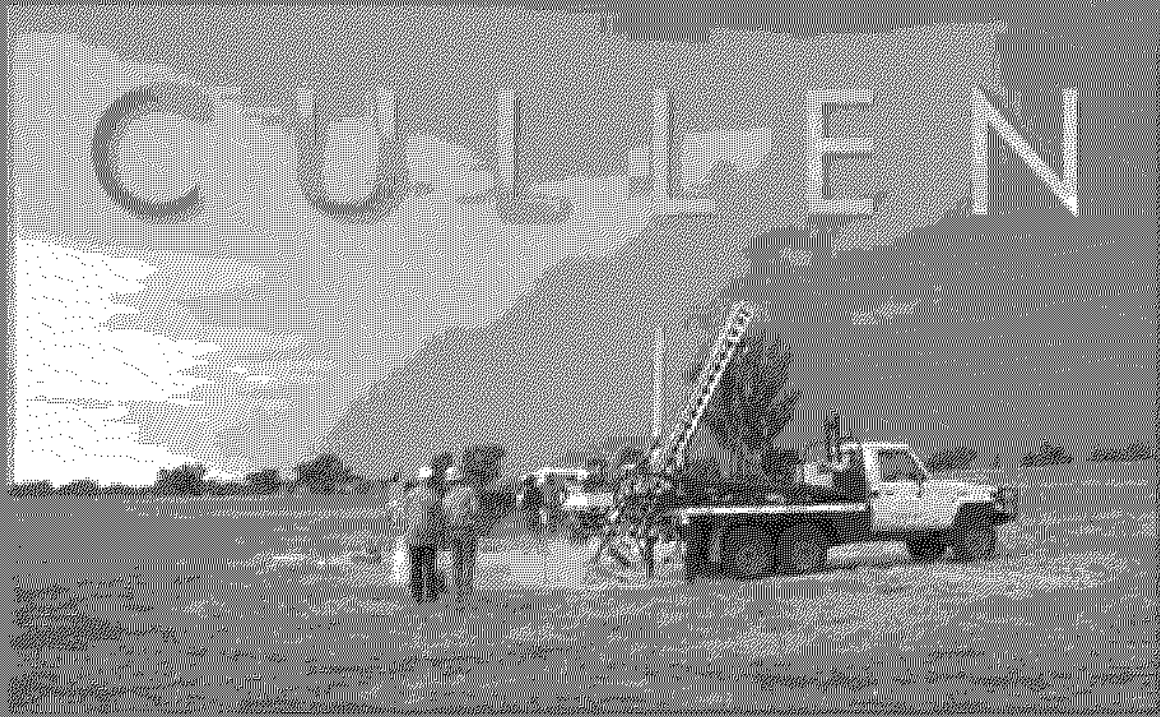




CULLEN RESOURCES LTD ANNUAL REPORT 2004

Directors

Denis E. Clarke (Chairman)
John Horsburgh
Grahame Hamilton
Wayne John Kernaghan
Chris Ringrose

Secretary

Wayne John Kernaghan

Registered Office and Head Office

Level 4, 118 Christie Street
St Leonards NSW 2065
Telephone (02) 9437 4588
Facsimile (02) 9437 4599

Perth Office

U4/7 Hardy Street
South Perth WA 6151
Telephone (08) 9474 5511
Facsimile (08) 9474 5588

Solicitors

Deacons
1 Alfred Street
Sydney NSW 2000

Auditors

Ernst & Young
321 Kent Street
Sydney NSW 2000

Bankers

Australia and New Zealand
Banking Group Limited
St Leonards NSW 2065

Share Registry

Computershare Investor Services
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone (02) 8234 5000
www.computershare.com

Securities Quoted

Australian Stock Exchange Limited
Home Exchange - Sydney
ASX Code: CUL

Company Website

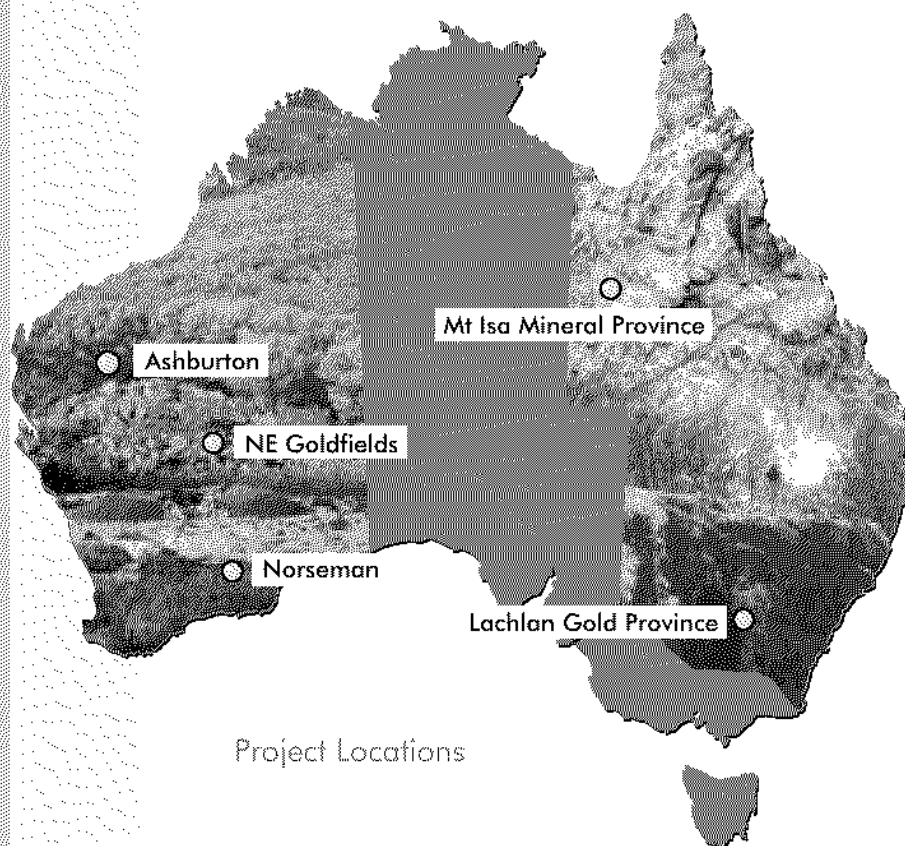
www.cullenresources.com.au

Email

info@cullenresources.com.au

CORPORATE DIRECTORY

Chairman's Report	1	C O N T E N T S
Exploration Review	2	
Directors' Report	14	
Corporate Governance Statement	18	
Independent Audit Report	20	
Directors' Declaration	21	
Statements of Financial Position	22	
Statements of Financial Performance	23	
Statements of Cashflows	24	
Notes to the Financial Statements	25	
Shareholder Information	39	



Dear Fellow Shareholder

The first nine months of the 2003/2004 year saw boom conditions return to the Australian mineral exploration scene, as nickel prices rose strongly and the gold price remained high. The market's perception of the inherent value of mineral explorers improved remarkably and substantial new exploration capital was raised. Although the situation has become somewhat more subdued recently, external conditions remain conducive to a continuation of a high level of exploration activity throughout Australia.

Under these conditions, demand for quality exploration properties has soared, and shareholders can now look forward to benefits arising from the successful farm-out by Cullen of many of its properties during the past year. Cullen had economically assembled its portfolio of prospective properties during quieter times over the last five years. Farming-out to major explorers accelerates comprehensive exploration of the various properties. The Board also believes it maximises your Company's chances of exploration success within its existing financial constraints. The key to using such an "acquire and farm-out" strategy lies in management's ability to first recognise and acquire properties of real exploration potential. I find it pleasing that the particular expertise of Cullen's management team in this area has been recognised and endorsed by the willingness of major mining companies to join with Cullen in the exploration of many of its properties.

The challenge for Cullen's management is to continually refill the pipeline of exploration projects depleted by high farmout activity. During the year, therefore, the Company also undertook substantial exploration in its own right. A total of \$2.5 million was expended on exploration of our properties including \$1.1 million of joint venturers' funds. In the 2004/2005 year we expect a minimum of \$1 million of exploration funding to be forthcoming from joint venturers.

Highlights of the year included:

- Enhancement of the nickel potential of the Gunbarrel Project through the discovery of nickel sulphide mineralisation by joint venturer WMC Resources Ltd;
- Confirmation of the considerable gold potential of the Gunbarrel Project by Cullen's own extensive exploration, which led subsequently to Newmont Mining Corporation farming-in on the gold rights;
- The farm-in by nickel producer Independence Group NL into the nickel rights of the Irwin Bore Project;
- Acceleration of gold exploration at the Killaloe Project by farm-out of the gold rights to Placer Dome Inc;
- Acquisition of multiple properties in western NSW that are prospective for granite-related gold deposits.

Additionally, in early July 2004 Minotaur Resources Limited joint ventured Cullen's Duchess Project in northwestern Queensland.

Details of operations during the year and plans for future exploration are set out in the Exploration Review.

After reporting an accounting profit for the last two years, a rarity for a small mineral explorer, Cullen reported a loss of \$1.45 million for the 2004 year. The year was the most active in the Company's history. The result partly reflects increased write-off of exploration expenditure. Also the previous years' profits were derived from the sale of some of Cullen's shares in Peter Hambro plc, a successful AIM-listed Russian goldminer, whereas there were no sales made in the 2004 year.

A high proportion of shareholders contributed to the successful raising of \$1.2 million through a Shareholder Share Purchase Plan in August 2003 and I thank them all for this support.

Cullen is a classic pure junior mineral explorer that pursues its goal of exploration success within the framework of prudent corporate management. It has a very experienced Board and Management that is implementing a clearly defined strategy aimed at increasing shareholder wealth through exploration success. It is particularly fortunate to retain the services of John Horsburgh and Grahame Hamilton as Joint Managing Directors and Dr Chris Ringrose as Exploration Director. They are all highly regarded, experienced explorers who have excellent track records of exploration success and mine development.

All members of the Board, our staff and contractors strongly supported Cullen during the year and I thank them for their contributions.

Our supportive and committed shareholders deserve to participate in a rewarding exploration success. I believe we have done the groundwork well and have set the scene. This year, therefore, holds excellent promise for Cullen achieving that elusive, but rewarding, major exploration success.

Denis E. Clarke
Chairman



THE COMPANY

Cullen is a well-established, ambitious exploration company led by a team of highly experienced, successful and motivated geologists. The depth of technical, managerial and corporate skills possessed by the Company's Directors collectively covers all aspects of project generation, exploration management, financial

and corporate governance.

The Company exists to create and increase wealth, and maximise shareholders' value from exploration of its existing tenements. The Company also analyses and interprets geological and exploration business information in order to acquire and progress new project opportunities.

HIGHLIGHTS — 2003/2004

- Discovery of massive nickel sulphides at the "AK47" prospect in the Gunbarrel Project area, North Eastern Goldfields by the Gunbarrel Joint Venture (WMC Resources Ltd/Cullen) - 0.2m @ 1.93% Ni in hole GBD2;
- Major initiative to explore for Intrusive Related Gold deposits in the Central Lachlan Fold Belt of New South Wales;
- Entry of Placer to explore for gold deposits at Killaloe;
- Significant drill results from first pass drilling at Walsh prospect near Yalgogrin, New South Wales (including 8m @ 2.4 g/t Au);
- Further exploration potential of the Killaloe Nickel Project highlighted by consultants' review and discussions with new Joint Venture partner for nickel progressed;
- Commitment by major Joint Venture partners for ~\$1M in exploration in their first year.

CULLEN JOINT VENTURES

Joint Venture	Commodity	JV Partner	Earning	Expenditure required and time	1 Year Commitment	Cullen's FCI	Cullen's NSR	Partner profile and synergy
Gunbarrel Nickel	Ni	WMC Resources Ltd	75%	\$1M/4years	-	25%	1.5%*	Australia's premier nickel explorer and producer making new ground breaking exploration push in North Eastern Goldfields at Collurabie Project
Gunbarrel Gold	Au	Newmont Exploration Pty Ltd	70 or 75%	\$3.5M/4 years	\$400,000	30 or 25%	-	World's biggest gold miner with significant Yandal belt expertise and operating gold mine 100km to the west of Gunbarrel at Jundee
Killaloe Gold	Au	Placer Dome Asia Pacific Ltd	70%	\$4M/4years	\$250,000	20%	1.5%	World's fourth largest gold producer with strong mining and exploration presence in Eastern Goldfields
Mt Tate Nickel	Ni	Independence Group NL	70%	\$1M/4years	\$50,000	20%	1-1.5%	Nickel producer and explorer with significant technical credentials
Irwin Bore Nickel	Ni	Independence Group NL	65%	\$1.5M/4 years	\$180,000	15%	1%	Nickel producer and explorer with significant technical credentials
Duchess	Cu-Au	Minotaur Operations Ltd	70%	\$3M/4years	\$100,000	20%	1-2%	Discoverer of Prominent Hill Cu Au deposit and expert in iron oxide Cu/Au systems

FCI = Free carried interest
NSR = Net smelter return

*Conditional upon acceptable documentation for WMC/Newmont/Cullen

*Subject to Pegasus Royalty

CORPORATE STRATEGY

The Company has a farm-out policy as a principle strand of its corporate strategy. Throughout 2003-2004, the Company has successfully farmed out a number of major projects to suitable, significant Joint Venture partners. The objective of this strategy is to maximise exploration activity, spread the risk of exploration, and increase the technical depth and range of techniques brought to bear on exploration situations.

Potential partners targeted by Cullen have and will include:

- those with particular exploration expertise and experience in the regions of the Cullen tenement packages being offered for farm-out;
- those with expertise in the commodity and ore model type being sought; and
- those with adjoining tenements and/or mining operations close to the Cullen tenement.

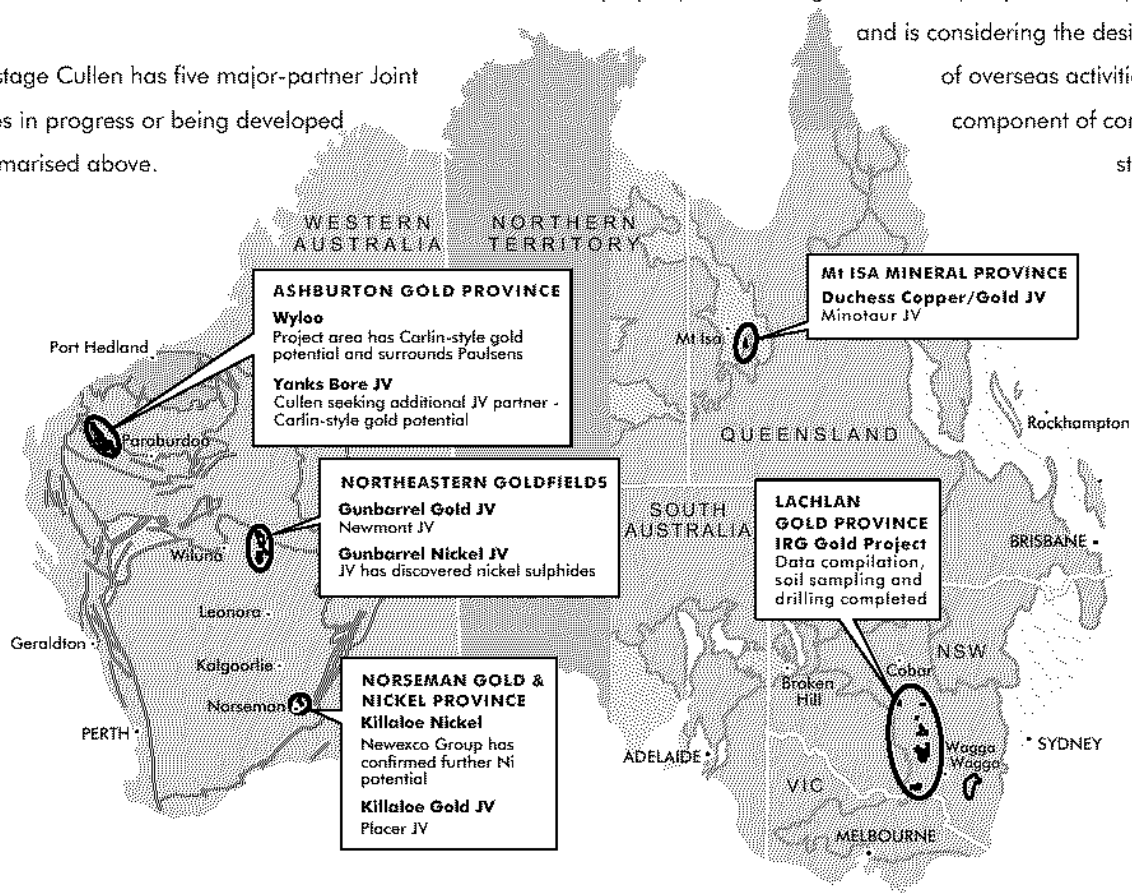
At this stage Cullen has five major-partner Joint Ventures in progress or being developed as summarised above.

The company retains other project areas and mineral rights which are available for joint ventures as follows:

- the Ashburton Projects in Western Australia;
- the nickel rights for the Killaloe Project at Norseman, Western Australia; and
- the Central Lachlan Projects in New South Wales.

These farm-out activities are complemented by Cullen's on-going project generation, including reconnaissance level exploration programmes, over selected areas. For example, Cullen continues to build a database for the nickel and gold prospectivity in the Wonganoo Project area, Western Australia, and has undertaken further field programmes and magnetic data interpretation studies over the Yalgogrin and Mt Solitary prospects in New South Wales. The Company is also seeking a more advanced project (with defined gold resources) for possible acquisition

and is considering the desirability of overseas activities as a component of corporate strategy.

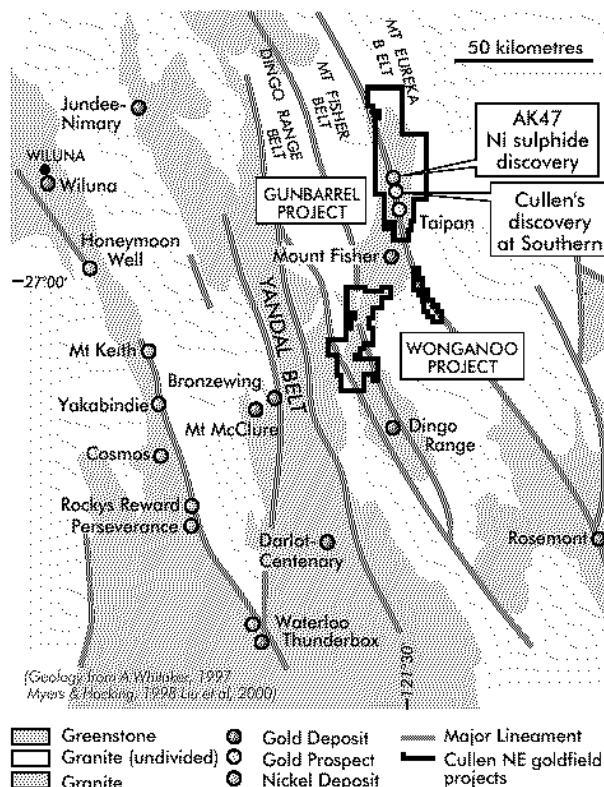
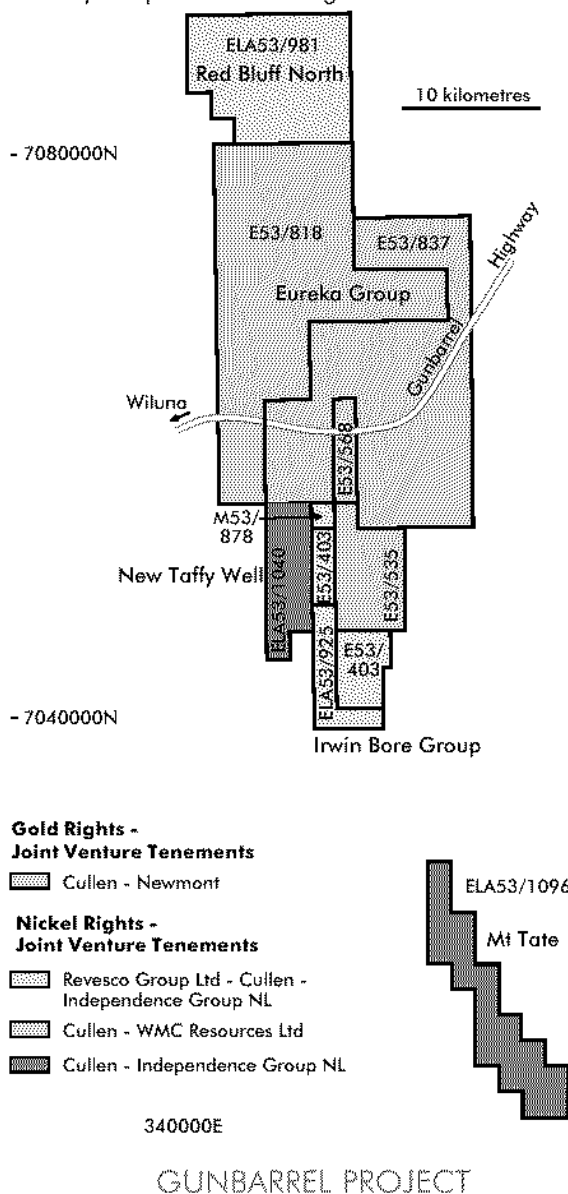


Project Locations Australia

NORTH EASTERN GOLDFIELDS

Gunbarrel and Wonganoo Projects

Cullen has built up a substantial tenement holding in the Dingo Range and Mt Eureka greenstone belts of the North Eastern Goldfields over the past five years. The Company's investment in evaluation and exploration of these tenements has been successful, with the discovery of significant gold at the Southern Prospect in 2002 and the discovery of nickel sulphides in 2003, both in the Gunbarrel Project area. Further, Cullen has now formed Joint Venture partnerships with Independence Group NL (for Ni) and Newmont Australia Ltd (for Au) to progress and increase the intensity of exploration in the region.



PROJECT LOCATIONS

Exploration activity levels in the North Eastern Goldfields have increased in general with positive Ni exploration results from companies working in the Collurabbie (Falcon Minerals Ltd) and Dingo Range Project (Comet Resources Ltd) areas.

Results — Gunbarrel Project

During the first half of the year, Cullen continued to evaluate prospects within the Gunbarrel Project area identified from aeromagnetic interpretation and data compilation, e.g. at the Kilkenny, Connemara, Taipan and Cobra prospects. Drilling campaigns returned some anomalous intersections (up to 1m @ 12.1 g/t Au at Taipan and 20m @ 0.74 g/t Au at Connemara) which generally supported Cullen's targeting approach. In the second half of the year, Cullen completed further compilation and analysis of the databases and successfully made presentations to Newmont highlighting the further potential of Cullen's tenements for gold.

In October 2003 Cullen announced the results of the Gunbarrel Nickel Joint Venture's first two diamond drillholes targeting nickel sulphides (WMC operator). Drillhole GBD2 intersected a thin zone of massive nickel-bearing sulphide with associated minor disseminated sulphides (0.2m @ 1.93% Ni, 0.42 % Cu and 0.70 g/t Pt +Pd from 139.7m) at the AK47 prospect.

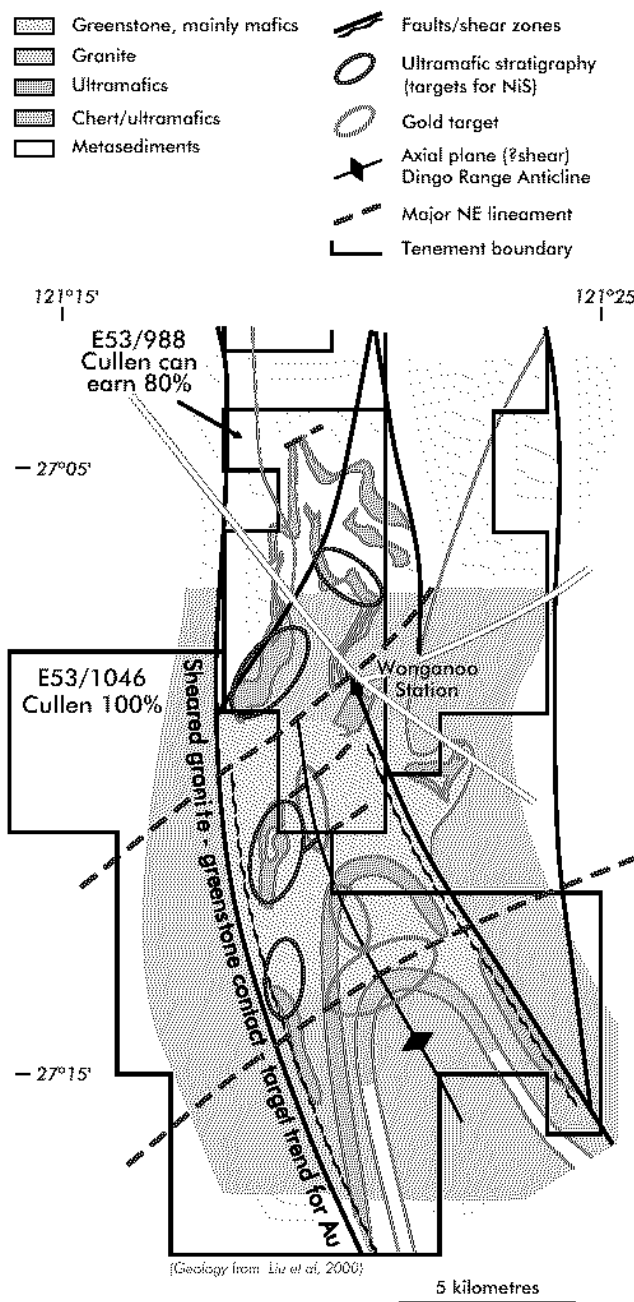
This drillhole was only the fifth diamond drillhole targeting nickel anywhere in the large Gunbarrel Project area (some 35km of strike of greenstones) and as such, the intersection of magmatic nickel sulphide at a modest depth is a significant breakthrough for the prospectivity of the project area and the greenstone belts in the Wonganoo/Gunbarrel areas in general.

Although subsequent follow-up drilling returned additional intersections of magmatic nickel sulphides of similar grade and thickness to that of GBD2, no further work on the associated EM anomaly "A1" nor on the "A2" EM anomaly is planned by the Joint Venture.

A review of the geological and geochemical data over interpreted ultramafic belts around the Mt Eureka (AK47 prospect) area is now planned to prioritise further regional exploration.

Results — Wonganoo Project

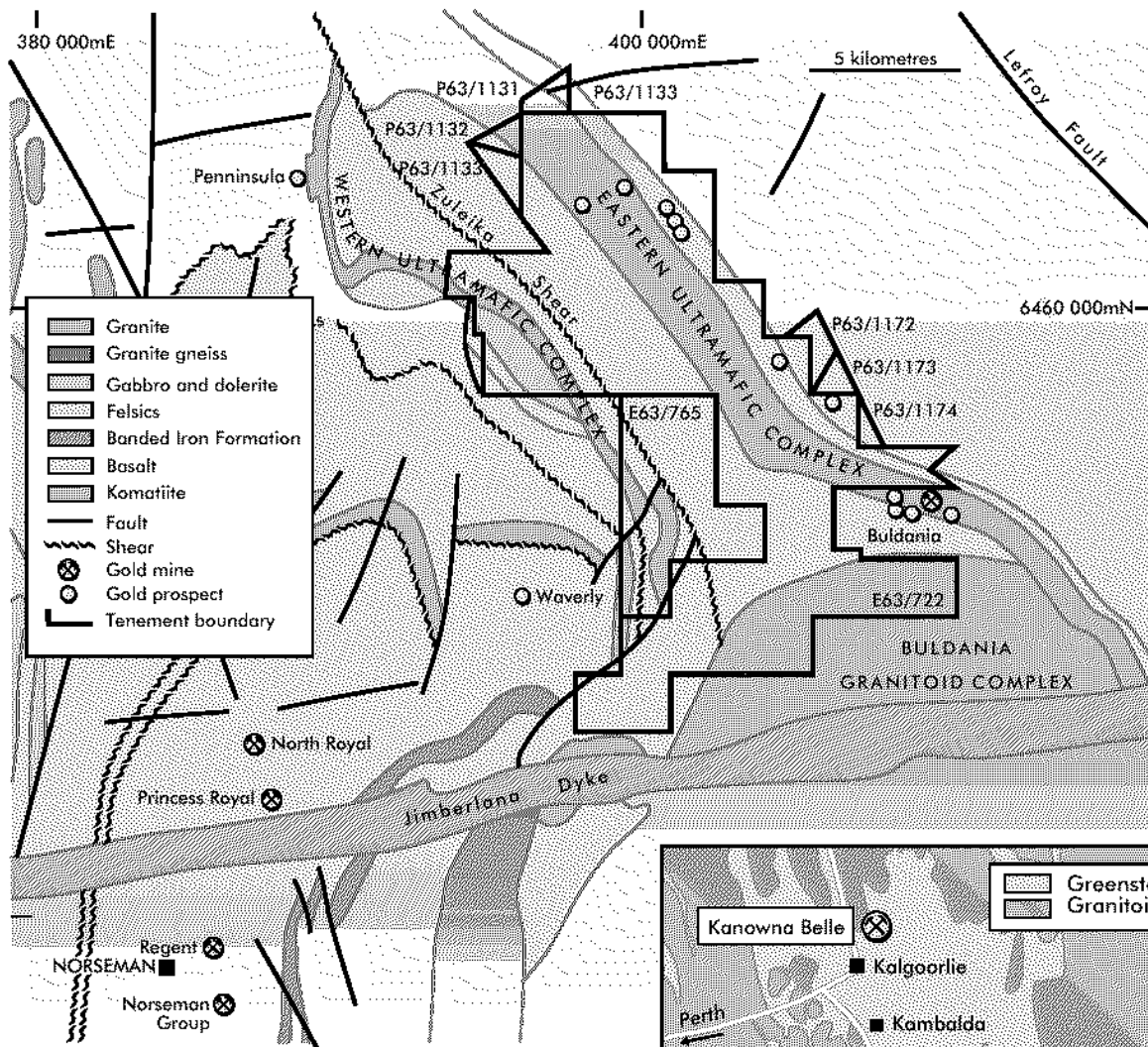
Programmes of reconnaissance RAB and air core drilling were completed across interesting aeromagnetic features which are considered to have prospectivity for gold and nickel deposits. Although no substantial intersections were returned, the drilling revealed information about the regolith and the best geochemical approach henceforth. The drilling also indicated widespread occurrence of ultramafic rocks which may host nickel mineralisation and some interpreted structures with a low level gold in hardpan anomaly of 66ppb from wide spaced drilling.



WONGANOO PROJECT Au and Ni Target Zones

A review of the geological databases relating to nickel prospectivity will now be undertaken by Newexco, specialist nickel sulphide consultants, and further programmes of geochemical sampling (possibly by shallow drilling) for gold will also be undertaken along prospective interpreted shears and faults.

KILLALOE GOLD & NICKEL PROJECT



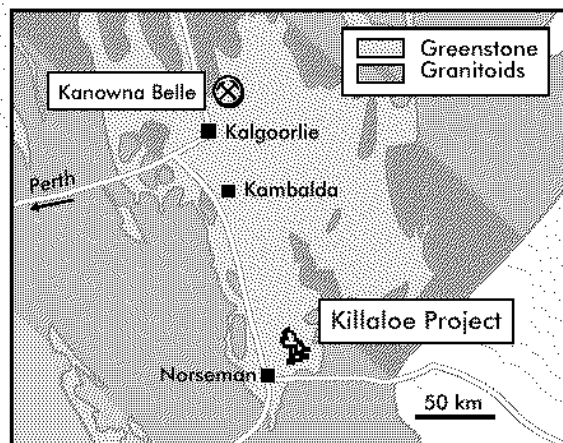
The Killaloe Project is situated ~25km northeast of Norseman in the Kambalda-Widgiemooltha nickel and gold province of the Southeastern Goldfields of Western Australia.

During the year, Cullen commissioned Newexco to review the substantial nickel exploration database for Killaloe derived from Sipa Resources International's work in the previous two years. These data were generated during its participation in the Killaloe Joint Venture with Cullen (Sipa withdrew in August 2003).

Newexco highlighted a number of untested gossans in favourable stratigraphic positions and recommended TEM surveying over some 30km of strike of prospective

ultramafic stratigraphy. At year's end, Cullen was in advanced Joint Venture negotiations with an interested party.

Also during the year, Cullen finalised a Joint Venture with Placer Dome Asia Pacific Ltd (Placer) for the gold rights of the Killaloe Project tenements. Placer commenced exploration for gold in early July 2004 with gravity and auger soil geochemical surveys, to be followed by RAB drilling.



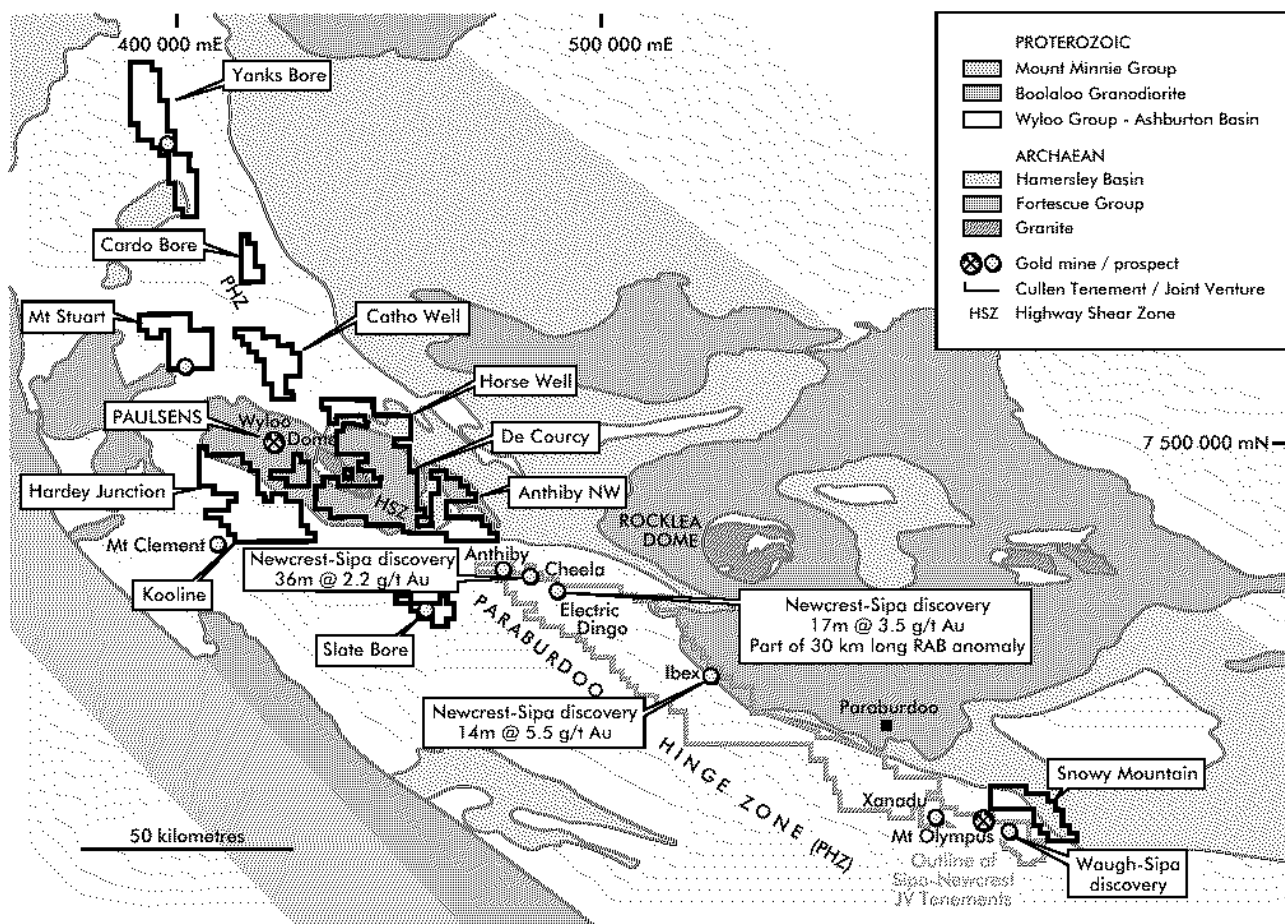
ASHBURTON GOLD PROJECTS

Cullen holds a strategic position in the NW sector of the Ashburton Gold Province including a number of project areas closely related to the Paraburdoo Hinge Zone – a 300km long set of regional structures. This corridor hosts numerous gold prospects, two former gold mines, at Waugh and Mt Olympus, exploited by Sipa, and major gold resources at Mt Olympus (Sipa) and Paulsens (Nustar Mining Ltd). The prospectivity of the region has in the past, attracted companies such as Newcrest, Barrick and AMR with Newcrest currently exploring for world-class, Carlin-style, sediment-hosted gold deposits. The Newcrest-Sipa Joint Venture has reported "Carlin-style" sediment hosted gold mineralisation at Cheela Plains southeast of and structurally on-trend from Cullen's project areas. Cullen's projects are also near the Paulsens Gold deposit where a development decline for an underground mine (1.2 Mt @ 10.7 g/t Au) has now commenced. Cullen's properties

have: major structures, prospective host rocks, evidence of alteration and significant soil/rock chip gold anomalies.

During the first half of the year, a number of tenements were the subject of the Wyloo Joint Venture between Cullen and Barrick Gold of Australia Limited. Barrick prioritised target areas of the various Joint Venture tenement groups with potential for both Carlin style or the Paulsens style. Geological mapping, rock chip sampling and RAB/air core drilling (90 holes for 3467m) was completed. Based on their field and drilling results, Barrick withdrew from the Joint Venture in late 2003.

Cullen plans to carry out drilling programmes at Yanks Bore and De Courcy (Highway Shear Zone) in the coming year whilst maintaining contact with potential new JV partners.



Yanks Bore

Exploration at Yanks Bore by Cullen has included extensive prospecting, rock chip sampling, grid soil sampling, geological mapping, airborne magnetics and scout RAB/RAB hammer drilling. This work has discovered zones of hydrothermally altered dolomitic sediments with strong gold, arsenic and antimony anomalism along the Yanks Bore fault/thrust structure. This structure is part of the Paraborndoo Hinge Zone, an important control of gold mineralisation in the Ashburton.

The alteration extends over about 14km and is hosted by a 400m wide corridor of Wyloo Group shelf sediments between the Yanks Bore structure and overlying shales (Ashburton Formation) to the west. Results of limited scout RAB drilling include : 3m @ 2.41g/t Au in YBR 05 (inc. 1m @ 6.65g/t Au) and 14m @ 205 ppb Au in YBR 01. The gold is associated with broad zones of anomalous arsenic.

Infill soil sampling has refined existing anomalies and located new ones, the largest of which extends over an area of 2500m x 150m. A total of 10 target areas has been recommended for follow up exploration, some of which Cullen plans to drill test in late 2004

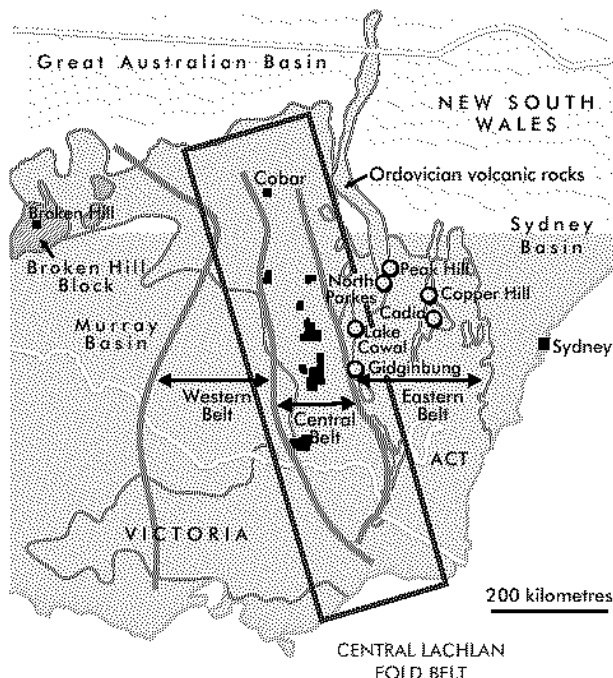


Aberfoyle South - quartz stockwork in dolomites



Aberfoyle Knoll 20m @ 1.8g/t Au in rock chip traverse

CENTRAL LACHLAN FOLD BELT, NSW



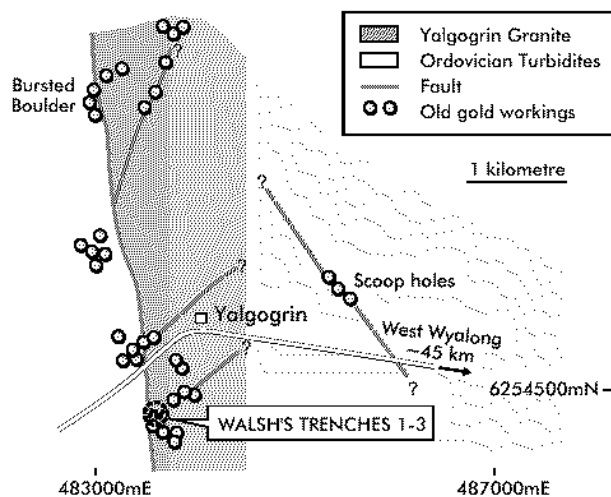
In August 2003, the Company applied for an extensive package of tenements in the Tin-Tungsten Belt of the Central Lachlan Fold Belt, considered by Cullen to be prospective for intrusion-related gold deposits ("IRG" deposits). IRG class deposits are found within or adjacent to granitic intrusions, often along tin-tungsten belts. They exhibit a range of mineralisation styles and are usually enriched in bismuth, tellurium and arsenic. The best examples are found in the Tintina Gold Province of the Alaska-Yukon region. The Tintina Province includes both large tonnage gold deposits, for example: Fort Knox (169Mt @ 0.93g/t Au, production – Kinross Gold Corp) and Donlin Creek (122Mt @ 2.91g/t Au, development – NovaGold Resources Inc./Placer Dome Inc.); and high grade vein deposits such as Pogo (9Mt @ 18.9g/t Au, development – Teck Cominco Ltd/Sumitomo Metal Mining Co. Ltd). (Resource figures are taken from company websites).

Cullen's applications consist of eight areas totalling approximately 3,200 square kilometers. They were selected by applying the class model to regional data sets.

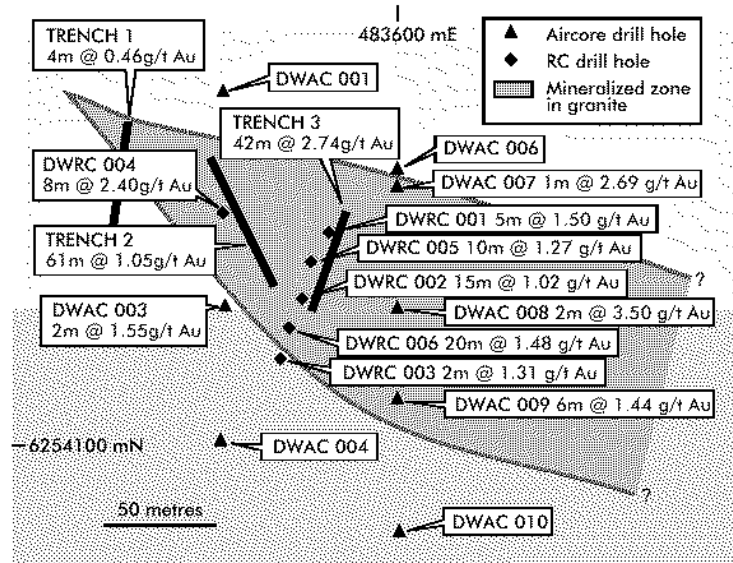
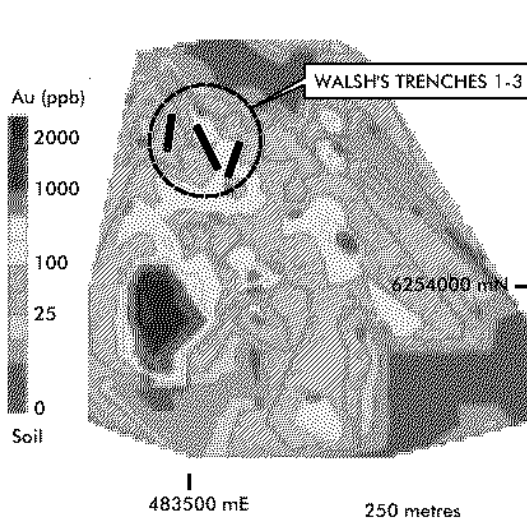
The areas contain over 50 recorded gold prospects (mostly gold-bearing, quartz-sulphide veins) which are broadly related to granitic intrusions. The majority of previous exploration in the Central Lachlan Fold Belt has been for tin and tungsten rather than gold. Cullen is identifying specific target areas for the application of modern geochemical exploration techniques.

Compilation of open file exploration data and field reconnaissance visits progressed during the year highlighting several highly prospective target areas. In addition, the Company signed an option agreement with geologist Mr Denis Walsh, registered holder of ELs 5891 and 6020 centered on the old Yalgogrin Goldfield (Cullen has the right to purchase the tenements from Mr Walsh for \$150,000 in cash and a royalty of \$10 per ounce of gold produced).

Trenching by Mr Walsh in 2002, followed up a gold-in-soil anomaly 1km southwest of the old Yalgogrin township and intersected significant zones of gold mineralisation hosted by altered granite (e.g. 42m @ 2.74 g/t Au, Trench 3). Limited follow up drilling by Mr Walsh (5 shallow aircore holes along Trench 3) intersected multiple zones of thin quartz veinlets and oxidised sulphides with a best intercept of 25m @ 1.74 g/t Au from 0m (YAC 3).



YALGOGRIN PROJECT — Geological Location Map



WALSH PROSPECT — Soil sampling data and drilling results, April 2004

A programme of detailed soil sampling and preliminary RC and aircore drilling was completed by Cullen in April 2004 at the Walsh Prospect to confirm the mineralisation, establish mineralised trends and outline targets for more detailed exploration. Five RC holes (296m) were drilled along the line of Trench 3, and two lines of air core drilling (10 holes, 466m) were drilled along N-S traverses to the east and west of Trench 3 (Figure). Mineralisation appears to be related to minor quartz veinlets and hydrothermal alteration in grey, porphyritic, biotitic granite although the strike and dip of the quartz veinlets and/or altered structures are not yet clear. Best intersections include: DWRC006; 20m @ 1.48g/t Au; DWRC004, 8m @ 2.4 g/t Au including 1m @ 13.25 g/t Au and DWRC005, 10m @ 1.27 g/t Au.

A detailed soil sampling survey (25 x 25m spacing) was completed over an area of ~400m x 300m centred on the Walsh trenches. Anomalous gold in soils (>25ppb) extend over a 400m x 500m area. An extensive soil sampling programme over the Yalgogrin Granite and its contacts, encompassing the Scoop Holes, Bursted Boulder and Walsh Prospects was also completed.

Interpretation of these soil sampling results indicate: a broad zone of gold in soil anomaly (max value 803 ppb) of

approximately 2km x 1.5km around the Bursted Boulder prospect and along the western contact of the Yalgogrin Granite with sediments (and away from known mineralised locations first indicated by previous soil sampling by Straits Resources and Equigold).

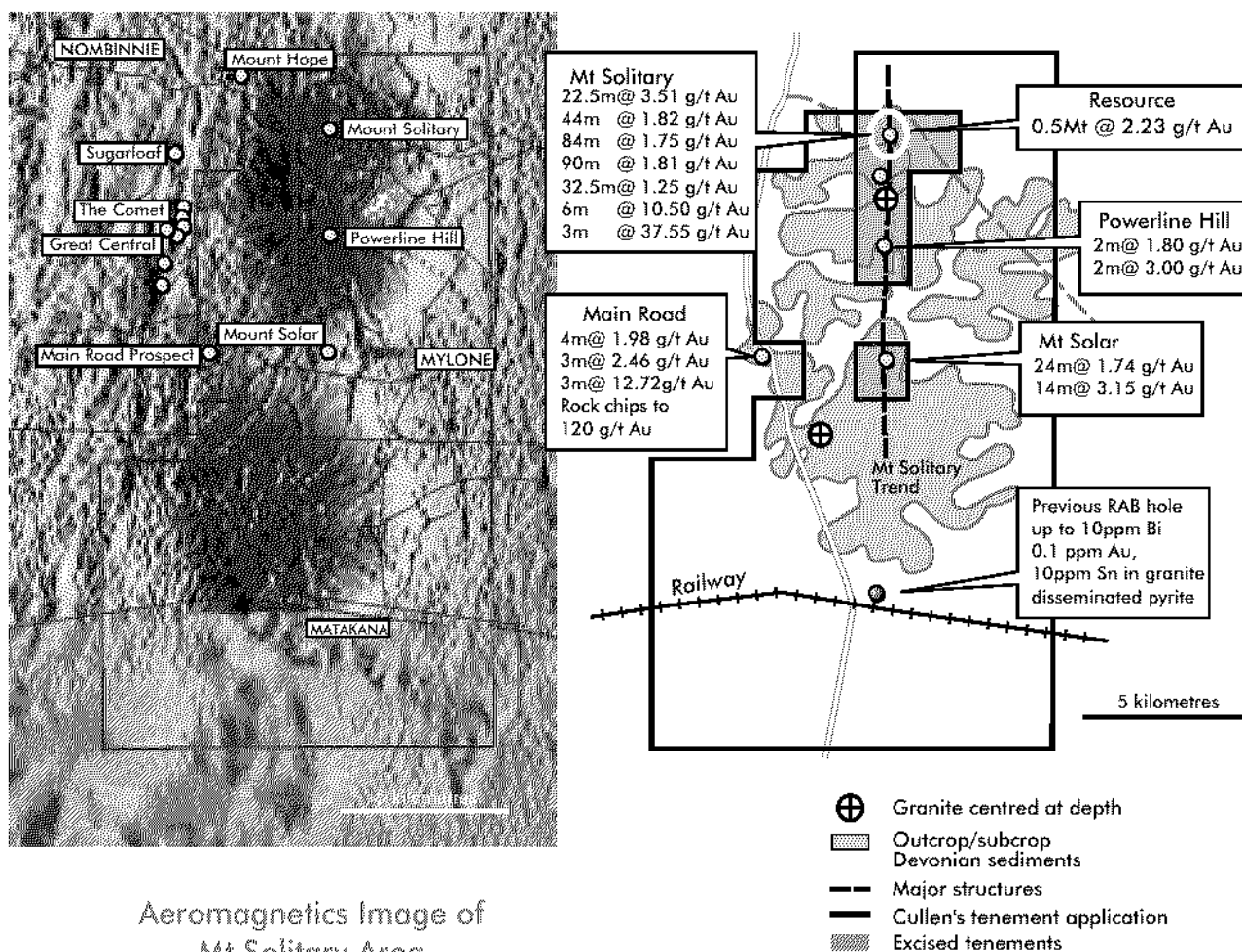
These soil sampling data, together with ongoing geological mapping and prospecting, suggest that the Yalgogrin Granite in this area appears to be only partially unroofed, with the overlying sediments forming a shallow, undulating, westerly-dipping cap along the western contact. Thin high grade gold veins (50-100 g/t) occur in both sediments and granite along this contact. Interpretation of available gravity data suggests that mineralisation centred at Yalgogrin lies along the axial zone of the Yalgogrin Granite that extends from Bursted Boulder-Cherry Tree approximately 5.5km NNW to the Pine Grove workings, historically the largest gold producer in the district.

The granite (cupola) contact aureole near Bursted Boulder, Walsh's prospect and strongly anomalous soil results at east Bursted Boulder (803 ppb Au in soil; 50 g/t Au rock chip in area) provide targets for follow-up exploration.

Mt Solitary

The "Mount Solitary" EL6227 is immediately south of a trend of gold prospects (Mt Solitary, Mt Solar, Powerline Hill) currently held by Mt Conqueror Minerals NL and Central West Gold NL (published resource 0.5Mt @ 4 g/t Au) mostly indicated category. These recognised prospects have been intensely explored by major companies during the period 1975-1994 with drill intersections of 57m @ 1.62 g/t Au and 34m @ 3.90 g/t Au reported. Gold mineralisation occurs in steep-dipping, multiple quartz-pyrite-bismuth veins hosted by structurally complex and altered siltstones and sandstones of Devonian age. Airborne magnetics

indicate an intrusive body beneath the mineralisation from which hydrothermal fluids may have been derived. Cullen's surrounding EL6227 encompasses a similar magnetic anomaly, also interpreted as an intrusive body. In comparison with the Mt Solitary prospect, this area is poorly explored. However, previous RAB drilling of magnetic highs on the SE flank of the main magnetic anomaly intersected granite with minor disseminated pyrite and significantly anomalous gold (0.1 ppm Au), bismuth (10ppm Bi) and tin (10ppm Sn). A programme of soil sampling to test across the magnetic anomaly is planned.



Aeromagnetics Image of
Mt Solitary Area

MT ISA PROVINCE—GOLD & COPPER—GOLD PROJECT

The two "Duchess" tenements in the Mt Isa Province were granted to Cullen in early July 2004 for a period of four years. Cullen and a subsidiary of Minotaur Resources Ltd have formed the Duchess Joint Venture. Minotaur will carry out a gravity survey over the tenements and follow-up any anomalies with more detailed surveys including magnetics.

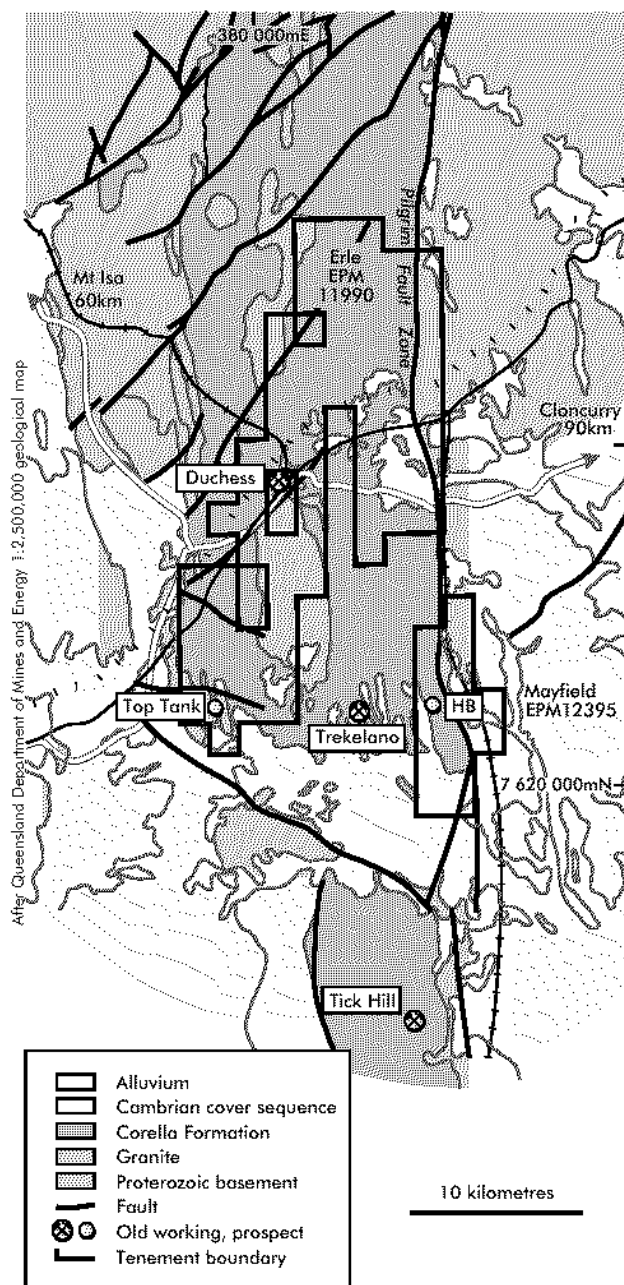
The Mayfield tenement covers a major flexure on the regionally significant Pilgrim Fault Zone. The area is considered prospective for structurally-hosted, Cu-Au and Au-only mineralisation. The project area lies just to the east of the Trekelano Cu Mine and just to the north of the high grade Tick Hill Au mine (both mines are inactive). The Mayfield tenement is characterised by Cu-Au mineralisation within intensely altered, carbonate rich Proterozoic rocks (Corella Formation) exposed in a window in Cambrian cover.

Soil sampling by previous explorers has demonstrated a significant strike length of Cu and local gold Au anomalism, in structures within the "red rock" altered metasediments ("Red rock" alteration is the colour staining imparted to the rock due to the iron - mineral hematite). There are numerous occurrences of secondary Cu-mineralisation as joint and fracture fillings in some parts of the prospect area and a number of small Cu-Au diggings, most notably the "HB" Prospect.

Regional exploration has demonstrated that "red rock"-hosted Cu mineralisation closest to the Pilgrim Fault contains higher gold levels (e.g. up to 1-2g/t in rock chips rather than 0.1-0.2 g/t a few kilometres to the west of the fault).

The Erle tenement has a number of previously-defined target areas that require additional geochemical surveying, and possibly EM surveying to help locate any massive Cu-Au sulphide mineralisation within the host amphibolites. The south eastern portion of the tenement covers the western section of a major, regional RAB drilling program previously completed by Mt Isa Mines Ltd. This program delineated a number of significant Cu-Au anomalies, one of the most

prospective targets of which is "Top Tank". This prospect is approximately 1400m x 1000m in area with soil gold values (bulk cyanide leach) of up to 360ppb in sheared (mylonitised), carbonate-rich, Corella Formation sediments. Further prospecting is required along potential host structural zones with soil anomalism and alteration to assess the deeper potential within favourable dilatant structural traps. Detailed assessment of airborne magnetic data is likely to be of value in pinpointing such favourable settings.



PROJECTS	TENEMENTS	REPLACEMENT TENEMENTS	CULLEN INTEREST
Western Australia			
Ashburton	E47/874	MLA08/277,278,279	100%
	E47/875		100%
	E47/903	MLA08/553,554,555	100%
	E47/1004		100%
	E08/1145	MLA08/309,310	100%
	E08/1166		100%
	E08/1189		100%
	E08/1327		100%
	PLA08/494		100%
	PLA08/495		100%
	E08/1330		100%
	E08/1092		100%
	ELA08/1375		100%
	E47/1154		100%
	E47/1231		100%
	E47/1232		100%
	ELA08/1093		100%
	ELA08/1423		100%
	ELA08/1365		100%
	ELA08/1366		100%
	ELA08/1367		100%
	ELA47/1229		100%
Yanks Bore JV	E08/1022 ELA08/1384	MLA08/281,282,283,284	51% Udu Resources Ltd 49%
Red Hill West	E08/1135		100% 2.5% NSR Royalty to Goldfields Exploration Pty Ltd
Cardo Bore	E08/1341		100%
Anthiby NW	ELA08/1393		100%
Snowy Mountain	ELA52/1667		100%
Slate Bore	E 08/1021		100% (i)Telezon Ltd retains a 10% NPI. (ii)Hudson entitled to an amount equivalent to a 2.5%NPI of Cullen's equity in E08/1021
Gunbarrel	E53/535	MLA53/868,869	100%*
	E53/568	MLA53/952,953,954	100%*
	ELA53/818	MLA53/870	100%*
	ELA53/837		100%* 2.5% NPI Royalty to Pegasus on Cullen's interest 2.5% NPI Royalty to Pegasus on Cullen's interest 1.5% NSR Royalty to Aurora 1.5% NSR Royalty to Aurora *WMC JV may earn 75% of Nickel rights
Irwin Bore	E53/403	MLA53/494,495, MLA53/713	90% 90% 90% 100% 100% 100%
	MLA53/878		
	ELA53/925		
	ELA53/981		
	ELA53/1040		
	PLA53/1154 ELA53/1096		
Wonganoo	E53/1046		100%
	ELA53/1069		100%
	ELA53/1083		100%
	ELA53/988		NIL
	ELA53/1105		100%
	ELA53/1111		100%
Killaloe	E63/722		100%+
	E63/765		100%+
	P63/1131-33		100%+
	P63/1172-1174		100%+
	ELA63/815		100%
Queensland			
Tick Hill	EPMA 11990 EPMA 12395		100% 100% Minotaur can earn 70% equity
New South Wales			
Central Lachlan	EL5891		
	EL6020		
	EL6168		
	EL6206		100%
	EL6207		100%
	EL6220		100%
	EL6227		100%
	EL6235		100%
	EL6256		100%
	EL6257		100%

Your Directors submit their report for the year ended 30 June 2004.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

▲ Dr Denis Clarke *BSc, BA, PhD, FAIMM (Independent Non-Executive Chairman)*

Denis Clarke has more than 30 years experience in exploration and mining operations. Over 15 years with Plutonic Resources ("Plutonic"), he contributed significantly at the General Manager level to its success as it developed from a small explorer in 1983 to one of Australia's largest gold miners prior to its take-over in 1998 in a transaction which valued Plutonic at \$1 billion. Dr. Clarke at various times managed the exploration, finance, administration and corporate divisions. He brings to the Board broad technical, financial, administrative and corporate experience and a wide range of industry contacts. Currently Dr. Clarke is Non-Executive Chairman or Non-Executive Director of two other listed companies.

▲ Grahame Hamilton *BSc, MSc, MAIG (Executive Director)*

Grahame Hamilton, a graduate of the University of NSW, has extensive experience over 30 years in exploration, corporate and project management. He has wide ranging expertise in project evaluation. Between 1994 and 1996 he managed the Brooks Creek exploration, environmental impact statement, feasibility study, mine development and construction for Solomon Pacific Resources NL. Before Solomon, Grahame worked with Getty Oil Development Co.- minerals division as Queensland Manager.

▲ John Horsburgh *BSc, MSc, FAIMM (Executive Director)*

John Horsburgh, a graduate of the Royal School of Mines, has over 32 years industry experience including 11 years with Solomon Pacific Resources NL. Prior to this he gained extensive experience in Australia and overseas with Getty Oil Development Co., Billiton and RTZ Group.

▲ Wayne John Kernaghan *BBus, ACA, FAICD, ACIS (Non-Executive Director and Company Secretary)*

Wayne Kernaghan is a member of the Institute of Chartered Accountants in Australia with a number of years experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors. Mr Kernaghan is also a director of IncomePlus Limited.

▲ Dr Chris Ringrose *BSc, PhD, MBA, MAIMM (Exploration Director)*

Chris Ringrose has been an exploration geologist based mainly in Western Australia since he completed his geology degrees in Scotland in 1982. His career has included experience with EZ, Chevron and Aztec, and prior to joining Cullen, Chris was Exploration Manager with Troy Resources NL for nine years. Chris has also completed an MBA at Deakin University and brings to the Company significant management, exploration and project evaluation experience gained both in Australia and overseas.

Principal Activities

The principal activity for the consolidated entity during the course of the financial year was mineral exploration. There was no significant change in the nature of the consolidated entity's activities during the year.

Results

The consolidated loss of the consolidated entity for the financial year was \$(1,448,160) (2003: profit \$187,220). No income tax was attributable to this result (2003: Nil).

Dividends

The directors do not recommend the payment of a dividend for this financial year. No dividend has been declared or paid by the company since the end of the previous financial year.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Review of Operations

During the year under review the Company continued its mineral exploration activities which included: field programmes; project generation; and farm out of a number of projects to major company partners. A high level of drilling was maintained. Activities were focused in four main centres of Western Australia and New South Wales as follows:

- ▲ Ashburton Province, WA (Yanks Bore, Red Hill West, De Courcy, Hardey Junction, Mt Stuart, Cardo Bore and Catho Well Gold Project);
- ▲ Norseman, WA (Gunbarrel Gold and Nickel Projects, Irwin Bore and Wonganoo Projects);
- ▲ Eastern Goldfield, WA (Killaloe Gold and Nickel Projects);
- ▲ Central Lachlan Fold Belt, NSW (Ardlethan, Mt Solitary, Gibsonvale and Walsh Gold Projects).

A total of \$1,411,239 was spent on exploration during the year.

Cullen's objective in these areas is to discover gold and/or nickel deposits by generating drill targets for testing either by Cullen in its own right or with a joint venture partner.

Drilling by Cullen or its partners during the year to 30 June has included: RAB/aircore drilling of 312 holes for 16,691m at Gunbarrel and Wonganoo; 90 holes for 3,467m, at Hardey Junction in the Ashburton Province and 10 holes for 466m in New South Wales; RC drilling of 6 holes for 741m at Gunbarrel and 8 holes for 424m in New South Wales; diamond drilling of 9 holes for 2,038m at Gunbarrel Nickel. Other work included field reconnaissance, geological mapping, geochemical surveys, electro-magnetic surveys and evaluations of new project opportunities.

The Company continued to explore for gold at Gunbarrel both in the vicinity of the Central Zone discovery at the Southern Prospect and across a number of new targets generated from an interpretation of detailed aeromagnetic surveys and other databases. Compilation of these results and Cullen's ideas concerning other areas of prospectivity were successfully marketed to Newmont as a farm-in opportunity. Newmont will commence exploration for gold once satisfactory legal documentation has been developed.

The Gunbarrel Nickel Joint Venture (WMC Resources Ltd, Manager) has been exploring for nickel and related base metal and platinum group elements on the Gunbarrel tenements since May 2001. Exploration during 2003-2004 was successful with the discovery of massive nickel sulphides in diamond drillhole GBD2 in October 2003. Although the intersection was thin (0.2m @ 1.93% Ni) the confirmation of nickeliferous magmatic sulphides is considered a breakthrough and enhances the prospectivity of the underexplored Gunbarrel greenstone belt in general.

At Wonganoo, compilation and reconnaissance drilling programmes were completed. The results confirmed the prospectivity of the project area for nickel and gold deposits and a further review of the geology to follow-up interesting, shallow nickel intersections reported by previous explorers is planned. Some major structures with low-level gold anomalies detected in transported cover also warrant further investigation.

At Killaloe, the project's gold prospectivity attracted Placer as a Joint Venture partner for gold, and the company also advanced negotiations with a new partner to explore for nickel sulphide deposits. At the year end, Placer was commencing its exploration programmes with gravity and geochemical surveys to be followed by first pass drill testing.

Barrick Gold Australia Ltd (Barrick) withdrew from the Wyloo Joint Venture tenements during the year after approximately \$800,000 of exploration expenditure. The results of its work were reviewed by Cullen, and new joint venture partners are being sought for the De Courcy and Hardey Junction projects as well as the Yanks Bore, Red Hill, Cardo Bore and Slate Bore tenements. It is encouraging to note that development work has begun on the Paulsens gold deposit by Nustar Mining Ltd in the vicinity of Cullen's projects. Also, a number of Cullen's tenements have attracted interest from new venturers seeking iron ore and nickel deposits in the region. At year's end, discussions on various portions of Cullen's Ashburton projects with respect to various commodities were on-going.

Cullen also successfully farmed out its two tenements in the Mt Isa province near Duchess to Minotaur, discoverer of the Prominent Hill gold-copper deposit in SA. This is an excellent outcome for Cullen with work by Minotaur due to commence in August 2004 with a gravity survey.

Cullen's project initiative in the Central Lachlan Fold Belt of New South Wales, was advanced by compilation of previous data, soil surveying and drilling. The results of this work supported the idea that there is significant gold prospectivity in the vicinity of granite bodies in the belt (using the Intrusive-Related Gold Deposits model). Cullen intersected significant gold mineralisation from first pass aircore and RC drilling programmes completed at the Walsh Prospect in the Yalgogrin Goldfield near West Wyalong (best 8m @ 2.4 g/t Au and 10m @ 1.27 g/t Au). Further work to follow-up these results and associated gold anomalies in soils is planned.

It is estimated that up to \$1million in exploration expenditure could be spent by joint venture partners in the coming 12 months, and Cullen will continue to identify and evaluate both advanced and "grass roots" projects in Australia. Cullen's portfolio is under continual evaluation to focus on projects likely to result in an economic mineral deposit.

Corporate

At 30 June 2004 the company holds 40,000 shares in AIM listed Peter Hambro Mining Plc which had a market value at that date of \$437,895. Available cash and investments at year end totalled approximately \$1.5 million.

Significant Events after Year End

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the parent entity, to affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Likely Developments and Future Results

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated entity and the expected results of those operations would, in the opinion of the directors, be speculative and not in the best interests of the consolidated entity.

Environmental Regulation

The exploration activities of the consolidated entity in Australia are subject to environmental regulation under the laws of the Commonwealth and the States in which those exploration activities are conducted. The environmental laws and regulations generally address the potential impact of the consolidated entity's activities in the areas of water and air quality, noise, surface disturbance and the impact upon flora and fauna. The directors are not aware of any environmental matter which would have a materially adverse impact on the overall business of the consolidated entity.

Options

As at 30 June 2004 the company has 15,500,000 (2003: 15,500,000) options which were outstanding. Refer to note 10 of the financial statements for further details of the options outstanding.

During the year, Nil (2003: Nil) fully paid ordinary shares were issued by virtue of the exercise of options. Since the end of the financial year no shares have been issued by virtue of the exercise of options.

Directors' and Executives Remuneration

Details of remuneration provided to directors who include the most highly remunerated executives for the year ended 30 June 2004 are as follows:

Directors	Salary/Fee \$	Superannuation \$	Other benefits \$	Amortised cost of options granted	Total \$
D.E. Clarke	25,000	2,250		*	27,250
G. Hamilton	140,004	12,600		*	152,604
J. Horsburgh	139,466	12,552		*	152,018
W.J. Kernaghan	29,650	1,350		*	31,000
C. Ringrose	140,004	12,600	7,401	10,900	170,905

* These options were issued and vested on 13 November 2001 as a result no amount has been included as emoluments for the year ended 30 June 2004.

From 1 July 2002, options granted as a part of director and executive emoluments have been valued using a Black and Scholes pricing model, which takes account of factors including the option exercise price, the share price at time of grant, volatility of the underlying share price, the risk-free interest rate and the expected life of the option.

The policies adopted by the company in relation to executives remuneration is disclosed in the Corporate Governance Statement.

DIRECTORS' REPORT

Directors' Interest

At the date of this report, the interest of the directors in the shares and options of the company were:

	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
D.E. Clarke	-	2,000,000	5,064,383	-
G. Hamilton	-	2,000,000	11,508,004	-
J. Horsburgh	2	2,000,000	12,470,122	-
W.J. Kernaghan	-	2,000,000	662,000	-
C. Ringrose	-	5,000,000	-	-

Directors' Meetings

During the year the company held 7 meetings of directors. The attendance of the directors at meetings of the Board were:

	Board of Directors	Maximum possible
	Attended	eligible to attend
D.E. Clarke	7	7
G. Hamilton	7	7
J. Horsburgh	7	7
W.J. Kernaghan	7	7
C. Ringrose	7	7

Corporate Governance

In recognising the need for the highest standard of corporate behaviour and accountability, the directors of Cullen Resources Limited support and have adhered to the principles of good corporate governance. The company's corporate governance statement is on page 18.

Signed in accordance with a resolution of the directors

J. Horsburgh
Director

Sydney, 27 August 2004

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cullen Resources Limited ("the Company") have adhered to the principles of corporate governance. A description of the main corporate governance practices, as well as any disclosures required by the Australian Stock Exchange's "Principles of Good Corporate Governance and Best Practice Recommendations", is set out below. Unless otherwise stated, the practices were in place for the entire year.

Board of Directors

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The primary function of the Board includes:

- ▲ formulation and approval of the strategic direction, objectives and goals of the Company;
- ▲ monitoring the overall and financial performance of the Company, including approval of the Company's financial statements;
- ▲ ensuring that adequate internal control systems and procedures exists and that compliance with these systems and procedures is maintained;
- ▲ the review of performance and remuneration of Executive Directors; and
- ▲ the establishment and maintenance of appropriate ethical standards.

The responsibility for the operation and administration of the Company is carried out by the Executive Directors, who operate in an executive capacity, supported by senior professional staff. The Board ensures that this team is suitably qualified and experienced to discharge their responsibilities, and assesses on an ongoing basis the performance of the management team, to ensure that management's objectives and activities are aligned with the expectations and risks identified by the board.

The Directors of the company are as follows:

Dr Denis Clarke	~	Independent & Non-Executive Chairman
Grahame Hamilton	~	Executive Joint Managing Director
John Horsburgh	~	Executive Joint Managing Director
Wayne Kernaghan	~	Non-Executive Director
Dr Chris Ringrose	~	Executive Exploration Director

For information in respect to each Director refer to the Directors Report.

Independent Directors

Under ASX guidelines two of the current board are considered to be independent directors. Mr Horsburgh, Mr Hamilton and Dr Ringrose are Executive Directors and the ASX guidelines deem them not to be independent by virtue of their positions. The Board is satisfied that the structure of the Board is appropriate for the size of the company and the nature of its operations and is a cost effective structure for managing the company.

Communication to Market & Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors and the Company. Information is communicated to shareholders and the market through:

- ▲ the Annual Report which is distributed to all shareholders;
- ▲ other periodic reports which are lodged with the ASX and available for shareholder scrutiny;
- ▲ other announcements made in accordance with ASX Listing Rules;
- ▲ special purpose information memoranda issued to shareholders as appropriate; and
- ▲ the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate.

Board Composition

When the need for a new Director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the Company. Any Director so appointed must then stand for election at the next Annual General Meeting of the Company.

Terms of Appointment as a Director

The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

Board Committees

In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, Board nominations and remuneration would contribute little to its effective management. Accordingly, audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and Senior Executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Remuneration

Remuneration and other terms of employment of Executives, including Executive Directors, are reviewed periodically by the Board having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of Executive Directors is reviewed periodically by the Board, with recommendations being made by the Non-executive Directors. Where the remuneration of a particular Executive Director is to be considered, the Director concerned does not participate in the discussion or decision-making.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

Share Trading

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Code of Conduct

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

External Auditors

The external auditor is Ernst and Young.

Full details of the company's corporate governance practices can be viewed at its website – www.cullenresources.com.au.

Scope***The financial report and directors' responsibility***

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Cullen Resources Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- ▲ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- ▲ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Cullen Resources Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Cullen Resources Limited and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Michael Elliott
Partner
Sydney
27 August 2004

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cullen Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (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.

On behalf of the Board

J. Horsburgh
Director

Sydney, 27 August 2004

STATEMENTS OF FINANCIAL POSITION

Statements of Financial Position at 30 June 2004

		Consolidated		The Company	
	Note	2004	2003	2004	2003
		\$	\$	\$	\$
Current Assets					
Cash assets	18(i)	1,066,357	1,513,155	987,828	1,479,102
Total Current Assets		1,066,357	1,513,155	987,828	1,479,102
Non Current Assets					
Receivables	4	-	-	4,576,981	5,326,708
Other financial assets	5	122,800	12,800	12,800	12,800
Plant & Equipment	6	46,208	60,333	12,930	13,815
Deferred Exploration Costs	7	4,442,905	3,935,422	-	-
Total Non Current Assets		4,611,913	4,008,555	4,602,711	5,353,323
Total Assets		5,678,270	5,521,710	5,590,539	6,832,425
Current Liabilities					
Payables	8	61,677	47,920	28,400	26,657
Provisions	9	49,640	30,358	-	-
Total Current Liabilities		111,317	78,278	28,400	26,657
Non Current Liabilities					
Provisions	9	4,814	-	-	-
Total Non Current Liabilities		4,814	-	-	-
Total Liabilities		116,131	78,278	28,400	26,657
Net Assets		5,562,139	5,443,432	5,562,139	6,805,768
Equity					
Contributed Equity	10	18,524,506	16,957,639	18,524,506	16,957,639
Accumulated Losses	11	(12,962,367)	(11,514,207)	(12,962,367)	(10,151,871)
Total Equity		5,562,139	5,443,432	5,562,139	6,805,768

STATEMENTS OF FINANCIAL PERFORMANCE

Statements of Financial Performance at 30 June 2004

	Note	Consolidated		The Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Revenues from ordinary activities	2	75,041	1,033,145	72,967	1,030,403
Exploration expenditure written off		(903,756)	(226,990)	-	-
Cost of investments sold		-	(94,200)	-	(94,200)
Rent		(80,130)	(73,162)	(60,040)	(56,360)
Salaries and Consultants		(222,952)	(224,887)	(67,200)	(70,238)
Compliance		(178,053)	(78,731)	(176,229)	(78,731)
Provision for non-recovery of loan to controlled entity		-	-	(2,530,127)	-
Other expenses from ordinary activities		(138,310)	(147,955)	(49,867)	(86,014)
(Loss)/Profit from ordinary activities before income tax	2	(1,448,160)	187,220	(2,810,496)	644,860
Income tax relating to ordinary activities	3	-	-	-	-
Net (Loss)/Profit attributable to members of Cullen Resources Limited		(1,448,160)	187,220	(2,810,496)	644,860
Basic earnings/(loss) per share (cents per share)	19	(0.47)	0.07		
Diluted earnings/(loss) per share (cents per share)	19	(0.47)	0.07		

STATEMENTS OF CASH FLOWS

Statement of Cash Flows for the year ended 30 June 2004

		Consolidated		The Company	
	Note	2004	2003	2004	2003
		\$	\$	\$	\$
		Inflows/(Outflows)			
Cash flows from operating activities					
Cash receipts in the course of operations		-	-	-	-
Cash payments in the course of operations		(684,351)	(692,343)	(374,353)	(302,138)
GST refunded		128,636	161,909	29,855	33,184
Interest received		75,041	83,035	72,967	80,293
Net operating cash flows	18 (ii)	(480,674)	(447,399)	(271,531)	(188,661)
Cash flows from investing activities					
Payment for security deposits		(110,000)	-	-	-
Loan to controlled entity		-	-	(1,780,400)	(1,971,400)
Receipts from sale of investments		-	950,110	-	950,110
Payment for plant & equipment		(11,752)	(49,663)	(6,210)	-
Payments for exploration		(1,411,239)	(1,645,212)	-	-
Net investing cash flows		(1,532,991)	(744,765)	(1,786,610)	(1,021,290)
Cash flows from financing activities					
Proceeds from issue of shares		1,566,867	-	1,566,867	-
Net financing cash flows		1,566,867	-	1,566,867	-
Net decrease in cash held		(446,798)	(1,192,164)	(491,274)	(1,209,951)
Cash at the beginning of the financial year		1,513,155	2,705,319	1,479,102	2,689,053
Cash at the end of the financial year	18(i)	1,066,357	1,513,155	987,828	1,479,102

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. The financial report has also been prepared in accordance with the historical cost convention using the accounting policies described below and do not take account of changes in either the general purchasing power of the dollar or in prices of specific assets.

Principles of consolidation

The consolidated financial statements include the financial statements of Cullen Resources Limited and the results of all of its controlled entities which are referred to collectively throughout these financial statements as the "Consolidated Entity". The results of controlled entities are prepared for the same reporting period as the parent, using consistent accounting policies. All inter-entity balances and transactions, and unrealised profits arising from intra-economic entity transactions, have been eliminated in full.

Income Tax

The consolidated entity applies the principles of tax-effect accounting. The income tax expense in the Statement of Financial Performance represents the tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit includes the tax effect (at current tax rates) of differences between income and expense items recognised in different accounting periods for book and tax purposes. The benefit arising from estimated carry-forward tax losses has also been recorded as a future income tax benefit only where realisation of such benefit is considered to be virtually certain.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- ▲ where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ▲ receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

Recoverable Amounts of Non-Current Assets

All non-current assets excluding mining tenements and development costs are reviewed each reporting date to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows discounted to present values.

Provision for Employee Benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. Annual leave and long service leave provisions expected to be settled within twelve months are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Investments in Controlled Entities

Investments in controlled entities are carried in the company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account when they are proposed by the controlled entities.

Investments in Other Companies

Investments in other companies are carried at the lower of cost, or recoverable amount, being a directors' valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

Deferred Exploration Costs

Deferred exploration and evaluation costs are accumulated in respect of each separate area of interest. These costs are carried forward where they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest until production commences.

When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

Foreign Currency

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the date of the transactions. Monetary items in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the Statement of Financial Performance in the financial year in which the exchange rates change, as exchange gains or losses.

Plant and Equipment

Plant and equipment are depreciated over their useful economic lives as follows:

	<i>Life</i>	<i>Method</i>
Plant & Equipment	3-8 years	Straight Line

Operating revenue

Other revenue includes interest income on short term deposit received from other persons. It is brought to account as it accrues.

Joint Venture

An interest in a joint venture operation is brought to account by including in the respective financial statement categories:

- ▲ the consolidated entity's share in each of the individual assets employed in the joint venture;
- ▲ liabilities incurred by the consolidated entity in relation to the joint venture including the economic entity's share of any liabilities for which the consolidated entity is jointly and/or severally liable; and
- ▲ the consolidated entity's share of expenses of the joint venture.

Financial Instruments

Included in Assets:

- ▲ Receivables are initially recorded at the amount of contracted sales proceeds.
- ▲ Investments, including equity interests in non-subsidiary, non-associated corporations, are included in investments at the lower of cost or recoverable amount. Dividend income is brought to account when declared.
- ▲ Security deposits are stated at nominal value.

Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings Per Share (EPS)

Basic EPS is calculated as net profit/(loss) attributable to members, adjusted to exclude costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit/(loss) attributable to members, adjusted for:

- ▲ costs of servicing equity;
- ▲ the after tax effect of interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- ▲ other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Change in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Impact of adopting AASB equivalents to international financial reporting standards

The Company has commenced transitioning its accounting policies and financial reporting from current Australian standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Company has allocated internal resources and performed initial impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, the Company has identified the underlying areas which may impact the Company's financial accounts.

The Board of Directors will oversee the progress of the implementation of IFRS and make necessary decisions. As the Company has a 30 June year end, priority will be given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Exploration and Evaluation Costs (ED6)

The IASB has yet to issue a standard dealing with exploration and evaluation costs. It is currently expected that a standard will not be released until late in 2004 based on the Exposure Draft ED6: 'Exploration for and Evaluation of Mineral Resources'. ED6 proposes that entities can elect to continue to recognise and measure exploration and evaluation assets in accordance with the accounting policies applied in their most recent annual financial statements. Therefore, the Company could continue to capitalise exploration and evaluation costs. However, the capitalised costs would be subject to annual impairment testing, which may impact future earnings. If the existing policy is not grandfathered, under ED 6, exploration and evaluation costs will be written off. At the transition date, in the event that no AASB equivalent has been issued, the Company may need to write off the balance of exploration expenditure to retained earnings in accordance with other applicable international standards.

Income Taxes (AASB 112)

Under the AASB 112, the Company will be required to use the balance sheet liability method which focuses on the tax effects of transactions and other events that effect amounts recognised in either the Statement of Financial Position or a tax based balance sheet. It is not expected that there will be any material impact as a result of the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
2. PROFIT AND LOSS ITEMS				
(Loss)/Profit from ordinary activities after crediting the following revenues:				
Other Revenues				
Interest received from other persons	75,041	83,035	72,967	80,293
Proceeds from sale of investments (a)	-	960,110	-	960,110
	<u>75,041</u>	<u>1,033,145</u>	<u>72,967</u>	<u>1,030,403</u>
(Loss)/Profit from ordinary activities is after charging the following expenses:				
Auditors remuneration in respect of the audit of the financial statements	32,500	30,000	32,500	30,000
Exploration expenditure written off	903,756	226,990	-	-
Depreciation	25,877	13,438	7,095	6,730
Provision for employee benefits	24,096	11,112	-	-
Provision for non-recovery of loan to controlled entity	-	-	2,530,127	-
(a) Net gain on sale of investments	-	855,910	-	855,910

3. INCOME TAX

Operating (loss)/profit before income tax	(1,448,160)	187,220	(2,810,496)	644,860
Prima facie income tax (benefit)/expenses calculated at 30% (2003: 30%)	(434,448)	56,166	(843,148)	193,458
Less income tax benefits not brought to account at balance date	434,448	-	843,148	-
Utilisation of tax losses not previously recognised in accounts	-	(56,166)	-	(193,458)
Total income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 June 2004 future income tax benefits were available to the company and to the consolidated entity in respect of operating losses and prospecting and exploration expenditure incurred. The directors estimate the potential income tax benefit at 30 June 2004 in respect of tax losses not brought to account is \$1,934,448 (2003: \$1,500,000). The benefit of these losses has not been brought to account as realisation is not virtually certain. The benefit will only be obtained if:

- (a) the relevant company derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised;
- (b) the relevant company and/or the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the company and/or the consolidated entity in realising the benefit.

Since the enactment of the Tax Consolidation legislation the Cullen consolidated group has decided not to enter the tax consolidation regime.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
4. RECEIVABLES				
Non current				
Loan to controlled entities	-	-	7,107,108	5,326,708
Provision for non-recovery	-	-	(2,530,127)	-
	<u>-</u>	<u>-</u>	<u>4,576,981</u>	<u>5,326,708</u>

The loans to controlled entities are non interest bearing and have no fixed term for repayment.

5. OTHER FINANCIAL ASSETS

Non current				
Security deposits	110,000	-	-	-
Shares quoted on stock exchanges	12,800	12,800	12,800	12,800
Shares in controlled entity Cullen Minerals NL	-	-	2,643,131	2,643,131
Provision for diminution in value	-	-	(2,643,131)	(2,643,131)
	<u>122,800</u>	<u>12,800</u>	<u>12,800</u>	<u>12,800</u>

The market value of the listed shares at 30 June 2004 was \$437,895 (2003:\$270,000).

The listed investment comprises shares in a mining corporation.

6. PLANT & EQUIPMENT

Plant & Equipment at cost	114,238	102,486	40,946	34,736
Accumulated depreciation	(68,030)	(42,153)	(28,016)	(20,921)
Total written down amount	<u>46,208</u>	<u>60,333</u>	<u>12,930</u>	<u>13,815</u>
(a) Reconciliation				
Plant & Equipment				
Carrying amount at beginning	60,333	24,108	13,815	20,545
Additions	11,752	49,663	6,210	-
Depreciation expense	(25,877)	(13,438)	(7,095)	(6,730)
	<u>46,208</u>	<u>60,333</u>	<u>12,930</u>	<u>13,815</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
7. DEFERRED EXPLORATION COSTS				
Costs carried forward in respect of areas of interest in the exploration and evaluation phase				
Opening balance	3,935,422	2,517,200	-	-
Expenditure incurred during the year	1,411,239	1,645,212	-	-
	<u>5,346,661</u>	<u>4,162,412</u>	<u>-</u>	<u>-</u>
Less expenditure written off during the year	(903,756)	(226,990)	-	-
Closing balance	<u>4,442,905</u>	<u>3,935,422</u>	<u>-</u>	<u>-</u>

Mining tenements are carried forward in accordance with the accounting policy set out in Note 1.

The ultimate recoupment of the book value of deferred costs relating to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest and the consolidated entity's ability to continue to meet its financial obligations to maintain the areas of interest.

8. PAYABLES

Current				
Trade creditors - unsecured	<u>61,677</u>	<u>47,920</u>	<u>28,400</u>	<u>26,657</u>

9. PROVISIONS

Current				
Employee benefits	<u>49,640</u>	<u>30,358</u>	<u>-</u>	<u>-</u>
Non Current				
Employee benefits	<u>4,814</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
10. CONTRIBUTED EQUITY				
Issued capital				
320,981,282 (2003:268,752,376)	<u>18,524,506</u>	<u>16,957,639</u>	<u>18,524,506</u>	<u>16,957,639</u>

Movement in issued shares for the year:

	2004		2003	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	268,752,376	16,957,639	268,752,376	16,957,639
Issued at 3.0 cents each	<u>52,228,906</u>	<u>1,566,867</u>	<u>-</u>	<u>-</u>
End of the financial year	<u>320,981,282</u>	<u>18,524,506</u>	<u>268,752,376</u>	<u>16,957,639</u>

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Options

As at 30 June 2004 there are 15,500,000 (2003: 15,500,000) unissued shares in respect of which options were outstanding and the details of these are as follows:

Number	Exercise Price	Expiry Date
10,000,000	0.04	30 November 2004
3,500,000	0.05	17 January 2006
2,000,000	0.08	17 January 2006

11. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	(11,514,207)	(11,701,427)	(10,151,871)	(10,796,731)
Net (loss)/profit	<u>(1,448,160)</u>	<u>187,220</u>	<u>(2,810,496)</u>	<u>644,860</u>
Accumulated losses at the end of the year	<u>(12,962,367)</u>	<u>(11,514,207)</u>	<u>(12,962,367)</u>	<u>(10,151,871)</u>

12. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2004 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name	Place of Incorporation	Interest %		Investment \$	
		June 2004	June 2003	June 2004	June 2003
Cullen Minerals NL	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-

13. DIRECTORS' AND EXECUTIVE REMUNERATION**(a) Details of Specified Directors and Specified Executives****Specified Directors**

D E Clarke	Chairman (Non-executive)
J Horsburgh	Joint Managing Director
G Hamilton	Joint Managing Director
W Kernaghan	Non-executive Director
C Ringrose	Executive Director

Specified Executives

The consolidated entity does not have specific executives as the executive role is performed by the specified directors.

(b) Remuneration Practices

The company's policy for determining the nature and amount of emolument of board members and senior executives of the company is:

The remuneration for executive officers, including executive directors is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, specified directors and executives are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination lapse.

(c) Remuneration of specified directors

Details of remuneration provided to specified directors are as follows:

Specified Directors	Primary Salary/Fee \$	Other Benefits \$	Superannuation \$	Equity options granted	Amortise cost of options granted \$	Total \$
D E Clarke						
2004	25,000	-	2,250	*	-	27,250
2003	25,000	-	2,250	*	-	27,250
G Hamilton						
2004	140,004	-	12,600	*	-	152,604
2003	140,004	-	12,600	*	-	152,604
J Horsburgh						
2004	139,466	-	12,552	*	-	152,018
2003	140,004	-	12,600	*	-	152,604
W Kernaghan						
2004	29,650	-	1,350	*	-	31,000
2003	30,575	-	1,350	*	-	31,925
C Ringrose						
2004	140,004	7,401	12,600	-	10,900	170,905
2003	70,002	-	6,300	-	24,200	100,502
Total Remuneration for Specified Directors						
2004	474,124	7,401	41,352	-	10,900	533,777
2003	405,585	-	35,100	-	24,200	464,885

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

* These options were granted and vested on 13 November 2001 as a result no amount has been included as emolument for the years ended 30 June 2003 and 2004. These options have an exercise price of \$0.04 and expiry date of 30 November 2004.

(d) Remuneration options – granted and vested during the year

During the financial year no options were granted as equity compensation to specified directors and executives.

(e) Shares issued on exercise of remunerated options

During the financial year no remunerated options were exercised.

(f) Option holdings of specified directors

Specified Directors	Vested at 30 June 2004					
	Balance at beginning of year	Net Change	Balance at end of year	Total	Not Exercisable	Exercisable
	1 July 2003		30 June 2004			
	No	No	No	No	No	No
D Clarke	2,000,000	-	2,000,000	2,000,000	-	2,000,000
G Hamilton	2,000,000	-	2,000,000	2,000,000	-	2,000,000
J Horsburgh	2,000,000	-	2,000,000	2,000,000	-	2,000,000
W Kernaghan	2,000,000	-	2,000,000	2,000,000	-	2,000,000
C Ringrose	5,000,000	-	5,000,000	5,000,000	-	5,000,000
Total	13,000,000	-	13,000,000	13,000,000	-	13,000,000

(g) Shareholdings of Specified Directors

Specified Directors	Balance 1 July 2003	Net Change Other	Balance 30 June 2004
	No	No	No
D Clarke	4,269,383	795,000	5,064,383
G Hamilton	10,878,004	630,000	11,508,004
J Horsburgh	12,193,004	277,120	12,470,124
W Kernaghan	197,000	465,000	662,000
C Ringrose	-	-	-
Total	27,537,391	2,167,120	29,704,511

14. JOINT VENTURE

The consolidated entity has interests in the following unincorporated joint ventures:

	Principal Activity	Other Participant
Gunbarrel (a)	Exploration	WMC Resources Ltd
Yanks Bore (b)	Exploration	Udu Resources Limited
Killaioe (c)	Exploration	Placer Dome Asia Pacific Ltd
Irwin Bore (d)	Exploration	Revesco Group Limited Independence Group NL
Wanganoo (e)	Exploration	Quantum Resources Limited

(a) WMC Resources Limited are earning a 75% interest in the nickel rights by spending \$1 million over four years.

(b) Udu Resources Limited have a 49% interest.

(c) Placer Dome Asia Pacific Ltd are earning a 70% interest in the gold rights, by spending \$4 million over 4 years.

(d) Cullen Exploration Pty Ltd has earned a 90% interest. Revesco retains a 10% interest.

Independence Group Ltd is earning 60% interest in the nickel rights, by spending \$1.5 million over 4 years.

(e) Cullen Exploration Pty Ltd is earning an 80% interest. Quantum retains a 20% interest.

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and any outputs and do not, in themselves, generate revenue and profit. The net contribution of any joint venture activities to the operating profit before income tax is \$Nil (2003:Nil). The consolidated entity's assets employed in the joint ventures, are included in the balance sheet of the consolidated entity as follows:

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Exploration expenditure	2,622,821	3,424,694	-	-

15. COMMITMENTS**(a) Minimum exploration work**

The consolidated entity has certain obligations to perform minimum exploration work and expend minimum amounts of money on mineral exploration tenements. The consolidated entity has committed to expend a minimum of \$600,480 (2003:\$656,700) over the next year to keep its current tenements in good standing.

(b) Lease expenditure commitments

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Lease expenditure commitment				
Operating leases (non-cancellable)				
Minimum lease payments				
- not later than one year	12,792	77,765	5,218	62,616
- later than one year and not later than five years	-	12,792	-	5,218
Aggregate lease expenditure contracted for at reporting date but not provided for	12,792	90,557	5,218	67,834

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

16. RELATED PARTIES**Employees**

The economic entity has four full-time employees (2003:4).

Wholly owned group transaction

Loans made from Cullen Resources Limited to wholly owned subsidiaries are non interest bearing and have no fixed term for repayment.

Ultimate Parent Entity

The ultimate parent entity is Cullen Resources Limited.

17. SEGMENT INFORMATION

The consolidated entity operated during the year in one geographical segment, being Australia.

The consolidated entity operated in one business segment being exploration.

18. STATEMENT OF CASH FLOWS**(i) Reconciliation of cash**

For the purposes of the Statement of Cash Flows, cash includes cash at bank and short term deposits at call. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash on hand	1,066,357	1,513,165	987,828	1,479,102
(ii) Reconciliation of operating (loss)/profit after income tax to net cash used in operating activities				
Operating (loss)/profit after income tax	(1,448,160)	187,220	(2,810,496)	644,860
Add/(less) non cash items				
Exploration expenditure written off	903,756	226,990	-	-
Depreciation	25,877	13,438	7,095	6,730
Provisions for employee benefits	24,096	16,968	-	-
Provision for non recovery of loan to controlled entity	-	-	2,530,127	-
(Profit) on sale of investments	-	(855,910)	-	(855,910)
Net cash used in operating activities before change in assets and liabilities	(494,431)	(411,294)	(273,274)	(204,320)
Increase/(Decrease) in creditors	13,757	(36,105)	1,743	15,659
Net operating cashflows	(480,674)	(447,399)	(271,531)	(188,661)

19. EARNINGS/(LOSS)PER SHARE

	Consolidated	
	2004	2003
Basic earnings/(loss) per share (cents per share)	(0.47)	0.07
Diluted earnings/(loss) per share (cents per share)	(0.47)	0.07
The following reflects the income and share data used in the calculations of basic and diluted earnings/(loss) per share.		
Net (loss)/profit	(1,448,160)	187,220
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share.	310,706,743	268,752,376
Options on issue at year end not dilutive and hence not used in the calculation of diluted EPS	15,500,000	15,500,000

No ordinary shares have been issued since the reporting date and up to completion of this financial report.

20. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Financial Instruments	Floating interest rate	Fixed interest rate maturing in one year or less	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2004	2004	2004	2004	2004
	\$	\$	\$	\$	%
Financial Assets					
Cash	1,066,357	-	-	1,066,357	3.3
Security deposits	-	-	110,000	110,000	N/A
Investments - listed	-	-	12,800	12,800	N/A
Total Financial Assets	1,066,357	-	122,800	1,189,157	
Financial Liabilities					
Trade creditors	-	-	61,677	61,677	N/A
Total Financial Liabilities	-	-	61,677	61,677	

Financial Instruments	Floating interest rate	Fixed interest rate maturing in one year or less	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2003	2003	2003	2003	2003
	\$	\$	\$	\$	%
Financial Assets					
Cash	1,513,155	-	-	1,513,155	3.5
Investments - listed	-	-	12,800	12,800	N/A
Total Financial Assets	1,513,155	-	12,800	1,525,955	
Financial Liabilities					
Trade creditors	-	-	47,920	47,920	N/A
Total Financial Liabilities	-	-	47,920	47,920	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

(b) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

	Total carrying amount as per the balance sheet	Aggregate net fair value (i)	Total carrying amount as per the balance sheet	Aggregate net fair value (i)
	2004	2004	2003	2003
	\$	\$	\$	\$
Financial Assets				
Cash	1,066,357	1,066,357	1,513,155	1,513,155
Security deposits	110,000	110,000	-	-
Investments - listed	12,800	437,895	12,800	270,000
Total Financial Assets	1,189,157	1,614,252	1,525,955	1,783,155
Financial Liabilities				
Trade creditors	61,677	61,677	47,920	47,920
Total Financial Liabilities	61,677	61,677	47,920	47,920

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Trade debtors and creditors: The carrying amount approximates fair value.

Non-current investments: For financial instruments traded in organised financial markets, fair value is the market bid price at 30 June for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability.

21. AUDITORS REMUNERATION

Amounts received or due and receivable by
Ernst and Young

- an audit or review of the financial report of the entity and any other entity in the consolidated entity

Consolidated		The Company	
2004	2003	2004	2003
\$	\$	\$	\$
32,500	30,000	32,500	30,000

22. IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has commenced transitioning its accounting policies and financial reporting from current Australian standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Company has allocated internal resources and has performed initial impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, the Company has identified the underlying areas which may impact the Company's financial accounts. The Board of Directors will oversee the progress of the implementation of IFRS and make necessary decisions. As the Company has a 30 June year end, priority will be given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Exploration and Evaluation Costs (ED6)

The IASB has yet to issue a standard dealing with exploration and evaluation costs. It is currently expected that a standard will not be released until late in 2004 based on the Exposure Draft ED6: 'Exploration for and Evaluation of Mineral Resources'. ED6 proposes that entities can elect to continue to recognise and measure exploration and evaluation assets in accordance with the accounting policies applied in their most recent annual financial statements. Therefore, the Company could continue to capitalise exploration and evaluation costs. However, the capitalised costs would be subject to annual impairment testing, which may impact future earnings. If the existing policy is not grandfathered, under ED 6, exploration and evaluation costs will be written off. At the transition date, in the event that no AASB equivalent has been issued, the Company may need to write off the balance of exploration expenditure to retained earnings in accordance with other applicable international standards.

Income Taxes (AASB 112)

Under the AASB 112, the Company will be required to use the balance sheet liability method which focuses on the tax effects of transactions and other events that effect amounts recognised in either the Statement of Financial Position or a tax based balance sheet. It is not expected that there will be any material impact as a result of the adoption of this standard.

SHAREHOLDER INFORMATION

at 2 September 2004

	Fully paid Shares	Options expiring 30 November 2004	Options expiring 17 January 2006
Issued Capital	321,181,282	10,000,000	5,500,000
Top 20 Shareholders			
Total holding of the twenty largest shareholders	60,082,396	10,000,000	5,500,000
% of total shares on issue	18.68%	100%	100%
Distribution of shareholders			
1 ~ 1000 shares	121	-	-
1,001 ~ 5,000 shares	118	-	-
5,001 ~ 10,000 shares	259	-	-
10,001 ~ 100,000 shares	1,601	-	-
100,001 and over	680	5	2
	2,779	5	2
Shareholders holding less than a marketable parcel	672	-	-

Substantial Shareholders

The company has no substantial shareholders as at 2 September 2004

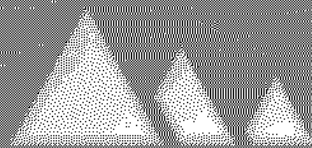
Twenty largest shareholders

The names of the twenty holders of the fully paid shares are listed below:

Name	No. of Shares	% Held
Dunslair Pty Limited	10,693,000	3.33
Kitchsmith Pty Limited	10,415,002	3.24
Lindglade Enterprises Pty Ltd	4,724,883	1.47
Neil Ronald Griffin	4,087,000	1.27
ANZ Nominees Limited	3,570,428	1.11
Wythenshawe Pty Ltd	3,000,000	0.93
Farrington Corporate Services Pty Ltd	2,840,000	0.88
Chiatta Pty Ltd	2,800,000	0.87
Kyleast Pty Limited	2,780,112	0.87
Dennis Robert Wyllie	2,243,000	0.70
Innerleithen Pty Ltd	1,602,120	0.50
Con Kondonis	1,470,000	0.46
Paul Mathews & Ms Helen Weston	1,418,000	0.44
L J Thomson Pty Ltd	1,389,500	0.43
Peter Perry & Annette Perry	1,300,000	0.40
ATFT Pty Ltd	1,165,000	0.36
Dr Vlad John Belan	1,165,000	0.36
WHTM Retirement Pty Ltd	1,162,851	0.36
Tarmel Pty Ltd	1,156,500	0.36
Wei Chung Chen	1,100,000	0.34
	60,082,396	18.68

VOTING RIGHTS

Every member present in person or by representative shall on a show of hands have one vote, and on a poll every member present in person or by representative, proxy or attorney shall in respect of each fully paid share held by him.



CULLEN
Resources Ltd

REGISTERED & HEAD OFFICE

Level 4, 118 Christie Street, St Leonards NSW 2065

Tel + 61 2 9437 4588 Fax + 61 2 9437 4599

Email: info@cullenresources.com.au

PERTH OFFICE

477 Hardy Street, South Perth WA 6151

Tel + 61 8 9474 5511 Fax + 61 8 9474 5588

Email: cullenp@bigpond.net.au

Website: www.cullenresources.com.au