Committee

As and when it is required an Audit and Risk Committee will be established by resolution of the Board. Given the Company's size and stage of development, the Audit and Risk Committee is comprised of the Board as a whole.

The main responsibilities of the Audit and Risk Committee are to:

- review and report to the Board on the periodic reports and financial statements;
- provide assurance to the Board that it is receiving adequate, timely and reliable information;
- assist the Board in reviewing effectiveness of the Company's internal control environment covering compliance with applicable laws and regulations and reliability of financial reporting;
- liaise with the external auditors and ensure that the annual audit and half-year review are conducted in an efficient manner; and
- ensure that the Company has an effective risk management system and that major risks to the Company are reported to the Board and are appropriately managed.

The Committee reviews the performance of the external auditors on an annual basis. A representative of the committee meets with the auditors during the year to discuss the external audit plan, any significant problems that may arise, and to review the fees proposed for the audit work to be performed.

Any written matters raised by the auditors are discussed and dealt with at full Board meetings. The auditors, by request, may attend committee and Board meetings to discuss any matter that they believe warrants attention by the Board. The auditors also attend shareholder meetings of the Company.

## BOARD MEETINGS

- The Directors may determine the quorum necessary for the transaction of business at a meeting, however, until otherwise determined, there must be two Directors present at a meeting to constitute a quorum.
- The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.
- The Company Secretary shall ensure that the business at Board and committee meetings is accurately captured in the minutes.
- The Company Secretary shall co-ordinate the timely completion and distribution of Board and committee papers for each meeting of the Board and any committee.
- Minutes of meetings must be approved at the next Board meeting.
- Further details regarding Board meetings are set out in the Company's Constitution.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Company presently does not have an internal audit function. The Company has a formalised risk management framework encompassing market, financial, liquidity and corporate governance risk, which it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. The identification and effective management of risk, including calculated risk taking is viewed as an essential part of the Company's approach to creating long term shareholder value. Compliance with risk management policies is monitored by the Board.

## GOVERNANCE POLICIES

### Integrity, ethical standards and compliance

The Company has adopted a formal Code of Conduct for its Directors and employees. The Code seeks to set the standards for dealing ethically with employees, investors, customers, regulatory bodies and the financial and wider community, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.



The Company is committed to being a good corporate citizen within all jurisdictions that it undertakes its business activities, and the Board has undertaken to ensure that the Company implements:

- practices necessary to maintain confidence in the Company's integrity;
- practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Directors are provided with Board reports in advance of Board meetings which contain sufficient information to enable informed discussion of all agenda items.

The Board has the responsibility for the integrity of the Company's financial reporting. To assist the Board in fulfilling its responsibility, the processes discussed above have been adopted with a view to ensuring that the Company's financial reporting is a truthful and factual presentation of the Company's financial performance and position.

### **Dealing in Securities**

The Company has in place a formal Securities Trading Policy which regulates the manner in which Directors and staff involved in the management of the Company can deal in Company securities. It requires that they conduct their personal investment activities in a manner that is lawful and avoids conflicts between their own interests and those of the Company and contains all contents suggested in the ASX Corporate Governance Principles and Recommendations.

The policy specifies trading blackouts as the periods during which trading securities cannot occur.

Trading is always prohibited if the relevant person is in possession of non-public price sensitive information regarding the Company. A copy of the current Security Trading Policy is available on the Company's website.

### **Diversity**

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the process by which the Board may set measurable objectives to achieve the aims of its Diversity Policy. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of any diversity objectives.

The Company actively values and embraces the diversity of its employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly and where discrimination, harassment and inequity is not tolerated. The Company is committed to fostering diversity at all levels. However, due to the Company's current stage of development, measurable objectives have yet to be set.

### **Health, safety and environment**

The Company has continued its emphasis on health and safety in the workplace with the aim of ensuring that people achieve outcomes in a safe manner, thereby contributing to operational effectiveness and business sustainability.

During the reporting period there were no reported environmental incidents and no Lost Time Injuries (LTIs).

## **CONTINUOUS DISCLOSURE AND COMMUNICATIONS WITH SHAREHOLDERS**

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the ASX continuous disclosure regime.

The Board complies with the following processes to ensure that information is communicated to shareholders and the wider market:

- the Company's website is updated regularly with business activity information and is linked to all announcements published on the ASX [www.gullewa.com.au](http://www.gullewa.com.au);

- the Annual Report is distributed to eligible shareholders. The Board ensures that the Annual Report includes relevant information about the operations of the group during the year, changes in the state of affairs of the group and details of future developments, in addition to other disclosures required by Corporations Act 2001;
- quarterly reports and half-yearly financial statements are lodged with the ASX and copies are sent to any shareholder upon request;
- any proposed major changes in the group which may impact on the share ownership rights would be submitted to a vote of shareholders;
- the Board ensures that the continuous disclosure requirements of the ASX are fully complied with, ensuring that shareholders are kept informed on significant events affecting the group; and
- investor roadshows are held periodically throughout Australia and internationally. Where they contain new information, investor and roadshow presentations are released to the ASX and included on the Company's website.

## CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient from time to time in light of changing circumstances and economic conditions. The Directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

## ASX CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES AND RECOMMENDATIONS

	ASX Corporate Governance Council Principle	Compliance
	Principle 1: Lay solid foundation for management and oversight	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Comply
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	Comply
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Comply
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Comply
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant Committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Does not comply. Refer to "Diversity" in the Corporate Governance Statement.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Comply

	<b>ASX Corporate Governance Council Principle</b>	<b>Compliance</b>
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Comply
	<b>Principle 2: Structure the Board to add value</b>	
2.1	The Board of a listed entity should have a nomination committee which: (a) has at least three members, a majority of whom are independent Directors; and (b) is chaired by an independent Director, and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Does not comply. Refer to "Composition of the Board" and "Remuneration and Nomination Committee" in the Corporate Governance Statement.
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Comply
2.3	A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director.	Comply
2.4	A majority of the Board of a listed entity should be independent Directors.	Does not comply. Refer to "Composition of the Board" in the Corporate Governance Statement.
2.5	The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	Does not comply
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Comply
	<b>Principle 3: Act ethically and responsibly</b>	
3.1	A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	Comply
	<b>Principle 4: Safeguard integrity in corporate reporting</b>	
4.1	The Board of a listed entity should have an Audit Committee which: (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (2) is chaired by an independent Director, who is not the chair of the Board, and disclose: (i) the charter of the committee; (ii) the relevant qualifications and experience of the members of the committee; and (iii) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Does not comply. Refer to "Audit and Risk Committee" in the Corporate Governance Statement.
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Comply
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Comply
	<b>Principle 5: Make timely and balanced disclosure</b>	

	<b>ASX Corporate Governance Council Principle</b>	<b>Compliance</b>
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Comply
	<b>6: Principle Respect the rights of security holders</b>	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Comply
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Comply
	<b>Principle 7: Recognise and manage risk</b>	
7.1	The Board of a listed entity should have a committee or committees to oversee risk, each of which: (a) has at least three members, a majority of whom are independent Directors; and (b) is chaired by an independent Director, and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Does not comply. Currently risk and risk mitigation is managed by the Board as a whole.
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Comply
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Comply
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Comply
	<b>Principle 8: Remunerate fairly and responsibly</b>	
8.1	The Board of a listed entity should have a remuneration committee which: (a) has at least three members, a majority of whom are independent Directors; and (b) is chaired by an independent Director, and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Does not comply. Refer to "Remuneration and Nomination Committee" in the Corporate Governance Statement.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	Comply
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Comply

All references are to sections of this Corporate Governance Statement unless otherwise stated.

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## General information

The financial statements cover Gullewa Limited as a consolidated entity consisting of Gullewa Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Gullewa Limited's functional and presentation currency.

Gullewa Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 2  
49-51 York Street  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2019. The directors have the power to amend and reissue the financial statements.

# Statement of comprehensive income

For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
<b>Revenue</b>	4	1,769,207	1,419,918
Other income	5	62,946	439,080
<b>Expenses</b>			
Administration expenses		(324,356)	(397,392)
Employee benefits expense	6	(470,572)	(323,733)
Depreciation and amortisation expense	6	(8,520)	(9,017)
Loss on disposal of controlling entity	7	-	(42,850)
<b>Profit/(loss) before income tax benefit</b>		1,028,705	1,086,006
Income tax benefit	8	-	-
<b>Profit/(loss) after income tax benefit for the year</b>		1,028,705	1,086,006
Other comprehensive income for the year			-
<b>Total comprehensive income for the year</b>		1,028,705	1,086,006
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(370)	(1,790)
Owners of Gullewa Limited	19	1,029,075	1,087,795
<b>Total comprehensive income for the year</b>		1,028,705	1,086,006
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	34	0.66	0.72
Diluted earnings per share	34	0.66	0.72

\* The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	1,204,693	2,776,976
Trade and other receivables	10	827,236	678,029
Other financial assets	11	209,068	184,180
<b>Total current assets</b>		<b>2,240,997</b>	<b>3,639,185</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	12	5,254,955	2,521,705
Other financial assets	13	711,160	645,419
Property, plant and equipment	14	36,314	29,201
Exploration, evaluation and development	15	32,780	32,780
<b>Total non-current assets</b>		<b>6,035,209</b>	<b>3,229,105</b>
<b>Total assets</b>		<b>8,276,206</b>	<b>6,868,290</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	129,038	45,080
<b>Total current liabilities</b>		<b>129,038</b>	<b>45,080</b>
<b>Total liabilities</b>		<b>129,038</b>	<b>45,080</b>
<b>Net assets</b>		<b>8,147,168</b>	<b>6,823,210</b>
<b>Equity</b>			
Contributed equity	17	21,372,326	21,294,326
Reserves	18	1,540,655	1,323,402
Accumulated losses	19	(14,664,272)	(15,693,347)
Equity attributable to the owners of Gullewa Limited		8,248,709	6,924,381
Non-controlling interest	20	(101,541)	(101,171)
<b>Total equity</b>		<b>8,147,168</b>	<b>6,823,210</b>

\* The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of changes in equity

For the year ended 30 June 2019

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2017	21,294,326	1,452,594	(17,032,351)	(90,900)	5,623,669
Deconsolidation subsidiaries (note 31)		(249,942)	251,209	(8,481)	(7,214)
Other comprehensive income for the year, net of tax			1,087,795	(1,790)	1,086,005
<b>Total comprehensive income for the year</b>	<b>21,294,326</b>	<b>1,202,652</b>	<b>(15,693,347)</b>	<b>(101,171)</b>	<b>6,702,460</b>
<i>Transactions with owners in their capacity as owners:</i>					
Issue of options		120,750			120,750
<b>Balance at 30 June 2018</b>	<b>21,294,326</b>	<b>1,323,402</b>	<b>(15,693,347)</b>	<b>(101,171)</b>	<b>6,823,210</b>

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2018	21,294,326	1,323,402	(15,693,347)	(101,171)	6,823,210
Deconsolidation subsidiaries (note 31)					
Other comprehensive income for the year, net of tax			1,029,075	(370)	1,028,705
<b>Total comprehensive income for the year</b>	<b>21,294,326</b>	<b>1,323,402</b>	<b>(14,664,272)</b>	<b>(101,541)</b>	<b>7,851,915</b>
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	78,000				78,000
Issue of options		217,253			217,253
<b>Balance at 30 June 2019</b>	<b>21,372,326</b>	<b>1,540,655</b>	<b>(14,664,272)</b>	<b>(101,541)</b>	<b>8,147,168</b>

\* The above statement of changes in equity should be read in conjunction with the accompanying notes.



# Statement of cash flows

For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(517,855)	(632,143)
Dividends received		6,190	5,993
Interest received		19,400	49,360
Other revenue		1,427,092	1,358,869
Net cash provided by / (used in) operating activities	33	934,827	782,079
<b>Cash flows from investing activities</b>			
Payments for investments		(2,562,514)	(327,325)
Payments for property, plant and equipment	14	(33,292)	(1,090)
Payments for security deposits		(710)	-
Proceeds from other financial assets and deposit		29,406	-
Net cash (used in) / provided by investing activities		(2,567,110)	(328,415)
<b>Cash flows from financing activities</b>			
Loan to other entities		(18,000)	(162,960)
Proceeds issue securities		78,000	-
Net cash (used in) / provided by financing activities		60,000	(162,960)
Net increase/(decrease) in cash and cash equivalents		(1,572,283)	290,704
Cash and cash equivalents at the beginning of the financial year		2,776,976	2,486,272
Cash and cash equivalents at the end of the financial year	9	1,204,693	2,776,976

\* The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

30 June 2019

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretations and complies with other requirements of the law. The financial statements cover Gullewa limited as a consolidated entity consisting of Gullewa limited and its subsidiaries.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial report is presented in Australian dollars.

Gullewa Limited was a company limited by shares, incorporated in Australia whose shares were publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are mineral exploration and investment.

#### Adoption of new and revised standards

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

#### Statement of Compliance

The financial report was authorised for issue on 9 September 2019.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### Going concern

The consolidated financial statements have been prepared on a going concern basis.

For the year ended 30 June 2019, the consolidated entity incurred a profit from continuing operations after tax of \$1,028,075 (2018 profit: \$1,087,795). In the same period the consolidated entity had operating cash inflows of \$934,827 (2018: \$782,079) and cash outflows from investing activities of \$2,567,110 (2018 outflow: \$328,414).

A cash flow forecast for the next 12 months prepared by management has indicated that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they are due.

No adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**Critical accounting estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivable'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gullewa Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Gullewa Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The company has a 1% royalty in the project called Deflector. The royalty income is recognised when the amount is due and payable.

**Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

**Associates**

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate is equal to or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### **Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Share-based payments**

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes 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, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to the former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either the fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Earnings per share***Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Gullewa Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of the basic earnings per share to take into account the after-income tax effect of the interest and the other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to the dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.



Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Exploration and evaluation costs*

The consolidated entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at cost (refer to note 16).

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity is organised into 3 operating segments: exploration and evaluation, property holding and investments. These operating segments are based on the internal reports that are reviewed and used by the executive management team (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segments are identified by management based on the nature of the type of investment. Discrete financial information about each of these operating segments is reported to the CODM on a monthly basis. The reportable segments are based on the similarity of the investments made and the common regulatory environment applicable to each reportable segment. There is a clear designation of responsibility and accountability by the CODM for the management and performance of these reportable segments.

### *Types of products and services*

The principal products and services of each of these operating segments are as follows:

Exploration and evaluation	The consolidated entity is involved in exploration and evaluation for minerals.
Property holding	The consolidated entity acquires investment properties for capital appreciation and derivation of rental income.
Investments	The consolidated entity invests in shares in listed and unlisted entities.

### *Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*

The consolidated entity does not generate revenue from customers.

*Operating segment information*

	Exploration and evaluation \$	Property holding \$	Investments \$	Intersegment eliminations/ unallocated \$	Total \$
<b>Consolidated – 2019</b>					
<b>Revenue</b>					
Royalty revenue	1,721,748				1,721,748
Interest revenue			62,946		62,946
Other revenue				47,459	47,459
<b>Total revenue</b>	<b>1,721,748</b>	<b>-</b>	<b>62,946</b>	<b>47,459</b>	<b>1,832,153</b>
<b>Segment net profit/(losses) before tax from continuing operations</b>	<b>1,721,748</b>	<b>-</b>	<b>62,946</b>	<b>(755,989)</b>	<b>1,028,705</b>
<b>Assets</b>					
Segment assets	32,780	5,254,955	920,128	2,068,344	8,276,207
<b>Total assets</b>	<b>32,780</b>	<b>5,254,955</b>	<b>920,128</b>	<b>2,068,344</b>	<b>8,276,207</b>
<b>Liabilities</b>					
Segment liabilities	-	-	-	129,038	129,038
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,038</b>	<b>129,038</b>

Consolidated - 2018	Exploration and evaluation \$	Property holding \$	Investments \$	Intersegment eliminations/ unallocated \$	Total \$
<b>Revenue</b>					
Other revenue	1,357,284	-	-	-	1,357,284
Interest revenue	-	288,110	49,996	100,974	439,080
Other revenue	-	-	-	62,634	62,634
<b>Total revenue</b>	<b>1,357,284</b>	<b>288,110</b>	<b>49,996</b>	<b>163,608</b>	<b>1,858,998</b>
<b>Segment net profit/(losses) before tax from continuing operations</b>	<b>1,357,284</b>	<b>288,110</b>	<b>49,996</b>	<b>(609,384)</b>	<b>1,086,006</b>
<b>Assets</b>					
Segment assets	32,780	2,075,199	1,984,180	2,776,131	6,868,290
<b>Total assets</b>	<b>32,780</b>	<b>2,075,199</b>	<b>1,984,180</b>	<b>2,776,131</b>	<b>6,868,290</b>
<b>Liabilities</b>					
Segment liabilities	-	-	-	45,080	45,080
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,080</b>	<b>45,080</b>

#### Note 4. Revenue

	Consolidated	
	2019 \$	2018 \$
Royalties received	1,721,748	1,357,284
Consultant fees	35,713	54,106
Others	11,746	8,528
<b>Revenue</b>	<b>1,769,207</b>	<b>1,419,918</b>

The company has a 1% Royalty on the project called Deflector owned by Doray Minerals Limited (ASX: DRM). This financial year Gullewa received in royalty payments of \$1,721,748. DRM has extended the life of Mine to the end of 2022 and plans to produce approximately 60,000 ounces annually with significant copper and silver by-product credits. DRM forecasts a total production of 340,000 ounces of Gold and 6,800 tonnes of Copper. Doray Limited and Silver Lake Resources Limited (ASX: SLR) have merged their companies during the financial year

#### Note 5. Other income

	Consolidated	
	2019 \$	2018 \$
Interest income	26,791	49,996
Interest income – Allegiance Coal Limited (note 13)	36,155	36,155
Interest income – Central Iron Ore Limited	-	64,819
Interest income – Hunter Valley Solutions Pty Ltd	-	288,110
<b>Other income</b>	<b>62,946</b>	<b>439,080</b>

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	-	-
Plant and equipment	-	535
Motor vehicles	1,809	6,727
Total depreciation	1,809	7,262
<i>Amortisation</i>		
Computer software	6,711	1,755
Total depreciation and amortisation	8,520	9,017
<i>Finance costs</i>		
Interest and finance (credit) paid/payable	-	-
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	31,000	34,297
<i>Non-recovery Loan</i>		
Provision for non-recoverability - Central Iron Ore Limited	-	-
<i>Employee benefits expense</i>		
Contribution superannuation expense	17,549	13,236
Share-based payments expense	217,253	120,750
Other wages and salaries	235,770	189,747
Total employee benefits expense	470,572	323,733

**Note 7. Loss on disposal of subsidiary**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Proceeds from sale of investment assets	-	-
Less: Carrying amount of loan - Subsidiaries	-	(22,993)
Less: Carrying amount of loan – Hydromining Coal Australia	-	(19,857)
Loss: recognised on disposal of subsidiary	-	(42,850)

In July 2017, the group deconsolidation of its subsidiaries and Hydromining Coal Australia. The loans on deconsolidation of \$42,850 has been recognised in profit and loss.

**Note 8. Income tax benefit**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax benefit</i>		
Current tax	-	-
Aggregate income tax benefit	-	-
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	1,028,705	1,086,006
Tax at the statutory tax rate of 27.50%	282,894	298,652
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other	59,745	44,990
	342,639	44,990
Current year tax losses not recognised		
Tax losses recouped	(342,639)	(343,642)
Income tax benefit	-	-

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	1,830,977	3,076,935
Potential tax benefit @ 27.50%	503,519	846,157

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	100	100
Cash at bank	404,593	976,876
Cash on deposit	800,000	1,800,000
	<u>1,204,693</u>	<u>2,776,976</u>

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Royalty income receivable	634,619	352,986
Other receivables and deposits	192,617	325,043
	<u>827,236</u>	<u>678,029</u>

**Note 11. Current assets - other financial assets**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Shares designated at fair value through profit or loss	141,503	128,036
Shares in unlisted corporations – at cost	67,565	56,144
	<u>209,068</u>	<u>184,180</u>

**Note 12. Non-current assets - investments accounted for using the equity method**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Investment in associates</b>		
Central Iron Ore Limited	617,242	446,506
Hunter Valley Solutions Pty Ltd	4,637,713	2,075,199
	<u>5,254,955</u>	<u>2,521,705</u>
<b>Equity accounted profit</b>		
Central Iron Ore Limited	-	-
Hunter Valley Solutions Pty Ltd	-	-
	<u>-</u>	<u>-</u>

- The interest in the Hunter Valley Solutions Pty Ltd has been accounted for under equity method, at cost as the company has joint control in the property development, as a result the investment has not been consolidated. Under the shareholder agreement decisions involving more than \$10,000 require Gullewa Limited and ACN 603 114 558 Pty Ltd to reach a joint agreement. Gullewa Limited does not have control of the joint venture.

Refer to note 31 for further information on interests in associates.

**Note 13. Non-current assets - other financial assets**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Loan – Allegiance Coal Limited	655,533	619,378
Loan – other entities	55,627	26,041
	<b>711,160</b>	<b>645,419</b>

In 2011, Gullewa Ltd entered loan facility agreements with Allegiance Coal Limited. On 4 August 2016 the parties entered deed of loan variation, whereby Gullewa was paid \$1,104,000 in partial satisfaction of the amount owed to it under the 2011 agreements. The balance outstanding of \$659,000, which is unsecured, may be satisfied by the issue an allotment of shares in Allegiance Coal Ltd as a price \$0.025 per share (subject to any share reconstruction and shareholders' approval) or by repayment in cash, subject to Gullewa's agreement. The loan will interest free until 4 August 2019, after which interest will accrue on any unpaid balance. The loan must be repaid in full, whether in cash or by the issue and allotment of shares, by 4 August 2021.

Further, as the loan contains an interest – free period, AASB 9 Financial Instruments requires the full amount of \$659,000 to be discounted back to present value. Using prevailing market interest rates for an equivalent loan of 5.995%, the fair value of the loan at 4 August 2016 is estimated at \$550,534. The difference of \$108,466 is the expenses derived from the interest-free period of the loan and is recognised as a deferred income. A total of \$104,999 represents the unwinding of the present value discount up to 30 June 2019.

**Note 14. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	6,496	8,037
Addition		1,090
Disposals		(341)
Less: Accumulated depreciation	(1,809)	(2,290)
	<b>4,687</b>	<b>6,496</b>
Motor vehicles - at cost	22,705	29,432
Addition	33,292	
Less: Accumulated depreciation	(6,711)	(6,727)
Disposals	(17,659)	-
	<b>31,627</b>	<b>22,705</b>
Total property, plant and equipment	<b>36,314</b>	<b>29,201</b>

**Note 14. Non-current assets – property, plant and equipment** (continued)**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 30 June 2017	8,037	29,432	37,469
Additions	1,090		1,090
Disposals	(341)	-	(341)
Depreciation expense	(2,290)	(6,727)	(9,017)
Balance at 30 June 2018	6,496	22,705	29,201
Additions		33,292	33,292
Disposals		(17,659)	(17,659)
Depreciation expense	(1,809)	(6,711)	(8,520)
Balance at 30 June 2019	4,687	31,627	36,314



**Note 15. Non-current assets - exploration, evaluation and development**

	Consolidated	
	2019 \$	2018 \$
Exploration, evaluation and development assets – at cost	32,780	32,780
	<u>32,780</u>	<u>32,780</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration, evaluation and development \$	Total \$
Balance at 1 July 2017	285,864	285,864
Disposal of Allegiance Coal Limited	(253,084)	(253,084)
Balance at 30 June 2018	<u>32,780</u>	<u>32,780</u>
Balance at 1 July 2018	32,780	32,780
Security deposit		
Balance at 30 June 2019	<u>32,780</u>	<u>32,780</u>

**Note 16. Current liabilities - trade and other payables**

	Consolidated	
	2019 \$	2018 \$
Trade payables	129,038	45,080
Accrued expenses		-
	<u>129,038</u>	<u>45,080</u>

Refer to note 23 for further information on financial instruments.

**Note 17. Equity - contributed equity**

	Consolidated			
	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	155,123,100	150,123,100	21,372,326	21,294,326

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 17. Equity - contributed equity (continued)****Share buy-back**

There is no current on-market share buy-back.

**Capital risk management**

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

**Note 18. Equity - reserves**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Capital profits reserve	284,828	284,828
Share-based payments reserve	1,255,827	1,038,574
	<b>1,540,655</b>	<b>1,323,402</b>

**Capital profit reserve**

The capital profits reserve arose historically and is available for distribution.

**Share-based payments reserve**

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

During the year the company issue options, have been treated as share-based payments. The grant date fair value of options is calculated under the Black Scholes model and amortised on a straight-line basis over the vesting period.

The model takes account of factors including the exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends and current market price of the underlying share and the expected life of the security.

**Movements in reserves**

Movements in each class of reserve during the current and previous financial year are set out below:

	<b>Capital profits</b>	<b>Share-based payments</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 30 June 2016	284,828	999,824	1,284,652
Deconsolidation subsidiaries	-	111,942	111,942
Issue of options	-	56,000	56,000
Balance at 30 June 2017	284,828	1,167,766	1,452,594
Deconsolidation subsidiaries		(249,942)	(249,942)
Issue of options		120,750	120,750
Balance at 30 June 2018	284,828	1,038,574	1,323,402
Issue of options		217,253	217,253
Balance at 30 June 2019	284,828	1,255,827	1,540,655

**Note 19. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(15,693,347)	(17,032,351)
Deconsolidation subsidiaries (Note 31)	-	251,209
	(15,693,347)	(16,781,142)
Profit/(Loss) after income tax benefit for the year	1,029,075	1,087,795
Accumulated losses at the end of the financial year	(14,664,272)	(15,693,347)

**Note 20. Equity - non-controlling interest**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Contributed equity	(101,171)	(90,900)
Deconsolidation subsidiaries (Note 31)	-	(8,481)
	(101,171)	(99,381)
Accumulated losses for the year	(370)	(1,790)
Accumulated losses at the end of the financial year	(101,541)	(101,171)

**Note 21. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 22. Financial instruments****Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

**Note 22. Financial instruments** (continued)**Market risk***Foreign currency risk*

The consolidated entity is not exposed to significant foreign currency risk.

*Price risk*

The consolidated entity is exposed to equity securities price risk because of the listed investments held, classified as at fair value through profit or loss. The consolidated entity does not hedge its price risks.

At 30 June 2019, if equity prices had been 10% higher or lower and all other variables were held constant the consolidated entity's net assets would increase/decrease by \$26,149 (2018: \$21,517) 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*

The consolidated entity's main interest rate risk arises from cash and cash equivalents.

The sensitivity analyses 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 (2018: 50 basis points) higher or lower and all other variables were held constant, the consolidated entity's net profit and net assets would increase/decrease by \$6,023 (2018: \$13,885).

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

**Note 22. Financial instruments (continued)**

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2019</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	129,038	-	-	-	129,038
Other payables	-	-	-	-	-	-
<i>Interest-bearing - variable</i>						
Borrowings	-	-	-	-	-	-
<b>Total non-derivatives</b>	-	129,038	-	-	-	129,038

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2018</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>	-%	-	-	-	-	-
Trade payables	-%	45,080	-	-	-	45,080
Other payables						
<i>Interest-bearing - variable</i>	-%	-	-	-	-	-
Borrowings		-	-	-	-	-
<b>Total non-derivatives</b>	-%	45,080	-	-	-	45,080

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 23. Fair value measurement***Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 2019</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss - marketable securities	110,103	-	-	110,103
<b>Total assets</b>	110,103	-	-	110,103

**Note 23. Fair value measurement (continued)**

<b>Consolidated - 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss - marketable securities	128,036	-	-	128,036
<b>Total assets</b>	<b>128,036</b>	<b>-</b>	<b>-</b>	<b>128,036</b>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

**Note 24. Key management personnel disclosures****Directors**

The following persons were directors of Gullewa Limited during the financial year:

Mr. Anthony Howland-Rose  
Mr. David Deitz  
Mr. Eddie Lee

**Compensation**

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	235,770	189,747
Post-employment benefits	17,549	13,236
Share-based payments	217,253	120,750
	<b>470,572</b>	<b>323,733</b>

**Note 25. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by SCS Audit & Corporate Services Pty Ltd, the auditor of the company:

	Consolidated	
	2019 \$	2018 \$
Audit services – SCS Audit & Corporate Services Pty Ltd	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

**Note 26. Contingent liabilities**

There were no contingent liabilities at 30 June 2019 or 30 June 2018.

**Note 27. Commitments**

	Consolidated	
	2019 \$	2018 \$
<i>Capital commitments - exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	200,000	2,000,000
One to five years	300,000	300,000
	<u>500,000</u>	<u>2,000,000</u>
<i>Operating lease</i>		
Within one year	35,000	35,000
One to five years		-
	<u>35,000</u>	<u>35,000</u>

An operating lease was entered into as a means of acquiring plant and equipment. The lease was fixed for one year and then moved onto a monthly rolling contract.

**Note 28. Related party transactions***Parent entity*

Gullewa Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 30.

*Associates*

Interests in associates are set out in note 31.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

**Note 28. Related party transactions** (continued)

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Other income:		
Management fees from associate, Central Iron Ore Limited	35,713	53,459
Other transactions:		
Consultant fees paid to Jabiru Quill Pty Ltd, director of the company	-	15,000
Consultant fees paid to associate of David Deitz	-	24,159

All payments to related parties are made on normal commercial terms and conditions.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Interests paid by joint venture party (Hunter Valley Partnership Pty Ltd) to Gullewa Limited	-	288,110
Interests paid by Central Iron Ore Limited to Gullewa Limited	-	64,819
Interests paid by joint venture party (Hunter Valley Partnership Pty Ltd) to companies associated with A.W Howland Rose:	(176,250)	(176,250)
Current Assets:		
Loan to director, David Deitz	109,696	69,802
<i>Terms and conditions</i>		
All transactions were made on normal commercial terms and conditions and at market rates.		
Transactions with joint venture parties		
Loan to joint venture (Hunter Valley Pty Ltd) from companies associated with: Anthony Howland-Rose	1,900,000	1,900,000



**Note 29. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	Parent	
	2019 \$	2018 \$
Profit/Loss after income tax	1,030,235	1,133,457
Total comprehensive income	1,030,235	1,133,457
Total current assets	2,183,180	3,581,478
Total assets	10,879,583	8,107,526
Total current liabilities	3,739,279	3,656,860
Total liabilities	3,739,279	3,656,860
Equity		
Contributed equity	21,372,326	21,294,326
Capital profits reserve	284,828	284,828
Share-based payments reserve	1,255,827	1,038,574
Accumulated losses	(15,772,677)	(18,167,062)
Total equity	7,140,304	4,450,666

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 30. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Claymor Resources Pty Limited	Australia	100.00%	100.00%
York Corporate Pty Limited	Australia	100.00%	100.00%
Canton Property Pty Limited	Australia	60.00%	60.00%
Brooklyn Bay Pty Limited	Australia	100.00%	100.00%
Gulprop Pty Limited	Australia	100.00%	100.00%
ACN 603 113 195 Pty Limited	Australia	90.00%	90.00%
Our Field Pty Limited	Australia	50.00%	50.00%
Hunter Valley Solutions Pty Limited	Australia	69.00%	69.00%

**Note 31. Interests in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entities are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Central Iron Ore Limited	Mineral extraction	36.10%	36.10%
Hunter Valley Solutions Pty Ltd (note 12)	Property development	69.00%	69.00%

**Note 31. Interests in associates** (continued)

<b>Summarised financial information</b>	<b>2019 \$</b>	<b>2018 \$</b>
<i>Summarised statement of financial position</i>		
Current assets	498,851	236,749
Non-current assets	5,309,797	4,077,278
Total assets	5,808,648	4,314,027
Current liabilities	514,366	477,359
Total liabilities	5,187,500	3,400,409
Net assets	621,148	913,618
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	32,586	149,815
Expenses	(609,306)	(81,736)
Profit/(Loss) before income tax	(576,720)	68,079
Income tax benefit		
Profit/(Loss) after income tax	(576,720)	68,079
Other comprehensive income		
Total comprehensive income	(576,720)	68,079

The summarised financial information above relates to the consolidated entity's share of the associate.

**Note 32. Events after the reporting period**

No matters or circumstances have arisen since 30 June 2019 that have significantly affected or may significantly affect the circumstances entities operations the results of those operations or the consolidated entities state of affairs.

**Note 33. Reconciliation of profit/(loss) after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax benefit for the year	1,028,705	1,086,006
Adjustments for:		
Depreciation and amortization	8,520	9,017
Proceeds of sale for motor vehicle	(11,745)	-
Investments in controlling entities written off	-	42,218
Share investment revaluation	(24,067)	(15,654)
Share-based payments	217,253	120,750
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(723,779)	(301,242)
(Increase)/decrease accrued (income)/expenses	316,830	(104,841)
(Decrease)/increase in trade and other payables	123,110	(54,175)
<b>Net cash provided by / (used in) operating activities</b>	<b>934,827</b>	<b>782,079</b>

**Note 34. Earnings per share**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax	1,029,075	1,087,795
Non-controlling interest	(370)	(1,790)
<b>Profit/Loss after income tax attributable to the owners of Gullewa Limited</b>	<b>1,028,705</b>	<b>1,086,006</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	155,123,100	150,123,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	155,123,100	150,123,100
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.66	0.72
Diluted earnings per share	0.66	0.72

49,250,000 (2018: 50,150,000) options are excluded from the above calculation as they would be anti-dilutive for the period.

**Note 35. Share-based payments***Employee option plan*

Gullewa Limited has no formal employee option plan. At the discretion of the directors, the directors grant options over ordinary shares in the parent entity to employees of the consolidated entity. The options are issued for nil consideration and Options are granted 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.

Set out below are summaries of options granted

**Note 35. Share-based payments** (continued)**2019**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2013	27/11/2018	\$0.0435	10,900,000	-	-	10,900,000	-
29/11/2015	29/11/2020	\$0.0156	12,250,000	-	5,000,000	-	7,250,000
22/12/2016	23/12/2021	\$0.0270	12,000,000	-	-	-	12,000,000
22/12/2017	23/12/2022	\$0.0260	15,000,000	-	-	-	15,000,000
30/12/2018	30/12/2023	\$0.0287		15,000,000		-	15,000,000
			50,150,000	15,000,000	5,000,000	10,900,000	49,250,000
Weighted average exercise price							0.026

**2018**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
04/07/2012	04/07/2017	\$0.0435	5,000,000	-	-	5,000,000	-
27/11/2013	27/11/2018	\$0.0435	10,900,000	-	-	-	10,900,000
29/11/2015	29/11/2020	\$0.0156	12,250,000	-	-	-	12,250,000
22/12/2016	23/12/2021	\$0.0270	12,000,000	-	-	-	12,000,000
22/12/2017	23/12/2022	\$0.0260	-	15,000,000	-	-	15,000,000
			40,150,000	15,000,000	-	5,000,000	50,150,000
Weighted average exercise price							0.021

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.25 years (2018: 2.21 years).

The weighted average share price during the year was \$0.015 (2018: \$0.015).

**Note 36. Retirement benefits***Superannuation commitments*

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

## Director's Declaration

30 June 2019

1. In the opinion of the directors of Gullewa Limited (the 'Company'):
  - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
    - ii) complying with Australian Accounting Standards the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements,
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of Corporations Act 2001 for the financial year ended 30 June 2019.

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



---

David Deitz  
Director

9 September 2019  
Sydney



# SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

## Auditor's independence declaration

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO: The Directors of Gullewa Limited

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

As Audit Director for the audit of the financial statements of Gullewa Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contravention 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 faithfully

SCS Audit & Corporate Services Pty Ltd  
(An Authorised Audit Company)

Brian R Taylor  
Director  
9 September, 2019

Limited liability by a scheme approved under Professional Standards Legislation



# SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

## Independent Auditor's report

30 June 2019

### Independent Auditor's Report to the shareholders of Gullewa Limited

#### Report on the audit of the financial report

##### *Opinion*

We have audited the financial report of Gullewa Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a statement of accounting policies and selected explanatory notes and the directors' declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

##### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit



**Independent Auditor's Report to the shareholders of Gullewa Limited (continued)**

included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

**1 Recovery of loan given to Central Iron Ore Ltd**

Why significant	How our audit addressed the key audit matter
<p>Gullewa Pty Ltd has provided loans to the value of \$650,000 to Central Iron Ore Ltd. We focused on this balance because there has been a history of losses in Central Iron Ore Ltd. The recoverability of the loan is particularly sensitive to expectations about the future profitability and cash flow of Central Iron Ore Ltd.'s current and future prospects.</p> <p>Significant judgement is required over the recoverability of the loan as at 30 June 2019.</p>	<ul style="list-style-type: none"> <li>• Evaluated the progress made by Central Iron Ore Ltd.'s management in improving the profitability of the business in recent periods.</li> <li>• Reviewed the Central Iron Ore Ltd.'s cash flow forecasts prepared by the management for the 12 months from the date of signing the financial statements;</li> <li>• Reviewed the correspondence relating to negotiation on the projects - Eureka and British King and the viability of earning of the proposed project negotiations.</li> <li>• Assessed the Group's going concern disclosures</li> </ul>

**2 Impairment assessment for Gullewa's equity accounted investment in Hunter Valley Solutions Pty Ltd**

Why significant	How our audit addressed the key audit matter
<p>Gullewa's equity accounted investment in Hunter Valley Solutions Pty Ltd (\$4.637 million) is a material amount in the Gullewa's consolidated financial statements.</p> <p>We therefore focused on the assessment which was performed by Gullewa to determine whether there was any objective evidence that the equity accounted investment in Hunter Valley Solutions Pty Ltd could be impaired as at 30 June 2019.</p>	<ul style="list-style-type: none"> <li>• Obtained an understanding of process by which the impairment indicator assessment was conducted.</li> <li>• Evaluated the Hunter Valley Solutions Pty Ltd.'s computation of Net Present Value of projected profitability forecasts that could indicate that the investment may be impaired.</li> <li>• Assessed the consolidated entity's disclosures of the quantitative and qualitative considerations in relation to the investment, by comparing these disclosures to our understanding of the matter and the requirements of the accounting standards.</li> </ul>

**Independent Auditor's Report to the shareholders of Gullewa Limited (continued)****3 Recognition of revenue**

Why significant	How our audit addressed the key audit matter
A substantial amount of the Group's revenue is derived from royalties and in particular the Royalty Amended Deed involving Deflector Gold mining Pty Ltd. We focussed on the agreement due to the high level of reliance, the company is placing upon it going forward and complex and judgemental revenue recognition from agreement.	<ul style="list-style-type: none"> <li>• Evaluated group management's process regarding accounting for royalty received from Deflector Gold mining contracts.</li> <li>• Evaluated the Group's assessment related to profitability of the contracts and the computation of royalty income.</li> <li>• Evaluated the ASX announcement released by the Doray Minerals Ltd in terms of duration of the ounces payable gold and tonnes of copper,</li> </ul>

**Information other than the financial statements and auditor's report**

The directors of the Company are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2019 comprises the Director's Report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors of the Company for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial report**

Our responsibility is to express an opinion on the financial report base on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

**Independent Auditor's Report to the shareholders of Gullewa Limited (continued)**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement that exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Gullewa Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

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.

**SCS Audit & Corporate Services Pty Ltd**  
(An Authorised Audit Company)



Brian Taylor  
Director  
Sydney

Dated 9 September, 2019

Limited liability by a scheme approved under Professional Standards Legislation

## Shareholder information

30 June 2019

The shareholder information set out below was applicable as at 07 August 2019.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Units	% of Issued Capital
1 –1,000	186	87,722	0.06
1,001 –5,000	383	1,075,885	0.69
5,001 –10,000	261	2,049,812	1.32
10,001 –100,000	420	15,086,348	9.73
100,001 – 9,999,999,999	119	136,823,333	88.20
<b>Rounding</b>			<b>0.00</b>
<b>Total</b>	<b>1,369</b>	<b>155,123,100</b>	<b>100.00</b>

### Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR DAVID DEITZ	13,638,219	8.79
MR ANTHONY HOWLAND-ROSE	11,421,233	7.36
ALITON PTY LTD <BELL FAMILY SUPER FUND A/C>	9,037,411	5.83
RAINIDAYS PTY LTD <RAINIDAYS SUPER FUND A/C>	6,779,594	4.37
BULINE PTY LTD <SUPERANNUATION FUND A/C>	6,000,000	3.87
RAINIDAYS PTY LTD <RAINIDAYS SUPER FUND A/C>	5,770,000	3.72
JUDITH KRASNJANSKI	4,285,714	2.76
HOWLANDROSE HOLDINGS PTY LIMITED	4,182,227	2.70
FEZUNE PTY LTD <THE REID FAMILY S/F A/C>	4,150,000	2.68
YECHI HAMELECH PTY LTD	3,732,499	2.41
MR DAVID DEITZ	3,096,483	2.00
SANDOR NOMINEES PTY LTD <ROS SANDOR SUPER FUND A/C>	2,857,143	1.84
HOWLANDROSE HOLDINGS PTY LTD	2,845,018	1.83
MRS SHOSHANA KONCEPOLSKI	2,777,777	1.79
MR RALF PELZ	2,641,000	1.70
MRS KAY PELZ	2,500,000	1.61
AYLWORTH HOLDINGS PTY LTD <J & RD BORSHOFF FAMILY A/C>	2,300,000	1.48
CITICORP NOMINEES PTY LIMITED	2,277,182	1.47
MR DAVID DEITZ	2,214,022	1.43
TALFRESH PTY LTD	2,094,289	1.35
<b>Totals: Top 20 holders of ORDINARY SHARES (UNGROUPE)</b>	<b>94,599,811</b>	<b>60.98</b>
<b>Total Remaining Holders Balance</b>	<b>60,523,289</b>	<b>39.02</b>

*Unquoted equity securities*

There are no unquoted equity securities.

**Substantial holders**

Substantial shareholder notices received by the company are set out below.

<b>Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
David Deitz	31,211,858	20%
A W Howland Rose	20,221,540	13%
Aliton Pty Limited	9,037,411	6%

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

**Tenements**

<b>Description</b>	<b>Tenement number</b>	<b>Interest owned</b>
<i>WESTERN AUSTRALIA – Central Iron Ore P/L</i>		
Exploration Licence - Leonora Earning - Barrick JV	M37/421	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/552	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/631	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/632	36.10%
Exploration Licence - Leonora Earning - Barrick JV	M37/709	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7364	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7365	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7366	36.10%
Exploration Licence - Leonora Earning - Barrick JV	P37/7367	36.10%
<i>WESTERN AUSTRALIA – Barrick Plutonic Limited</i>		
Exploration Licence - Leonora Earning - Barrick JV	M37/1045	36.10%

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**Summary of Mining Royalties**

*Gullewa Limited is entitled to a 1% royalty from its joint venture partner  
Silver Lake Resources Limited which relates to the following tenements:*

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Western Australia

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

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