



A.C.N. 006 045 790

**ANNUAL REPORT  
30 JUNE 2009**



## **CULLEN RESOURCES LIMITED - ANNUAL REPORT 2009**

ABN: 46 006 045 790

### **CORPORATE DIRECTORY**

#### **Directors**

Denis E. Clarke (Chairman) (Non-executive)  
Chris Ringrose (Managing Director)  
John Horsburgh (Non-executive)  
Grahame Hamilton (Non-executive)  
Wayne John Kernaghan (Non-executive)

#### **Secretary**

Wayne John Kernaghan

#### **Registered and Principal Office**

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#### **Auditors**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

#### **Solicitors**

Lavan Legal  
1 William Street  
Perth WA 6000

#### **Bankers**

Australia and New Zealand  
Banking Group Limited  
St Leonards NSW 2065

Westpac  
Sydney NSW 2000

#### **Securities Quoted**

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

#### **Share Registry**

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Level 3, 60 Carrington Street  
Sydney NSW 2000  
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## CHAIRMAN'S REPORT

### DEAR FELLOW SHAREHOLDER

During 2008/2009, the Company's position as a participant in a potential, new iron ore development project in the West Pilbara Region of Western Australia has been further consolidated. As a partner with API Management Pty Limited (API) in the Mt Stuart Iron Ore Joint Venture, our Company is now contributing funds, in part, for the completion of a Definitive Feasibility Study. The published results of a Pre Feasibility Study (May, 2008) envisaged that Mt Stuart Joint Venture iron ore could be commingled with iron resources from the adjoining API/Red Hill Iron Limited project as part of the West Pilbara iron Ore Project, a viable 25 million tonne per annum operation.

In August 2009, Aquila Resources Limited and Baosteel Group Corporation, China's largest steel mill, announced a "strategic co-operation" to fast track the development of Aquila's key, steel raw materials, which includes the West Pilbara Iron Ore Project (WPIOP) in which Cullen is a participant through the Mt Stuart JV.

Our ownership of iron ore resources in the WPIOP underpins the Company's share price. Aquila Resources Limited (Aquila), and AMCI Holdings Pty Limited (AMCI), a 50% partner in the API Joint Venture with Aquila, remain Cullen's largest shareholders at 16.9% and 17.6% respectively.

In addition to participating in the Mt Stuart iron ore Joint Venture, the company had a very busy year focused primarily on exploring targets for gold from its 100% owned projects.

We have also developed a strategic position for coal exploration in the Canning Basin of northern Western Australia. Cullen sees the Canning Basin as an important exploration frontier for coal and will commence exploration in 2009. Our intention is to attract a major player as a partner at an early stage.

On other fronts, the Company has continued its evaluation of its 100%-owned Minter tungsten project and reported some very significant soil anomalies for further investigation.

In summary, the Company's portfolio is now dominated by its iron ore resources, with exploration in its own right for coal and tungsten being our primary exploration focus going forward. Through our existing Joint Ventures we have exposure to other commodities and we will continue to work towards farming out some of our gold interests and/or refining new targets. We will also continue to take opportunities for new projects as they arise.

All members of the Board, our staff and contractors are thanked for their contribution during the year, and I thank all shareholders for their continued interest and support.

**Dr. Denis Clarke**  
**Chairman**

## THE COMPANY

The Company seeks to increase shareholder value from its tenement portfolio by discovery of economic mineral deposits. Substantial efforts are concentrated on identification of new project opportunities, particularly those where value can be added most cost effectively. A joint venture-funded exploration model for discovery is applied where appropriate.

While the majority of the Company's projects are in Western Australia, Cullen reviews project

opportunities throughout Australia and selected locations overseas.

Cullen is 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 cover all aspects of project generation, exploration management, development and corporate governance.

## CORPORATE STRATEGY

A farm-out policy has been a principle strand of Cullen's corporate strategy between 2004 and 2007, when the Company successfully farmed out a number of major projects to mainstream partners.

As a result, exploration expenditure rose substantially in 2005-2006 and was maintained at a high level in 2006-2008 (~\$3M p.a.), including joint venture partners' contributions. The objective of this strategy has been to maximise exploration activity, spread exploration risk, and increase the technical depth and range of techniques brought to bear on Cullen's projects.

At this stage Cullen has seven active Joint Ventures managed by partners (see Summary Table).

During 2007/2008 and 2008/2009, there has been an increased level of exploration by Cullen on new, 100%-owned projects complementing the Joint Venture activities. Cullen's activities have included: reconnaissance geochemical sampling programmes over selected areas; systematic reviews of targets; prioritisation and drilling.

During 2009/2010 Cullen envisages a focus on: the existing iron ore assets (Mt Stuart JV); its new Canning Basin coal project; and Minter tungsten project, as well as seeking farm-outs of selected projects and on-going review of gold project targets.

## HIGHLIGHTS - 2008/2009

- An **Fe Exploration Target**<sup>1</sup> of a further 20-40Mt has been identified at the Catho Well project which may augment the current Resource Estimate for the Catho Well Channel Iron Deposit of 79.5Mt @ 55.34% Fe (Cullen's share ~23.8Mt).
- **Two substantial shareholders** in: Aquila Resources Limited (16.9%) and AMCI Holdings Pty Ltd (17.6%).
- Identification of **large coherent tungsten soil anomalies** at the Doyenwae and Orr Trigg Prospects in Central NSW along a potential 10km trend.
- Identification of **a significant soil gold anomaly** within the Agnew project area, with further drill testing planned for late 2009.
- Nickel exploration on-going at Forrestania (Hannans Reward JV Manager) project with **EM anomalies identified** for drilling.
- Identification of **new target areas for gold** at Irwin Bore and near the Southern Prospect, in the Gunbarrel Project area in WA, with further work planned.
- Consolidation of **a strategic tenement holding for coal exploration** in the Canning Basin of northern WA.

<sup>1</sup>Exploration Target should not be misinterpreted as an estimate of Mineral Resources or Ore Reserve. The potential quality and grade is conceptual in nature since drilling is too widely spaced to define a JORC compliant Mineral Resource. It is unknown if further drilling will result in a determination of a Mineral Resource.

## JOINT VENTURES MANAGED BY OTHER PARTIES - SUMMARY TABLE

Joint Venture	Commodity	JV Partner	JV Partner Earning (Earned)	Expenditure required and time	Cullen's FCI to DTM	Cullen's NSR	Comment
Gunbarrel Nickel	Nickel	BHP Billiton Ltd	(75%) <sup>§</sup>	-	25% <sup>§</sup>	-	Australia's premier nickel explorer and producer with significant exploration interests in North Eastern Goldfields of WA.  Subject to Pegasus Royalty (2.5% NPI) and Aurora Royalty (1.5% NSR).
Paraburdoo	Iron ore	FMG Ltd	51% <sup>**</sup> 80% <sup>*</sup>	-	20%	-	1.5% FOB Royalty capped to 20Mt
Hardey Junction	Gold	Intrepid Mining Ltd	(51%)	-	-	2%	Intrepid is mining the Paulsen's gold deposit, located ~15km north of Cullen's tenements, production of gold started in mid 2005. Intrepid can earn up to 70%
Mt. Stuart	Iron Ore	API JV (50% owned by Aquila, 50% AMCI)	(70%) <sup>∞</sup>	-	-	-	API/Red Hill has completed Pre-Feasibility study of its regional interest. Cullen contributing at 30%. 50¢/tonne royalty
Tunnel Creek	Uranium	Thundelarra/ Element 92 Pty Ltd	70% or 80%	\$1.5M /5 years	20%	2%	Exploration has commenced in 2009 following signing of a heritage agreement
Wyloo	Iron Ore	FMG Ltd	51% <sup>**</sup> +80% <sup>*</sup>	-	20%	-	1.5% FOB Royalty capped to 15Mt
Forrestania	Nickel, Gold	Hannans Reward Ltd	(80%)	-	20%	2.5%	Part of a large project position held by Hannans

DTM = Decision to Mine

FOB = Free on board

FCI = Free carried interest

NSR = Net smelter return

NPI = Net Profits Interest

<sup>\*\*</sup> By delineation of an **Inferred Resource**

<sup>\*</sup> By delineation of an **Indicated Resource**

<sup>§</sup> Base metal rights only

<sup>∞</sup> Iron ore rights only

## EXPLORATION REVIEW - KEY PROJECTS

### ASHBURTON / PILBARA, WA

Cullen holds a number of tenements in the Ashburton/West Pilbara Region, nearly all of which are in Joint Venture, in the search for iron, gold, base metals and uranium. This provides the Company with exposure to a number of exploration plays in an

environment where local concentration of exploration effort by well-positioned players represents the most cost effective route to a discovery. Exploration programmes are in progress on most of the tenement areas.

#### WEST PILBARA MT STUART JV - IRON

**(Cullen 30% of iron ore rights, 100% other mineral rights)**

Australian Premium Iron JV (API), owned 50% by Aquila Resources Limited (Aquila), and AMCI Holdings Pty Limited, has completed a Resource Estimate for its Catho Well Channel Iron Deposit (CID) of 79.5Mt @ 55.34% Fe – see Table below.

The Catho Well CID is one of nine separate iron resources in the West Pilbara Iron Ore Project (WPIOP) centred approximately 50 kilometres southwest of Pannawonica in which API has an interest. Aquila has reported that these nine CIDs, collectively comprise: 501Mt @ 56.43% Fe. The Catho Well CID therefore comprises 16.8% of the CID resources estimated to date in API's West Pilbara Iron Ore Project area, and Cullen's attributable share of the Catho Well deposit is

23.85Mt @ 55.34% Fe. (Golder Associates Pty Ltd was commissioned to complete the in-situ, JORC-compliant resource estimate). API's various West Pilbara CID Project interests were the subject of a Pre Feasibility Study (PFS) completed by API/Red Hill Iron Limited in May, 2008, and are now the subject of a Definitive Feasibility Study (DFS) due for completion around May 2010.

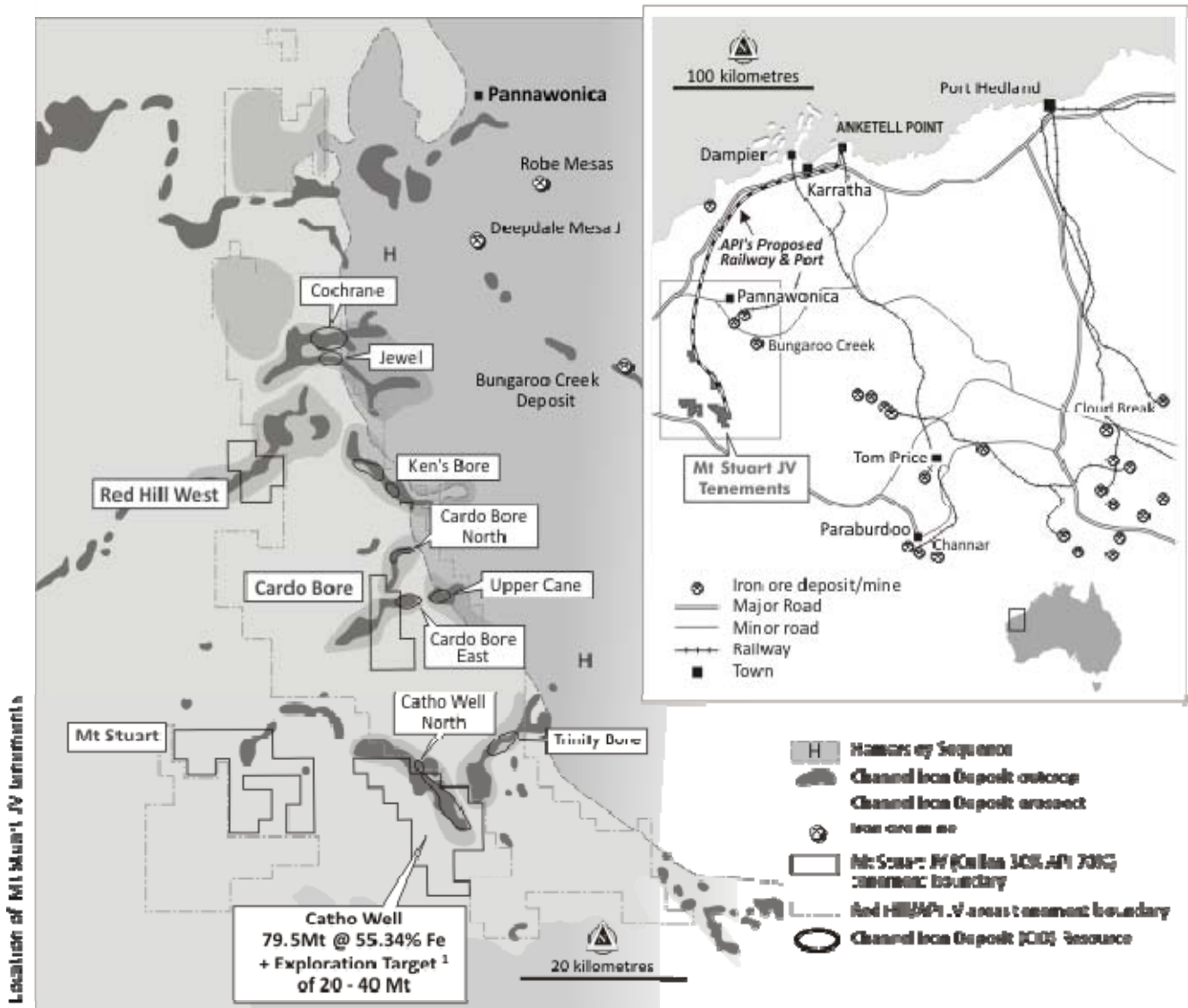
The mining scenario envisages Catho Well ore to be commingled with other iron ore resources from the API/Red Hill Iron JV tenements. This could provide the product for a 25 Million tonnes per annum project over 15 years (as envisaged by the results of the PFS).

**Table 1: Catho Well CID - Cullen 30% (cut-off grade >52% Fe, no Al<sub>2</sub>O<sub>3</sub> cut-off applied; SG - 2.7)**

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	Mn%	MgO%	LOI%
Indicated	55.1	55.40	6.67	3.00	0.037	0.016	0.080	0.170	10.32
Inferred	24.4	55.20	7.06	3.18	0.036	0.016	0.080	0.170	9.99
<b>Total</b>	<b>79.5</b>	<b>55.34</b>	<b>6.79</b>	<b>3.06</b>	<b>0.037</b>	<b>0.016</b>	<b>0.080</b>	<b>0.170</b>	<b>10.22</b>

**Competent Person Statement**

*The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Stuart H Tuckey, Dr Sia Khosrowshahi and Mr Jani Kalla who are members of the Australian Institute of Mining and Metallurgy. Mr Tuckey is a full-time employee of Australian Premium Iron. Dr Khosrowshahi and Mr Kalla are employees of Golder Associates Pty Ltd. Messrs Tuckey, Khosrowshahi and Kalla have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey, Dr Khosrowshahi and Mr Kalla consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



**WYLOO AND PARABURDOO JVs - IRON**

(Cullen 100%, FMG earning up to 80% iron ore rights)

The Company has two iron ore Joint Ventures with FMG Limited - at Paraburdoo and Wyloo in the Pilbara.

Work has commenced, with drilling of some targets in the planning stage.

## **TUNNEL CREEK JV - URANIUM**

**(Cullen 100%, Thundelarra earning up to 70%)**

The Company has a Joint Venture agreement with Element 92 Pty Ltd, a wholly-owned subsidiary of Thundelarra Exploration Ltd (Thundelarra), over its three tenements (EL's 52/1890-1892) at Tunnel Creek / Kunderong, in the Ashburton Province. Thundelarra can earn a 70% interest. Native title negotiations have now been finalised and the tenements have been granted.

Angelo River and Turee Creek, the principal known uranium deposits in the Kunderong area, are recognised as having strong geological similarities to the world-class Ranger and Jabiluka deposits in the Alligator River area of the Pine Creek Inlier. The uranium, gold and PGE association at Saltwater Pool also suggests similarities to the Coronation Hill deposit.

The principal targets are found along the two Proterozoic unconformities. Thundelarra mapping has determined that, along these unconformities, there has been localised structural reactivation and deformation that created zones of permeability

Uranium-rich fluids appear to have been focused into these zones. Most of the uranium prospects are found within these zones of reactivation where a suitable reducing and porous host is present.

A secondary target is paleochannel-type uranium mineralisation within the Cretaceous-Tertiary sediments of the Nalgomia / Tunnel Creek drainage systems. Significant deposits with similar geological controls include Honeymoon and Beverley in SA, and Manyingee in the Carnarvon Basin of WA. Uranium mineralisation is associated with "redox" boundaries within the permeable units.

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## **FORRESTANIA, WA**

### **STORMBREAKER AND NORTH IRONCAP JV - NICKEL**

**(Cullen 20% , Hannans 80%)**

The Stormbreaker and North Ironcap Projects lie along the western margin of the nickel-rich Forrestania greenstone belt and are centred ~12km on strike north of the Flying Fox, New Morning and Daybreak nickel deposits of Western Areas NL.

Fixed loop TEM geophysical surveys have provided better data coverage than was previously obtained from the MLEM surveys, resulting in more accurate modelling.

Deep RC drilling is warranted to test these geophysical anomalies.

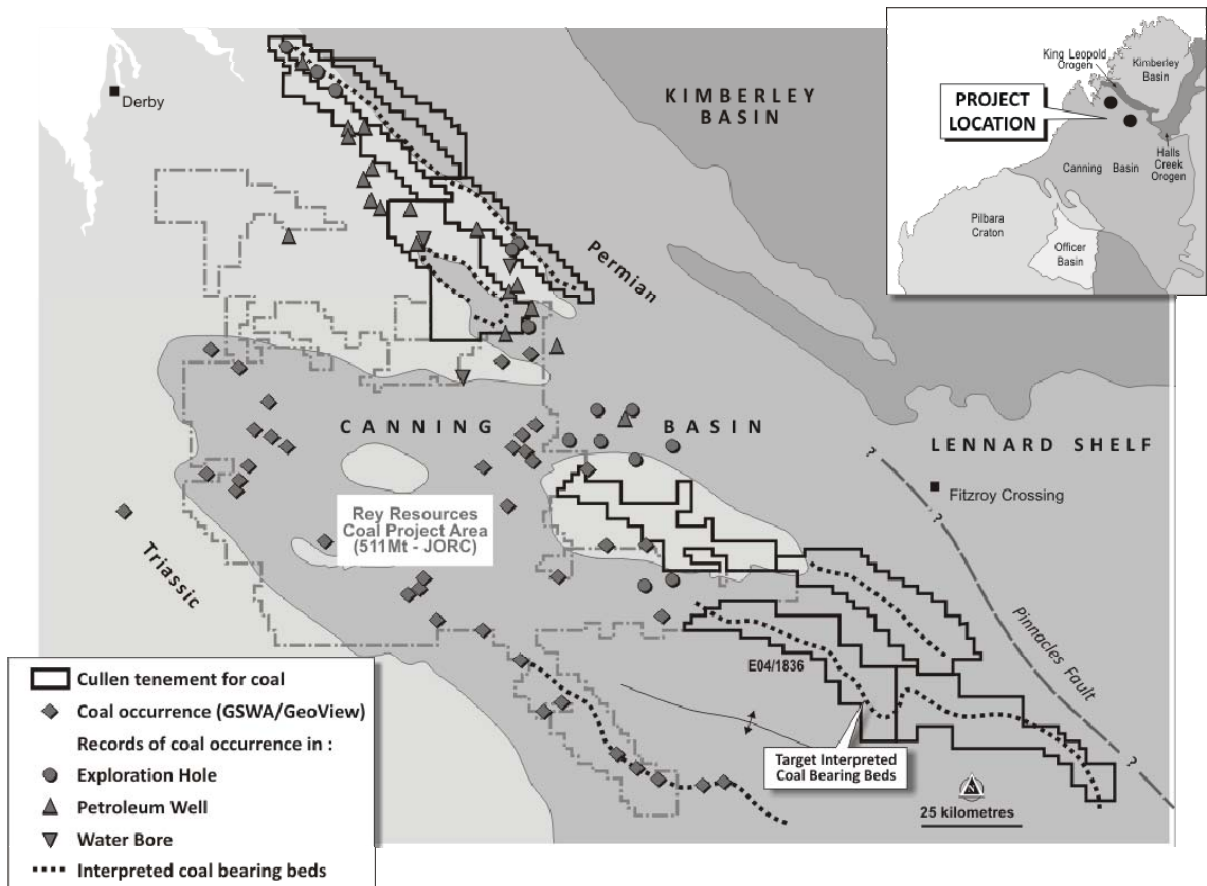
An auger soil sampling programme was also completed within E77/1354. Elevated levels of nickel, copper, chromium, platinum and palladium, indicating the possible presence of ultramafic rocks along the eastern edge of the tenement were recorded. Aircore drilling is planned to test this target area.

## KIMBERLEY, WA

### CANNING BASIN - COAL (Cullen 100%)

Cullen has seven exploration licence applications over ~250 strike km of interpreted Permian, coal-bearing sequences in the Canning Basin. The coal measures being targeted by Cullen occur in the Lightjack Formation of the Liveringa Group. The occurrence of coal in this stratigraphic unit has been established from drilling of petroleum wells and in water bore drilling. Two of the licence applications cover ~120 strike kilometres of the coal bearing stratigraphy that can be traced along the shallow dipping limb of a regional anticline.

These two tenements lie south east of an area where Rey Resources has currently outlined a resource of 511Mt of thermal coal, yet there is no record of coal exploration being carried out previously within Cullen’s application areas. One of Cullen’s applications has now been granted and exploration will commence with a trial of soil gas geochemistry together with geological mapping and data compilation, to prioritise areas for first pass drilling.



## NEW SOUTH WALES

### MINTER, CENTRAL LACHLAN FOLD BELT - TUNGSTEN

(Cullen 100%)

At the Minter Project, Central Lachlan, Cullen is targeting intrusive, cupola-related, vein/stockwork-type tungsten mineralisation along the 12km Doyenwae Trend - a north trending chain of fractured and quartz-veined zones in hornfelsed Ordovician sediments.

At the Doyenwae Prospect, scheelite and minor wolframite mineralisation in sediment-hosted quartz-carbonate-pyrite veinlets was discovered by Aberfoyle in the early 1980s. In 2008, Cullen targeted shallow (oxide zone) tungsten mineralisation at Doyenwae with aircore drilling. This discovered significant zones of near-surface mineralisation in the form of ferberite

(FeWO<sub>4</sub>) with associated goethite and limonite, with best intersections of: 8m @ 0.38% WO<sub>3</sub> from 22m (DAC3) and 24m @ 0.32% WO<sub>3</sub> from 4m (DAC6).

A programme of soil sampling along the entire Doyenwae Tungsten Trend defined a 500 x 300m, >100ppm W anomaly (with maximum value 850ppm W) at Doyenwae which may overlie an interpreted cupola at depth. At Orr Trig, preliminary results indicate a 750 x 250-500m, north-west trending +100ppm W anomaly.

It is anticipated these soil results will generate several new drill targets.

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## EXPLORATION REVIEW - GOLD PROJECTS

### NORTH EASTERN GOLDFIELDS, WA

#### GUNBARREL - GOLD

(Cullen 100%, except Gunbarrel where BHPB has earned 75% of base metal rights and Irwin Bore where Cullen 90%)

At Gunbarrel, the Company has outlined a gold geochemical anomaly that is interpreted to extend over an area of ~12 x 3.5 km, and partially covers the Irwin Bore JV area. This anomaly strikes ~NNE and is distinct on a regional scale.

This is an important new gold target which includes known gold prospects (from previous drilling), gold nugget patches, and interpreted NW-SE structures which have not previously been drill tested. This target region is the focus for on-going exploration.

## **AGNEW - GOLD**

**(Cullen 100%)**

The Company has tenements and applications over granite and greenstone terrain north, south and west of the Agnew-Lawlers gold camp in the Lawlers greenstone sequence. Some deposits of the Agnew-Lawlers gold camp are located only ~3km along strike to the northeast of Cullen's tenements. Aeromagnetic data indicate the Scotty Creek Sandstone Sequence hosting the New Holland and Genesis gold deposits may extend south into the Cullen tenements. The interpreted stratigraphy within the Cullen tenements is therefore considered highly prospective for primary gold mineralisation.

Transported overburden forms a gently south-sloping plain covering the Cullen tenements and is likely to have rendered previous surface exploration ineffective.

There has been very little exploration drilling within the tenement area, which is

therefore generally unexplored despite its "brownfields" setting adjacent to a multi-million ounce gold camp.

Cullen has completed plant-based geochemical sampling which shows clusters of gold anomalies in plant matter in E36/632, ranging from 10 to 57 ppb Au (considered highly anomalous in this sample type) within a ~5 x 0.5km polymetallic anomaly. The strongest Au anomaly in plant matter is ~950m long, ~150m wide and trending approximately west.

Several high-priority geochemical targets within E36/632 were drill-tested during the year but revealed only a deep palaeochannel but no source for the multi-element geochemical anomaly. Follow up soils sampling defined an anomaly of 600m in length with maxima of 142 ppb Au and 243ppm As respectively.

Further drill testing of this anomaly is planned.

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## **LAVERTON - GOLD**

**(Cullen 100%)**

The Company has two applications in an area located ~50km SSE of Laverton and ~10km ENE of the Cleo-Sunrise Dam gold mine.

A reconnaissance laterite sampling programme has been completed. The survey defined a 2500 x 500m laterite anomaly for further evaluation (>4.5 ppb Au, max. 53 ppb Au).

## EASTERN GOLDFIELDS, WA

### COOLGARDIE - GOLD

(Cullen option to purchase 100%)

The Company has an Option to Purchase Agreement (expiring on 2 August 2010) over a group of four tenements in the Coolgardie area of Western Australia, namely: M15/128, M15/237 and PL15/4593, and PLA15/5209. During 2007/2008, Cullen completed an initial RC drilling test of targets at

the Melanie Anne and McPherson's South targets. The results highlighted potential at Melanie Anne with the best intersection of 3m @ 60.6 g/t Au from 69m and 4m @ 6.0 g/t Au from 92m. The company is planning further RC drilling.

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### KILLALOE - GOLD

(Cullen 100%)

Killaloe is located ~25km NE of Norseman in the Eastern Goldfields of WA and covers approximately 150km<sup>2</sup> of Archaean greenstones between the Zuleika Shear and the Boulder-Lefroy Fault at the southern end of the Norseman-Wiluna Greenstone Belt, an area highly prospective for gold.

The Killaloe Project covers ~20 strike km of greenstones and includes the Duke, Baseline, Cashel, Peninsula and Killaloe, structurally-controlled gold prospects. At Cashel, a sub-cropping narrow quartz vein with bonanza-grade native gold was discovered by pitting.

Following a review of the extensive database generated by past explorers, Cullen has completed plant-based geochemical surveys across previously identified geophysical and geochemical nickel and

kimberlite targets, as well as along a broad corridor (2.5 x 1.5km) that includes Au occurrences at Cashel. The geochemical results show a regional, NNW gold trend that is centred on the Cashel gold discovery and extends for approximately 1200m. This gold trend is located only ~6km NW of Avoca's Musket gold discovery.

The company completed three RC holes (for ~295m) to test beneath the Cashel quartz lode however, there were no significant assays received. Three RC drillholes were also completed at the Duke Prospect where previous drilling intersected 1-2g/t intervals (maximum 1m @ 4 g/t) associated with anomalous As. This deeper drilling did not find any pick-up in grade below the supergene zone with a best interval recorded of 3m @ 3.07 g/t Au from 52m, associated with carbonate veining in ultramafics.

## **WOODCUTTERS - GOLD**

**(Cullen 100%)**

The Woodcutters tenement (E28/1662) lies within an important, emerging, new exploration corridor which includes the Tropicana and Beachcomber gold discoveries and where there is a major exploration push by AngloGold-Independence Group and others.

Cullen has completed a geochemical survey using nodular/pisolitic calcrete sampling over E28/1662 and defined copper-gold and arsenic geochemical anomalies. Interpretation of aeromagnetics data highlighted a prominent NNW-SSE stratigraphic trend thought to be a banded iron formation (BIF).

A reconnaissance aircore drilling program has been completed to provide a preliminary investigation of the transported profile and the regolith in the general area of the geochemical anomalies and an interpreted BIF.

The drilling results show very weak Au anomalism in the calcrete and lignite horizons (max. 37 ppb Au) within the transported overburden, but none of the fresh rock or saprolite samples has anomalous gold concentrations. Cullen is currently reviewing these results and considering the best approach for further exploration.

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## **EXPLORATION REVIEW - ADDITIONAL PROJECTS**

### **KIMBERLEY, WA**

#### **LENNARD SHELF - LEAD AND ZINC**

**(Cullen 100%)**

A detailed compilation of previous oil and mineral exploration over the Company's Lennard Shelf project tenement applications around the Cadjebut and Blendevalle Pb-Zn deposits and the major Pinnacles Fault has been completed. Seismic data has been particularly useful in defining structures which are interpreted to have controlled mineralising fluid pathways.

The Company now has target corridors for Pb-Zn mineralisation both across parts of the Lennard Shelf stratigraphy and along Fitzroy Trough margin fault systems. These corridors will be the focus for first pass reconnaissance exploration including geochemical surveying.

## QUEENSLAND

### DUCHESS, MT ISA PROVINCE - COPPER AND GOLD

(Cullen 100%)

At Duchess, 80 km southwest of Cloncurry (EPMs 11990, 12395), fieldwork by Cullen has identified high-grade gold in colloform banded quartz veins associated with favourable structural settings and indications of broad hydrothermal alteration.

Cullen has also mapped several north-trending Fe-oxide bodies with indications in surface geochemistry of Cu +/- Au mineralisation considered by Cullen to be prospective for Starra-type Cu-Au deposits.

Field inspection with an expert consultant, concluded that the high-grade gold mineralisation at surface is epithermal and low-sulphidation. Together with red rock alteration this is representative of an epigenetic IOCG-style mineralisation system within the Pilgrim Fault Zone.

Cullen completed soil sampling centred on siliceous breccias, with clasts of jasper +/- Cu stain in a quartz vein and chalcedonic silica infill, which returned an assay of 114 g/t Au at the Grassano Prospect.

Cullen also completed aircore and RC drilling (13 RC holes for 390m and 14 aircore holes for 129m) to test this target but found no down dip continuity of the surface gold in quartz veins. Low-grade, shallow copper mineralisation was intersected, with a best of 18m @ 0.25% Cu from surface.

The results of Cullen's exploration programme will be incorporated with prior exploration results. The quartz Fe - oxide lodes, cross cutting structures and the porphyry intrusions, considered to be part of a possible IOCG mineralising system, offer further prospectivity.

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## URANIUM PORTFOLIO

(Cullen 100% except Thundelarra JV)

The Company's exploration portfolio for uranium includes applications and tenure in WA and the NT. The target types include: unconformity-type uranium targets in the Ashburton province of WA (Thundelarra JV); calcrete-type uranium targets in the eastern and north-eastern portions of the Yilgarn in WA (Stirling and Cundelee); and sandstone-hosted, lignite and/or vein-alteration type uranium targets in the Amadeus Basin-Arunta region around Alice Springs in the Northern Territory.

Cullen's field investigations in the NT have confirmed that there are indications of uranium mineralisation in the Yambla prospect area, with elevated scintillometer readings related to spot occurrences (as nodules) of a

black mineral with a yellow weathering product - thought to be pitchblende (uraninite). A grab sample of surface soil taken from an area of elevated scintillometer readings, assayed 3.57% uranium (repeat 3.42%) with 0.58% Thorium.

In June 2009, the company held a meeting with the Traditional Owners regarding access to ELA 25494 and is awaiting a response from the Central Land Council regarding permission to negotiate an access agreement. Applications E25493 and 25494 are in the Amadeus Basin approximately 50km and 100km SSW of Alice Springs and approximately 80km west of the Angela-Pamela uranium deposits.



## PROJECT LOCATIONS MAP

### Competent Person Statements

The information in this report that relates to Exploration Results is based on information compiled by Dr Chris Ringrose, Managing Director, Cullen Resources Ltd who is a Member of the Australian Institute of Mining and Metallurgy. Dr. Ringrose is a full-time employee of Cullen Resources Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr. Ringrose consents to the report being issued in the form and context in which it appears.

The information in this report that relates to Exploration Results for uranium is based on information compiled by Dr Chris Ringrose, Managing Director of Cullen Resources Ltd and reviewed by Mr Grahame Hamilton, Director, Cullen Resources Ltd., both of whom are Members of the Australian Institute of Mining and Metallurgy. Mr Hamilton is also a geological consultant to Cullen Resources Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr. Ringrose and Mr Hamilton consent to the report being issued in the form and context in which it appears.

## SCHEDULE OF TENEMENTS (as at 30 June 2009)

REGION	TENEMENTS	ASSOCIATED TENEMENTS / APPLICATIONS	CULLEN INTEREST	COMMENTS
<b>WESTERN AUSTRALIA</b>				
<b>ASHBURTON / PILBARA</b>				
Mt Stuart JV	E08/1135, E08/1330, E08/1341, E08/1292		30%	API has earned 70% of iron ore rights 50 cents per tonne royalty
Yanks Bore	E08/1622		100%	
Hardey Junction JV	E08/1145, 1166, 1189,1763, P08/546		100%	Intrepid can earn up to 70% 2% NSR royalty
Wyloo JV	E08/1393, E47/1154 E47/1649, 1650 P08/505		100%	FMG can earn up to 80% of iron ore rights
Paraburdoo JV	E52/1667		100%	FMG can earn up to 80% of iron ore rights
Tunnel Creek JV	E52/1890-1892		100%	Thundelarra Exploration can earn up to 70%
Bangemall	E52/2074, 2075		100%	
<b>NE GOLDFIELDS</b>				
Gunbarrel JV	E53/1299-1300 +/- *		100%	+2.5% NPI Royalty to Pegasus on Cullen's Rights *1.5% NSR Royalty to Aurora BHP Billiton has 75% of the nickel and base metal rights
Irwin Well	E53/1137		90%	Western Australian Resources - 10%
Irwin Bore JV	E53/1209, P53/1219, P53/1251, P53/1264, 1265		90%	Western Australian Resources - 10%
New Taffy Well	E53/1040, P53/1154		100%	
Stirling	E53/851		100%	
Laverton		E38/2241,2245	-	Application only. No current interest.
Wonganoo	E53/1046		100%	
Agnew	E36/632, 656, 681	E36/701,719,695,697	100%	
Rason		E38/2277	100%	
Cundelee	E39/1312		100%	
Lake Mackay		E80/4209	-	Application only. No current interest.
<b>EASTERN GOLDFIELDS</b>				
Coolgardie	M15/0128, M15/0237, P15/4593	P15/5209	100%	Cullen has option to purchase
Killaloe	E63/1018,1225 E63/1199, P63/1672 P63/1331-1333		100%	
Woodcutters	E28/1662		100%	
<b>FORRESTANIA</b>				
Forrestania JV	E77/1406, E77/1327, E77/1354 M77/0544 P77/3607,3613,3762,3763 P77/3582-3588		20%	Hannans Reward Ltd - 80% 2/5% NSR royalty
<b>KIMBERLEY</b>				
Lennard Shelf		E04/1896,1765,1893	-	Application only. No current interest.
Canning Basin	E04/1836	E04/1837-1838;	100%	
<b>QUEENSLAND</b>				
Duchess	EPM11990, EPM12395		100%	
<b>NEW SOUTH WALES</b>				
Minter	EL6572		100%	
<b>NORTHERN TERRITORY</b>				
Arunta	E26142, 25716, 25620		100%	
Amadeus		E25493, 25494,	-	Application only. No current interest.
<b>SOUTH AUSTRALIA</b>				
Bindabu Bore	E3984		100%	

## DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2009.

### 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.

#### **Δ Dr Denis Clarke BSc, BA, PhD, FAIMM (Non-Executive Chairman) (Appointed 1 April 1999)**

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. During the past three years Dr Clarke has held and is currently a director of the following listed companies:

- Troy Resources NL
- Anglo Australian Resources NL
- Beaconsfield Gold NL
- Allstate Explorations NL (from 27 February 2007)

#### **Δ Dr Chris Ringrose BSc, Phd, MBA, MAIMM, MAICD (Managing Director) (Appointed 19 June 2003)**

Dr 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, he was Exploration Manager with Troy Resources NL for nine years. Dr Ringrose 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. Dr Ringrose has had no other directorships of listed companies in the last three years.

#### **Δ Grahame Hamilton BSc, MSc, MAIG (Non-Executive Director) (Appointed 1 April 1999)**

Mr 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 Brocks Creek exploration, environmental impact statement, feasibility study, mine development and construction for Solomon Pacific Resources NL. Before Solomon, Mr Hamilton worked with Getty Oil Development Co. - Minerals Division as Queensland Manager. Mr Hamilton had been a director of AIM-listed public company Mariana Resources Limited until his resignation on 28 November 2008.

#### **Δ John Horsburgh BSc, MSc, FAIMM (Non-Executive Director) (Appointed 1 April 1999)**

Mr 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. Mr Horsburgh is Executive Chairman of AIM-listed public company Mariana Resources Limited.

**Δ Wayne John Kernaghan BBus, ACA, FAICD, ACIS (Non-Executive Director and Company Secretary)  
(Appointed 11 November 1997)**

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. During the past three years Mr Kernaghan has held and is currently a director and holds the following listed company directorships:

- Gulf Resources Limited
- Australian Motor Finance Group Limited  
(from 8 September 2006 to 24 November 2008)
- Goldlink Income Plus Limited  
(from 18 December 2003 to 29 November 2007)
- ETT Limited (from 19 February 2009)

**Principal Activities**

The principal activity for the Consolidated Entity comprising Cullen Resources Limited ("the Company") and its controlled entities (together "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 loss attributable to the Consolidated Entity for the financial year was \$(6,307,393) [2008: loss \$2,314,751]. No income tax was attributable to this result [2008: 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**

Cullen is a mineral deposits discovery company and is exploring for gold, nickel, copper, uranium and iron ore deposits in its own right, or with Joint Venture partners.

During the year under review, the Company continued its mineral exploration activities including: project generation, database reviews, field sampling and drilling programmes, and farm-out of projects. Company activities, including Joint Venture managed projects, were focused in Western Australia with additional projects in New South Wales, Northern Territory, South Australia and Queensland as follows:

- Ashburton Province, WA (Red Hill JV, Hardey Junction JV, Mt Stuart JV, Wyloo JV, Paraburdoo JV and Tunnel Creek JV - gold, uranium and /or iron ore projects)
- North Eastern Goldfields, WA (Gunbarrel and Irwin Bore, gold and nickel JV projects)
- Eastern Goldfields, WA (Killaloe and Woodcutters, gold and nickel projects)

- Forrestania, WA (gold and nickel JV project)
- Central Lachlan Fold Belt, NSW (Minter tungsten project)
- Mt Isa Region, Queensland (Duchess copper-gold project)

In addition the Company continued exploration and evaluation of tenements and applications in its portfolio of properties for uranium in Western Australia and the Northern Territory. The Company also consolidated a position in the Canning Basin for coal exploration and now has six exploration licence applications and one granted tenement which cover ~250 strike km of interpreted Permian coal-bearing sequences in the Canning Basin of northern WA. Cullen contends that the Canning Basin is an important exploration frontier for coal with substantial upside potential which could be developed in the medium to long term for markets in China and India.

Drilling by Cullen or its Joint Venture partners during the year to 30 June 2009 included programmes for: iron ore at the Mt Stuart JV; iron oxide copper gold deposits in the Duchess area; gold at the Agnew, Gunbarrel and Killaloe projects; and tungsten at the Minter project in NSW. Other exploration work has included: field reconnaissance, geological mapping, geochemical surveys, and evaluations of new project opportunities. The Company continued to market projects for potential Joint Ventures.

A total of \$2,682,015 was spent on exploration by Cullen during the year, with Joint Venture Partners contributing further exploration funds on Cullen tenements.

Cullen will continue to identify and evaluate both advanced and “grass roots” projects throughout Australia and in selected overseas locations. Cullen’s portfolio is under continual evaluation to focus on projects likely to result in an economic mineral deposit.

#### **Corporate**

At 30 June 2009 available cash totalled \$4,523,164.

#### **After Balance Date Events**

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, to affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the 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 2009 the Company has 22,000,000 (2008: 22,000,000) options which were outstanding. Refer to Note 11 of the financial statements for further details of the options outstanding.

During the year no fully paid ordinary shares were issued by virtue of the exercise of options (2008: 8,500,000). Since the end of the financial year no shares have been issued by virtue of the exercise of options (2008:Nil).

### Directors' Interest

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

2009	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
D. E. Clarke	-	2,000,000	3,050,000	-
C. Ringrose	200,000	8,000,000	-	-
G. Hamilton	-	2,000,000	14,808,004	-
J. Horsburgh	2	2,000,000	15,770,122	-
W.J. Kernaghan	2,000,000	2,000,000	1,000,000	-

### Directors' Meetings

During the year the Company held eight meetings of directors. The attendance of the directors at meetings of the Board were:

	Board of Directors Attended	Maximum possible eligible to attend
D.E. Clarke	8	8
C. Ringrose	8	8
G. Hamilton	8	8
J. Horsburgh	8	8
W.J. Kernaghan	7	8

### Indemnification and insurance of Directors and Officers

The Company has entered into deeds of indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law. The Company has paid premiums totalling \$23,719 (2008: \$23,135) in respect of Directors and Officers Liability Insurance and Company reimbursement policies, which covers all Directors and Officers of the Company. The policy conditions preclude the Company from any detailed disclosures.

### Employees

The Consolidated Entity employed four employees as at 30 June 2009 (2008: 4).

### 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 24.

### Auditor Independence

The directors have received the auditor's independence declaration for the year ended 30 June 2009 which is on page 22. For the year the auditors have provided no non-audit services to the Consolidated Entity.

## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Cullen Resources Limited.

This remuneration report outlines the director and executive remuneration arrangements on the Company and the Consolidated Entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company. Only directors of the Consolidated Entity meet the definition of key management personnel as the executive role is performed by the executive director.

Details of key management personnel:

- |     |              |                          |
|-----|--------------|--------------------------|
| (i) | Directors    |                          |
|     | D. Clarke    | Chairman (Non-Executive) |
|     | C. Ringrose  | Managing Director        |
|     | G. Hamilton  | Director (Non-Executive) |
|     | J. Horsburgh | Director (Non-Executive) |
|     | W. Kernaghan | Director (Non-Executive) |

### Remuneration Policy

The remuneration policy of Cullen Resources Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Cullen Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company as well as create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows.

The remuneration policy, setting the terms and conditions for the executive director was developed by the Board. The executive receives a base salary on factors such as length of service and experience, superannuation, options and incentives. The Board reviews executive packages annually by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to either long term or short term performance of the Consolidated Entity. However, to align directors' interest with shareholder interests, the directors are encouraged to hold shares in the Company. There is a specified aggregate directors fees of \$150,000 for non-executive directors which was approved by shareholders at a general meeting of the Company. The \$150,000 excludes other services outside of non-executive directors' fees.

### Remuneration Incentives

Director and executive remuneration is currently not linked to either long term or short term performance conditions. The Board feels that the expiry date and exercise price of the options currently on issue to the directors and executives is sufficient to align the goals of the directors and executives with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the directors or the executives of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

### Group performance and shareholder wealth

Below is a table summarising key performance and shareholder wealth statistics for the Consolidated Entity over the last five years.

Financial Year	Loss After Tax \$	EPS Cents	Share Price Cents
30 June 2005	756,861	(0.22)	6.2
30 June 2006	1,964,788	(0.53)	15.0
30 June 2007	1,714,764	(0.40)	7.6
30 June 2008	2,314,751	(0.44)	2.9
30 June 2009	6,307,393	(1.14)	2.6

### Employment Contracts

#### *Managing Director*

Pursuant to an agreement Dr Ringrose will provide managing director services to the Company. The term of this arrangement is from 1 November 2006 and will continue thereafter unless terminated on not less than three months' notice given at any time. The position of the director will become redundant under this agreement in the limited circumstances where the employment of the Managing Director is terminated as a result of a takeover or merger of the Company. The Company will pay the Managing Director the equivalent of four weeks per year of service or part thereof of his base salary as a redundancy payment.

As part of Dr Ringrose's employment package he was issued with 8,000,000 options with the following terms. The options will expire on the earlier of the date which is one month after the Director to whom the options are issued ceases to be a Director of the Company (or such longer period as determined by the Board of Directors) or at 5.00 pm on 28 February 2010 ("the Expiry Date"). Four million of the options have an exercise price of \$0.05 and four million with an exercise price of \$0.08. This is contained in the notice of meeting which was approved by shareholders.

#### *Non Executive Directors*

The non executive directors have been issued with two million options each with an exercise price of \$0.1338 each. The options will expire on the earlier of the date which is one month after the Director to whom the options are issued ceases to be a Director of the Company (or such longer period as determined by the Board of Directors) or at 5.00 pm on 30 November 2010 ("the Expiry Date"). This is contained in the notice of meeting which was approved by shareholders.

### Directors' and Executives' Remuneration

Details of remuneration provided to directors who include the most highly remunerated executives for the year ended 30 June 2009 are as follows:

Directors	Short Term		Post Employment Superannuation \$	Long Term Long Service Leave \$	Share Based Payments Equity Amortised cost of options granted \$	Total \$	Remuneration consisting of options for the year %
	Primary Salary/Fee \$	Non Monetary Benefits \$					
D.E. Clarke	35,000	-	3,150	-	20,805	58,955	35
C. Ringrose	248,196	7,401 *	21,450	3,167	-	280,214	-
G. Hamilton	146,160	-	2,700	-	20,805	169,665	12
J. Horsburgh	67,348	-	2,700	-	20,805	90,853	23
W.J. Kernaghan	58,350	-	2,700	-	20,805	81,855	25
<b>Total</b>	<b>555,054</b>	<b>7,401</b>	<b>32,700</b>	<b>3,167</b>	<b>83,220</b>	<b>681,542</b>	

\* This relates to the provision of a motor vehicle

The Company has no policy on directors and executives entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Details of remuneration provided to directors who include the most highly remunerated executives for the year ended 30 June 2008 are as follows:

Directors	Short Term		Post Employment	Long Term	Share Based Payments	Total \$	Remuneration consisting of options for the year %
	Primary Salary/Fee \$	Non Monetary Benefits \$	Superannuation \$	Long Service Leave \$	Equity Amortised cost of options granted \$		
D.E. Clarke	35,000	-	3,150	-	78,735	116,885	67
C. Ringrose	203,333	7,401 *	18,300	5,867	40,979	275,880	15
G. Hamilton	102,377	-	2,700	-	78,735	183,812	43
J. Horsburgh	68,610	-	2,700	-	78,735	150,045	52
W.J. Kernaghan	63,672	-	2,700	-	78,735	145,107	54
<b>Total</b>	<b>472,992</b>	<b>7,401</b>	<b>29,550</b>	<b>5,867</b>	<b>355,919</b>	<b>871,729</b>	

\* This relates to the provision of a motor vehicle.

#### Options granted as part of remuneration for the year ended 30 June 2009

There were nil (2008: 8,000,000) options granted as part of director and executive emoluments during the year.

#### Shares issued on exercise of remunerated options

During the financial year nil (2008: 8,000,000 at \$0.04 and 500,000 at \$0.05) remunerated options were exercised.

The options exercised in 2008 had a nil fair value at grant date.

The directors exercised nil (2008: 8,000,000 at \$0.04) options during the year.

The weighted average share price at the date of exercise in 2008 was \$0.11.

Directors	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Total value of options granted, exercised and lapsed during the year \$
D.E. Clarke	-	-	-	-
C. Ringrose	-	-	-	-
G. Hamilton	-	-	-	-
J. Horsburgh	-	-	-	-
W.J. Kernaghan	-	-	-	-

The options issued are not subject to any performance conditions.

#### Options granted as part of remuneration for the year ended 30 June 2008

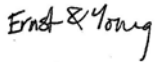
Directors	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Total value of options granted, exercised and lapsed during the year \$
D.E. Clarke	99,540	130,000	-	229,540
C. Ringrose	-	-	-	-
G. Hamilton	99,540	130,000	-	229,540
J. Horsburgh	99,540	130,000	-	229,540
W.J. Kernaghan	99,540	130,000	-	229,540

The options issued are not subject to any performance conditions.

End of Remuneration Report

## **Auditor's independence declaration to the Directors of Cullen Resources Limited**

In relation to our audit of the financial report of Cullen Resources Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'J C Palmer'.

J C Palmer  
Partner  
Perth  
25 September 2009

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to read 'C. Ringrose', with a horizontal line underneath the name.

**C. Ringrose**  
**Director**  
**Perth, WA**  
**25 September 2009**

## CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Cullen Resources Limited have adhered to the principles of corporate governance and this statement outlines the main corporate governance practices in place throughout the financial year. The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations on 2 August 2007. Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. 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 ensuing arrangements are in place to adequately manage those risks.

The primary responsibility of the Board includes:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the 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 identification of significant business risks and ensuring that such risks are adequately managed;
- 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 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  
Dr Chris Ringrose  
Grahame Hamilton  
John Horsburgh  
Wayne Kernaghan

For information in respect to each director refer to the Directors' Report.

### **Independent Directors**

Under ASX guidelines, principle 2.1, two of the current Board of five directors are considered to be independent directors. Dr Ringrose is the executive director and Mr Horsburgh and Mr Hamilton, who are former executive directors, are, under the ASX guidelines deemed not to be independent by virtue of their positions or former 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.

### **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.

### **Make Timely and Balanced Disclosure**

The board has in place written policies and procedures to ensure the Company complies with its obligations under the continuous disclosure rule 3.1 and other ASX Listing Rule disclosure requirements.

### **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.

### **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.

### **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 available to all shareholders;
- other periodic reports which are lodged with 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;
- The Company's website.

### **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.

### **External Auditors**

The external auditor is Ernst and Young. The external auditors are invited to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Full details of the company's corporate governance practices can be viewed at its website - [www.cullenresources.com.au](http://www.cullenresources.com.au).

**Balance Sheet**  
as at 30 June 2009

	Note	Consolidated		The Company	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Current Assets</b>					
Cash and cash equivalents	20(i)	4,523,164	7,426,212	4,352,446	7,258,188
Receivables	5	235,336	49,728	14,455	7,970
<b>Total Current Assets</b>		<b>4,758,500</b>	<b>7,475,940</b>	<b>4,366,901</b>	<b>7,266,158</b>
<b>Non Current Assets</b>					
Deferred tax assets	4	-	-	592,980	1,564,355
Receivables	5	-	-	1,208,769	3,518,604
Other financial assets	6	20,000	100,000	1	1
Plant & Equipment	7	27,604	56,988	10,507	19,056
Exploration & Evaluation	8	1,976,601	5,214,517	-	-
<b>Total Non Current Assets</b>		<b>2,024,205</b>	<b>5,371,505</b>	<b>1,812,257</b>	<b>5,102,016</b>
<b>Total Assets</b>		<b>6,782,705</b>	<b>12,847,445</b>	<b>6,179,158</b>	<b>12,368,174</b>
<b>Current Liabilities</b>					
Trade and other payables	9	547,076	419,498	45,200	58,217
Provisions	10	78,383	65,830	-	-
<b>Total Current Liabilities</b>		<b>625,459</b>	<b>485,238</b>	<b>45,200</b>	<b>58,217</b>
<b>Non Current Liabilities</b>					
Provisions	10	23,289	18,097	-	-
<b>Total Non Current Liabilities</b>		<b>23,289</b>	<b>18,097</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>648,748</b>	<b>503,425</b>	<b>45,200</b>	<b>58,217</b>
<b>Net Assets</b>		<b>6,139,957</b>	<b>12,344,020</b>	<b>6,133,958</b>	<b>12,309,957</b>
<b>Equity</b>					
Issued Capital	11	31,524,656	31,524,656	31,524,656	31,524,656
Share based payment reserve	12	630,225	532,895	630,225	532,895
Accumulated Losses	13	(26,020,924)	(19,713,531)	(26,020,923)	(19,747,594)
<b>Total Equity</b>		<b>6,133,957</b>	<b>12,344,020</b>	<b>6,133,958</b>	<b>12,309,957</b>

## Statement of Changes in Equity for the year ended 30 June 2009

	Note	Issued Capital	Consolidated Share Based Payment Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$
<b>At 1 July 2007</b>		23,949,656	161,652	(17,398,780)	6,712,528
Total income and expense for the year recognised directly in Equity		-	-	-	-
Loss for the year		-	-	(2,314,751)	(2,314,751)
Total income/expense for the year		-	-	(2,314,751)	(2,314,751)
Issue of share capital		7,230,000	-	-	7,230,000
Exercise of options		345,000	-	-	345,000
Share based payments	12	-	371,243	-	371,243
<b>At 30 June 2008</b>		31,524,656	532,895	(19,713,531)	12,344,020
<b>At 1 July 2008</b>		31,524,656	532,895	(19,713,531)	12,344,020
Total income and expense for the year recognised directly in Equity		-	-	-	-
Loss for the year		-	-	(6,307,393)	(6,307,393)
Total income/expense for the year		-	-	(6,307,393)	(6,307,393)
Issue of share capital		-	-	-	-
Exercise of options		-	-	-	-
Share based payments	12	-	97,330	-	97,330
<b>At 30 June 2009</b>		31,524,656	630,225	(26,020,924)	6,133,957

## Statement of Changes in Equity for the year ended 30 June 2009

	Note	Issued Capital	The Company		Total Equity
			Share Based Payment Reserve	Accumulated Losses	
		\$	\$	\$	\$
<b>At 1 July 2007</b>		23,949,656	161,652	(17,398,780)	6,712,528
Total income and expense for the year recognised directly in Equity		-	-	-	-
Loss for the year		-	-	(2,348,814)	(2,348,814)
Total income/expense for the year		-	-	(2,348,814)	(2,348,814)
Issue of share capital		7,230,000	-	-	7,230,000
Exercise of options		345,000	-	-	345,000
Share based payments	12	-	371,243	-	371,243
<b>At 30 June 2008</b>		31,524,656	532,895	(19,747,594)	12,309,957
<b>At 1 July 2008</b>		31,524,656	532,895	(19,747,594)	12,309,957
Total income and expense for the year recognised directly in Equity		-	-	-	-
Loss for the year		-	-	(6,273,329)	(6,273,329)
Total income/expense for the year		-	-	(6,273,329)	(6,273,329)
Issue of share capital		-	-	-	-
Exercise of options		-	-	-	-
Share based payments	12	-	97,330	-	97,330
<b>At 30 June 2009</b>		31,524,656	630,225	(26,020,923)	6,133,958

## Income Statement for the year ended 30 June 2009

	Note	Consolidated		The Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenues	3	373,763	265,215	372,469	261,590
Rent		(35,427)	(44,782)	(7,287)	(22,744)
Salaries and Consultants		(291,893)	(312,393)	(109,148)	(145,011)
Compliance expenses		(173,427)	(228,318)	(146,840)	(201,983)
Impairment of loan to controlled entities		-	-	(6,162,915)	(1,750,440)
Impairment of exploration expenditure	8	(5,919,931)	(1,451,225)	-	-
Share based payments	12	(97,330)	(371,243)	(97,330)	(371,243)
Depreciation		(31,292)	(28,209)	(8,549)	(5,637)
Other expenses		(131,856)	(143,796)	(113,729)	(113,346)
(Loss) before income tax	3	(6,307,393)	(2,314,751)	(6,273,329)	(2,348,814)
Income tax	4	-	-	-	-
Net (Loss) attributable to members of Cullen Resources Limited after tax		<u>(6,307,393)</u>	<u>(2,314,751)</u>	<u>(6,273,329)</u>	<u>(2,348,814)</u>
Basic (loss) per share (cents per share)	21	(1.14)	(0.44)		
Diluted (loss) per share (cents per share)	21	(1.14)	(0.44)		

## Statement of Cash Flows for the year ended 30 June 2009

Note	Consolidated		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
	<b>Inflows/(Outflows)</b>			
<b>Cash flows from operating activities</b>				
Cash receipts in the course of operations	-	-	-	-
Cash payments in the course of operations	(816,142)	(679,265)	(423,696)	(554,816)
GST refunded	147,491	158,888	30,707	38,741
Interest received	369,526	265,215	368,232	261,590
<b>Net operating cash flows</b>	20(ii) <u>(299,125)</u>	<u>(255,162)</u>	<u>(24,757)</u>	<u>(254,485)</u>
<b>Cash flows from investing activities</b>				
Refund of security deposits	80,000	-	-	-
Investment in controlled entity	-	-	-	(1)
Loan to controlled entities	-	-	(2,880,985)	(1,843,640)
Payment for plant & equipment	(1,908)	(14,320)	-	(14,320)
Payments for exploration	<u>(2,682,015)</u>	<u>(1,681,680)</u>	<u>-</u>	<u>-</u>
<b>Net investing cash flows</b>	<u>(2,603,923)</u>	<u>(1,695,680)</u>	<u>(2,880,985)</u>	<u>(1,857,961)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares (net of share issue costs)	-	7,575,000	-	7,575,000
<b>Net financing cash flows</b>	<u>-</u>	<u>7,575,000</u>	<u>-</u>	<u>7,575,000</u>
Net (decrease)/increase in cash and cash equivalents	(2,903,048)	5,624,158	(2,905,742)	5,462,554
Cash and cash equivalents at the Beginning of the financial year	<u>7,426,212</u>	<u>1,802,054</u>	<u>7,258,188</u>	<u>1,795,634</u>
<b>Cash and cash equivalents at the end of the financial year</b>	20(i) <u>4,523,164</u>	<u>7,426,212</u>	<u>4,352,446</u>	<u>7,258,188</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards. The financial statements have 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.

#### (b) Statement of compliance

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to the International Financial Reporting Standards (AIFRS) in their entirety. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### (c) 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.

#### (d) Taxes

##### Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint venture, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

**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.

**(e) 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 provisions expected to be settled within twelve months are measured at their nominal amounts. Long service leave provisions 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 using the projected unit credit method.

**(f) 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.

**(g) Exploration and Evaluation Expenditure**

*(i) Expenditure is deferred*

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

*Impairment*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

**(h) Foreign currency**

Both the functional and presentation currency of Cullen Resources Limited and its Australian subsidiaries is Australian dollars (\$A).

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 Income Statement in the financial year in which the exchange rates change, as exchange gains or losses.

**(i) Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 8 years.

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.

**(j) Revenue**

Other revenue includes interest revenue on short term deposit received from other persons. It is brought to account using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(k) Joint ventures**

The Company's interests in jointly controlled assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures.

Joint venture expenses are recognised on a proportionate basis according to Cullen's joint venture interest. The Company does not currently receive any income from its joint venture assets.

The Company does not hold any interests in jointly controlled entities.

**(l) 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.

**(m) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. 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.

**(n) Leases**

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

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

**(o) Issued capital**

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.

**(p) 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.

**(q) Change in accounting policies**

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

**(r) Share based payments**

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- (i) The grant date fair value of the option.
- (ii) The current best estimate of the number of options that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
- (iii) The expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an option has vested, any amounts recorded are contingent and will be adjusted if more or fewer options vest than were originally anticipated to do so. Any option subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

**(s) Investment and other financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

**(t) Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

**(u) Impact of pending accounting standards**

There are no material impacts to the Financial Statements known from pending accounting standards that have not been adopted in the preparation of these Financial Statements. The table below discloses those applicable to the Consolidated Entity.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This Interpretation requires that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	1 July 2009
AASB Int. 18	Transfers of Assets from Customers	This Interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. The Interpretation provides guidance on when and how an entity should recognise such assets and discusses the timing of revenue recognition for such arrangements and requires that once the asset meets the condition to be recognised at fair value, it is accounted for as an 'exchange transaction'.  Once an exchange transaction occurs the entity is considered to have delivered a service in exchange for receiving the asset.  Entities must identify each identifiable service within the agreement and recognise revenue as each service is delivered.	Applies prospectively to transfer of assets from customers received on or after 1 July 2009	1 July 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	1 July 2009
AASB 1039 (revised)	Concise Reporting	AASB 1039 was revised in August 2008 to achieve consistency with AASB 8 <i>Operating Segments</i> . The revisions include changes to terminology and descriptions to ensure consistency with the revised AASB 101 <i>Presentation of Financial Statements</i> .	1 January 2009	1 July 2009

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income.  Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of “vesting conditions”, introducing the term “non-vesting conditions” for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree’s net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	1 July 2009

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.</p> <p>This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards.</p> <p>The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].</p>	1 January 2009	1 July 2009

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project.  Refer to AASB 2008-5 above for more details.	1 July 2009	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.  AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	1 July 2009

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	<p>The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:</p> <ul style="list-style-type: none"> <li>▶ quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);</li> <li>▶ inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and</li> <li>▶ inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).</li> </ul> <p>These amendments arise from the issuance of <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i> by the IASB in March 2009.</p> <p>The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.</p>	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).</p>	1 July 2009	1 July 2009

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project  [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).</p>	1 January 2010	1 July 2010
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	<p>The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular:</p> <ul style="list-style-type: none"> <li>▶ the scope of AASB 2; and</li> <li>▶ the interaction between IFRS 2 and other standards.</li> </ul> <p>An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p> <p>A "group" has the same meaning as in IAS 27 <i>Consolidated and Separate Financial Statements</i>, that is, it includes only a parent and its subsidiaries.</p> <p>The amendments also incorporate guidance previously included in IFRIC 8 <i>Scope of IFRS 2</i> and IFRIC 11 <i>IFRS 2—Group and Treasury Share Transactions</i>. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.</p>	1 January 2010	1 July 2010

The changes will amend the presentation of certain statements within the financial report. The Consolidated Entity is yet to determine the impact of the standards.

## 2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

In applying the Consolidated Entity's accounting policies management continually evaluates estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Consolidated Entity. All estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates and assumptions. Significant estimates and assumptions made by the management in the preparation of these financial statements are outlined below:

### ***Significant accounting estimates and assumptions***

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### ***(a) Impairment of capitalised exploration and evaluation expenditure***

The future recoverability of capitalised exploration expenditure is dependent on a number of factors, including whether the Consolidated Entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. In addition, exploration and evaluation is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

#### ***(b) Share-based payment transactions***

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either a binomial or Black-Scholes model, with the assumption detailed in note 15. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>3. REVENUE AND EXPENSES</b>				
(Loss) after crediting the following revenues:				
Other Revenues				
Interest received	369,526	265,215	368,232	261,590
Other	4,237	-	4,237	-
	<u>373,763</u>	<u>265,215</u>	<u>372,469</u>	<u>261,590</u>

(Loss) after charging the following expenses:

Auditors remuneration in respect of the Audit of the financial statements	40,000	40,000	40,000	40,000
Provision for employee benefits	17,745	25,576	-	-
Operating lease payments	34,170	42,257	6,030	21,937
Superannuation	81,903	77,241	11,250	11,250

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>4. INCOME TAX</b>				
Operating (loss) before income tax	(6,307,393)	(2,314,751)	(6,273,329)	(2,348,814)
Prima facie income tax (benefit) calculated at 30% (2008: 30%)	(1,892,218)	(694,425)	(1,881,998)	(704,644)
Non-deductible expenses	32,758	111,373	31,092	111,373
Impairment of inter-company loan	-	-	1,848,658	525,132
Under provision of income tax in prior year	-	(32,695)	-	-
Less income tax benefits not brought to account at balance date	<u>1,859,460</u>	<u>615,747</u>	<u>2,248</u>	<u>68,139</u>
Total income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Cullen Resources Limited and its 100% owned subsidiaries have entered the tax consolidation regime from 1 July 2002. The head entity of the tax consolidation group is Cullen Resources Limited.

The entity has adopted the stand alone taxpayer method for measuring current and deferred tax amounts. It is intended that members of the income tax consolidated group will enter into a tax funding agreement.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

**Consolidated**

	Balance Sheet		Income Statement	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Deferred Tax Liabilities</b>				
Exploration	(592,980)	(1,564,355)	971,375	(69,041)
<b>Deferred Tax Assets</b>				
Provisions	30,502	25,178	5,323	7,673
Losses brought to account	562,478	1,539,177	(976,698)	61,368
Net Deferred Tax Recognised in the Balance Sheet	-	-	-	-

**Parent**

	Balance Sheet		Income Statement	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Deferred Tax Assets</b>				
Provisions	30,502	25,178	5,323	7,673
Deferred tax assets brought to account	562,478	1,539,177	(5,323)	(7,673)
Net Deferred Tax Recognised in the Balance Sheet	592,980	1,564,355	-	-

As at 30 June 2009 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 2009 in respect of tax losses not brought to account is \$6,546,384 (2008: \$4,657,725) and there is no expiry date. The benefit of these losses has not been brought to account. The benefit will only be obtained if:

- the relevant Company derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised.
- the relevant Company and/or the Consolidated Entity continue to comply with the conditions for deductibility imposed by the law: and
- no changes in tax legislation adversely affect the Company and/or the Consolidated Entity in realising the benefit.

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>5. RECEIVABLES</b>				
Current				
Other debtors	235,336	49,728	14,455	7,970
Non current				
Loan to controlled entities	-	-	15,691,912	11,838,832
Allowance for Impairment (a)	-	-	(14,483,143)	(8,320,228)
	-	-	1,208,769	3,518,604

Other debtors is comprised of GST receivable which is non-interest bearing.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

The loans to controlled entities are non interest bearing and have no fixed term for repayment. An impairment assessment is undertaken by examining the financial position of the controlled entity to determine whether there is objective evidence that a loan receivable is impaired. When such objective exists the group recognises an allowance for the impairment loss.

(a) Allowance for Impairment

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
At 1 July 2008	-	-	(8,320,228)	(6,569,788)
Charge for the year	-	-	(6,162,915)	(1,750,440)
At 30 June 2009	-	-	(14,483,143)	(8,320,228)

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Non current				
Security deposits	20,000	100,000	-	-
Shares in controlled entities	-	-	2,643,132	2,643,132
Allowance for Impairment	-	-	(2,643,131)	(2,643,131)
	20,000	100,000	1	1

6. OTHER FINANCIAL ASSETS

The fair value in shares in controlled entity is stated at cost less allowance for impairment in accordance with the accounting policy set out in Note 1.

The security deposits are non-interest bearing.

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Plant & Equipment at cost	145,632	195,356	25,935	66,083
Accumulated depreciation	(118,028)	(138,368)	(15,428)	(47,027)
Total written down amount	27,604	56,988	10,507	19,056

(a) Reconciliation

Plant & Equipment				
	2009	2008	2009	2008
	\$	\$	\$	\$
Carrying amount at beginning	56,988	70,877	19,056	10,373
Additions	1,908	14,320	-	14,320
Depreciation expense	(31,292)	(28,209)	(8,549)	(5,637)
	27,604	56,988	10,507	19,056

**8. DEFERRED EXPLORATION COSTS**

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Costs carried forward in respect of areas of interest in the exploration and evaluation phase				
Opening balance	5,214,517	4,984,382	-	-
Expenditure incurred during the year	2,682,015	1,681,360	-	-
	7,896,532	6,665,742	-	-
Less				
Impairment (a)	(5,919,931)	(1,451,225)	-	-
Closing balance net of impairment	1,976,601	5,214,517	-	-

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.

(a) Impairment

The directors have reviewed all exploration projects for indicators of impairment in light of approved budgets. Where substantive expenditure is neither budgeted or planned the area of interest has been written down to its fair value less costs to sell. In determining fair value less costs to sell the directors had regard to the best evidence of what a willing participant would pay in an arms length transaction. Where no such evidence was available, areas of interest were written down to nil pending the outcome of any future farm out arrangement. The Company will continue to look to attract farm-in partners and/or recommence exploration should circumstances change.

**9. TRADE AND OTHER PAYABLES**

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Trade creditors - unsecured	547,076	419,498	45,200	58,217

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

**10. PROVISIONS**

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Employee benefits	78,383	65,830	-	-
Non Current				
Employee benefits	23,289	18,097	-	-

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

**11. CONTRIBUTED EQUITY**

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Issued capital</b>				
554,839,763 (2008: 554,839,763)	31,524,656	31,524,656	31,524,656	31,524,656

Movement in issued shares for the year:

	2009		2008	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	554,839,763	31,524,656	474,039,763	23,949,656
Issued at 5.0 cents conversion of options	-	-	500,000	25,000
Issued at 4.0 cents conversion of options	-	-	8,000,000	320,000
Issued at 10.0 cents each	-	-	72,300,000	7,230,000
End of the financial year	554,839,763	31,524,656	554,839,763	31,524,656

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 2009 there are 22,000,000 (2008: 22,000,000) unissued shares in respect of which options were outstanding and the details of these are as follows:

Number	Grant Date	Vesting Date	Exercise Price	Expiry Date
8,000,000	30/11/07	Various $\Delta$	0.1338	30 November 2010
4,000,000	30/11/06	Various $\Delta$	0.05	28 February 2010
4,000,000	30/11/06	Various $\Delta$	0.08	28 February 2010
3,000,000	01/06/07	Various $\Delta$	0.05	28 February 2010
3,000,000	01/06/07	Various $\Delta$	0.08	28 February 2010
<b>22,000,000</b>				

$\Delta$  All options have vested

The options have no rights until they are exercised and become ordinary shares.

Since the end of the financial year Nil shares have been issued by virtue of the exercise of options.

**12. SHARE BASED PAYMENT RESERVE**

The share based payment reserve represents the cost of share-based payments to directors, employees and third parties.

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Beginning of the financial year	532,895	161,652	532,895	161,652
Share based payments	97,330	371,243	97,330	371,243
End of financial year	630,225	532,895	630,225	532,895

**13. ACCUMULATED LOSSES**

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Accumulated losses at the beginning of the year	(19,713,531)	(17,398,780)	(19,747,594)	(17,398,780)
Net (loss)	(6,307,393)	(2,314,751)	(6,273,329)	(2,348,814)
Accumulated losses at the end of the year	(26,020,924)	(19,713,531)	(26,020,923)	(19,747,594)

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

**14. PARTICULARS IN RELATION TO CONTROLLED ENTITIES**

The consolidated financial statements at 30 June 2009 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 2009	June 2008	June 2009	June 2008
Cullen Minerals NL	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-
Montrose Resources Limited	Australia	100	100	1	1

**15. KEY MANAGEMENT PERSONNEL**

**(a) Compensation for key management personnel**

	Consolidated		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	562,455	480,393	562,455	480,393
Post-employment benefits	32,700	29,550	32,700	29,550
Other long-term benefits	3,167	5,867	3,167	5,867
Termination benefits	-	-	-	-
Share-based payments	83,220	355,919	83,220	355,919
<b>Total compensation</b>	<b>681,542</b>	<b>871,729</b>	<b>681,542</b>	<b>871,729</b>

**(b) Option holdings of directors**

	Balance at beginning of year 1 July 2008 Number	Options issued Number	Options lapsed/ exercised Number	Balance at end of year 30 June 2009 Number	Total Number	Vested and exercisable at 30 June 2009 Number
Directors						
D Clarke	2,000,000	-	-	2,000,000*	2,000,000	2,000,000
C Ringrose	8,000,000	-	-	8,000,000Δ	8,000,000	8,000,000
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
<b>Total</b>	<b>16,000,000</b>	<b>-</b>	<b>-</b>	<b>16,000,000</b>	<b>16,000,000</b>	<b>16,000,000</b>

\* The outstanding options are exercisable at \$0.1338 and have an expiry date of 30 November 2010.

Δ Four million of these outstanding options are exercisable at \$0.05 and four million at \$0.08 and all have an expiry date of 28 February 2010.

These options had a weighted average exercise price of \$0.10 and a weighted average remaining contractual life of 1.05 years.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

	Balance at beginning of year 1 July 2007 Number	Options issued Number	Options lapsed/ exercised Number	Balance at end of year 30 June 2008 Number	Total Number	Vested and exercisable at 30 June 2009 Number
Directors						
D Clarke	2,000,000	2,000,000	(2,000,000)	2,000,000*	2,000,000	1,000,000
C Ringrose	8,000,000	-	-	8,000,000Δ	8,000,000	6,000,000
G Hamilton	2,000,000	2,000,000	(2,000,000)	2,000,000*	2,000,000	1,000,000
J Horsburgh	2,000,000	2,000,000	(2,000,000)	2,000,000*	2,000,000	1,000,000
W Kernaghan	2,000,000	2,000,000	(2,000,000)	2,000,000*	2,000,000	1,000,000
<b>Total</b>	<b>16,000,000</b>	<b>8,000,000</b>	<b>(8,000,000)</b>	<b>16,000,000</b>	<b>16,000,000</b>	<b>10,000,000</b>

\* The outstanding options are exercisable at \$0.1338 and have an expiry date of 30 November 2010.

Δ Four million of these outstanding options are exercisable at \$0.05 and four million at \$0.08 and all have an expiry date of 28 February 2010.

These options had a weighted average exercise price of \$0.10 and a weighted average remaining contractual life of 2.05 years.

(c) Shareholdings of directors

Directors	Balance 1 July 2008 Number	Options Exercised Number	Net Change Sale Number*	Balance 30 June 2009 Number
D Clarke	3,050,000	-	-	3,050,000
C Ringrose	200,000	-	-	200,000
G Hamilton	14,808,004	-	-	14,808,004
J Horsburgh	15,770,124	-	-	15,770,124
W Kernaghan	3,000,000	-	-	3,000,000
<b>Total</b>	<b>36,828,128</b>	<b>-</b>	<b>-</b>	<b>36,828,128</b>

Directors	Balance 1 July 2007 Number	Options Exercised Number	Net Change Sale Number*	Balance 30 June 2008 Number
D Clarke	5,754,502	2,000,000	(4,704,502)	3,050,000
C Ringrose	200,000	-	-	200,000
G Hamilton	12,808,004	2,000,000	-	14,808,004
J Horsburgh	13,770,124	2,000,000	-	15,770,124
W Kernaghan	2,000,000	2,000,000	(1,000,000)	3,000,000
<b>Total</b>	<b>34,532,630</b>	<b>8,000,000</b>	<b>(5,704,502)</b>	<b>36,828,128</b>

\*Transactions on market.

The directors' shareholdings are held directly and indirectly. Refer to the Directors' Report on page 18 for the breakdown.

(d) Employee Options

(i) Options held at the beginning of the reporting period

Number	Grant Date	Vest Date	Expiry Date	Weighted Average Exercise Price
3,000,000	1/6/07	Various	28/2/10	\$0.05
3,000,000	1/6/07	Various	28/2/10	\$0.08

(ii) Options lapsed / exercised during the year

Number	Grant Date	Exercise Date	Exercise Price	Proceeds from shares issued	Number of Shares Issued	Issue Date	Fair Value of Shares Issued	Weighted Average Share Price
-	-	-	-	-	-	-	-	-

(iii) Options issued during the year

Number	Grant Date	Vest Date	Expiry Date	Weighted Average Exercise Price	Weighted Average Share Price
-	-	-	-	-	-

(iv) Options held at the end of the reporting period

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value of Options
3,000,000	1/6/07	Various	28/2/10	\$0.05	\$0.0578
3,000,000	1/6/07	Various	28/2/10	\$0.08	\$0.0399

These options had a weighted average exercise price of \$0.065 and a weighted average remaining contractual life of 0.67 years.

(v) Valuation of options issued during the year

There were no options issued during the year.

## 16. JOINT VENTURES

The Consolidated Entity has interests in the following joint venture assets:

	Principal Activity	Other Participant
(a) Gunbarrel Nickel	Exploration	BHP Billiton Ltd (BHPB)
(b) Irwin Bore (Cullen operates)	Exploration	Western Australian Resources Ltd (WAR)
(c) Hardey Junction	Exploration	Intrepid Mines Limited (Intrepid)
(d) Mt Stuart	Exploration	Australian Premium Iron Management Pty Limited (API)
(e) Wyloo	Exploration	FMG Limited (FMG)
(f) Tunnel Creek	Exploration	Thundelarra Exploration Limited (Thundelarra)
(g) Paraburdoo	Exploration	FMG Limited (FMG)
(h) Forrestania	Exploration	Hannans Reward Limited (Hannans)

(a) BHP Billiton has earned 75% interest in the base metals rights, Cullen's 25% interest is free carried.

(b) Cullen has a 90% interest, WAR retains a 10% interest.

(c) Intrepid has earned 51%, and is earning up to 70%.

(d) API has earned a 70% interest in the iron ore rights and Cullen is contributing at 30% for its interest.

(e) FMG can earn up to 80% in the iron ore rights.

(f) Thundelarra can earn 70%.

(g) FMG can earn 80% in the iron ore rights.

(h) Hannans has an 80% interest; Cullen is 20% free carried.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
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The joint venture assets 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 (2008: \$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	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current Assets</b>				
Receivables	181,190	-	-	-
<b>Non-Current Assets</b>				
Exploration and expenditure	1,888,136	2,500,506	-	-
<b>Current Liabilities</b>				
Trade and other payables	213,289	-	-	-

## 17. 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 \$2,394,020 (2008: \$2,888,624) over the next year to keep its current tenements in good standing. Approximately 50% of this expenditure will be met by our Joint Venture partners.

### (b) Joint Venture commitment

The Consolidated Entity has certain obligations in respect to the Mt Stuart JV and expects to expend approximately \$800,000 over the next year being its share of the planned joint venture expenditure.

### (c) Lease expenditure commitments

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Lease expenditure commitment				
Operating leases (non-cancellable) for premises				
Minimum lease payments				
- not later than one year	42,000	12,180	-	-
- later than one year and not later than five years	150,500	-	-	-
Aggregate lease expenditure contracted for at reporting date but not provided for	192,500	12,180	-	-

This lease for the premises is for the period 1 February 2009 to 31 January 2014 with an option for a further five years. There are no contingent rentals or restrictions imposed by the lease arrangements.

## 18. RELATED PARTIES

### (i) 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. The loans are repayable on demand but are not expected to be called within the next twelve months.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

**(ii) Payments to director related companies**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Geological payments were made to Innerleithen Pty Ltd totalling \$37,348 (2008: \$38,610) which is a company controlled by Mr J Horsburgh. Geological payments were made to Weeroona Investments Pty Ltd totalling \$116,160 (2008: \$72,377) which is a company controlled by Mr G Hamilton. Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$28,350 (2008: \$33,672) which is a company controlled by Mr W Kernaghan.

**19. SEGMENT INFORMATION**

The Consolidated Entity operated during the year in one geographical segment, being Australia.

The Consolidated Entity operated in one business segment being mineral exploration.

**20. 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 Balance Sheet as follows:

	Consolidated		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash on hand	4,523,164	7,426,212	4,352,446	7,258,188
<b>(ii) Reconciliation of operating (loss) after income tax to net cash used in operating activities</b>				
Operating (loss) after income tax	(6,307,393)	(2,314,751)	(6,273,329)	(2,348,814)
Add/(less) non cash items				
Depreciation	31,292	28,209	8,549	5,637
Share based payments	97,330	371,243	97,330	371,243
Provisions for employee benefits	17,745	25,576	-	-
Allowance for non recovery of loan to controlled entities	-	-	6,162,195	1,750,440
Impairment exploration expenditure	5,919,931	1,451,225	-	-
Net cash used in operating activities before change in assets and liabilities	(241,095)	(438,498)	(5,255)	(221,494)
(Decrease) / Increase in creditors	127,578	233,064	(13,017)	(25,021)
Decrease / (Increase) in receivables	(185,608)	(49,728)	(6,485)	(7,970)
Net operating cashflows	(299,125)	(255,162)	(24,757)	(254,485)

**Share based payments**

During the year the Consolidated Entity made share based payments of \$97,330 (2008: \$371,243) to directors and executives of the Consolidated Entity.

**21. EARNINGS/(LOSS)PER SHARE**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
Basic (loss) per share (cents per share)	(1.14)	(0.44)
Diluted (loss) per share (cents per share)	(1.14)	(0.44)
The following reflects the income and share data used in the calculations of basic and diluted (loss) per share		
Net (loss)	(6,307,393)	(2,314,751)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share		
	554,839,763	522,420,091
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS		
	22,000,000	22,000,000

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

**22. FINANCIAL INSTRUMENTS**

The Group's financial instruments comprise receivables, payables, and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board of Directors. Due to the size and nature of the company's operations, and as the company does not use derivative instruments or debt, the directors do not believe the establishment of a risk management committee is warranted.

**(a) Interest Rate Risk**

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents.

The Group's exposure to interest rate risk for each class of financial assets and financial liabilities is set out below.

<b>Financial Instruments</b>	<b>Consolidated</b>		<b>The Company</b>	
	<b>Floating interest rate</b>	<b>Floating interest rate</b>	<b>Floating interest rate</b>	<b>Floating interest rate</b>
	<b>2009 \$</b>	<b>2008 \$</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	4,523,164	7,426,212	4,352,446	7,258,188
<b>Total Financial Assets</b>	4,523,164	7,426,212	4,352,446	7,258,188

Cash gives rise to interest rate risk because the interest rate is variable.

The following summarises the effect on loss and equity of financial instruments held at balance date as a result of a 1% movement in interest rates, with all other variables remaining constant.

	Consolidated		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Interest rate +1%	(45,231)	(74,262)	(43,524)	(72,581)
Interest rate -1%	45,231	74,262	43,524	72,581

The selection of 1% sensitivity check was based on recent interest rate adjustments.

**(b) Currency Risk**

The Consolidated Entity has no exposure to foreign currency risk as it operates within Australia and has no overseas operations.

**(c) Credit Risk**

Credit risk arises from the financial assets of the Consolidated Entity, namely trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to its carrying amount. Exposure at balance date is addressed in each applicable note.

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Consolidated Entity and cash and cash equivalents are spread amongst two of the big four Australian Banks.

**(d) Liquidity Risk**

The liquidity position of the Consolidated Entity is managed to ensure sufficient liquid funds are available to meet the Consolidated Entity's financial commitments in a timely and cost-effective manner. The Consolidated Entity funds its activities through capital raisings in order to limit its liquidity risk.

Contractual maturity of the trade payables is within 30 day terms.

**(e) Fair Values**

The carrying value of financial assets and financial liabilities, as disclosed in the financial statements, represents their approximate fair values. No financial assets or financial liabilities are readily traded on organised markets in standardised form. The Consolidated Entity has no financial assets where carrying amount exceeds fair value at balance date.

**(f) Capital Management**

Management controls the capital of the Consolidated Entity in order to provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in responses to include the management of debt levels, distributions to shareholders and share issues.

The Consolidated Entity uses cash flow forecasts to manage and adjust its capital management.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES  
Notes to the financial statements for the year ended 30 June 2009

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There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

Capital managed by the Consolidated Entity consists of shareholders equity.

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Shareholders equity	6,133,957	12,344,020	6,133,958	12,309,957

### 23. AUDITOR'S REMUNERATION

	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
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	40,000	40,000	40,000	40,000

### 24. SUBSEQUENT EVENTS

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, to affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the subsequent financial years.

### 25. CORPORATE INFORMATION

The financial report of Cullen Resources Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 25 September 2009.

Cullen Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

## Directors' Declaration

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

- (1) 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 2009 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.
- (2) This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.

On behalf of the Board



**C. Ringrose**  
**Director**  
**Perth, WA**  
**25 September 2009**

## Independent auditor's report to the members of Cullen Resources Limited

### *Report on the Financial Report*

We have audited the accompanying financial report of Cullen Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Auditor's Responsibility*

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

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

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

### *Independence*

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

### *Auditor's Opinion*

In our opinion:

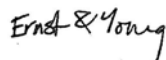
1. the financial report of Cullen Resources Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the financial position of Cullen Resources Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Report on the Remuneration Report*

We have audited the Remuneration Report included in pages 19 to 21 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's Opinion*

In our opinion the Remuneration Report of Cullen Resources Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



Ernst & Young



J C Palmer  
Partner  
Perth  
25 September 2009

## SHAREHOLDER INFORMATION

### CAPITAL STRUCTURE

As at **21 September 2009**, the company had the following securities on issue:

	Fully paid Ordinary shares
Issued Capital	554,839,763
<b>Top 20 Shareholders</b>	
Total holding of twenty largest shareholders	262,218,129
% of total shares on issue	47.25
<b>Distribution of shareholders</b>	
1 - 1,000 shares	141
1,001 - 5,000 shares	234
5,001 - 10,000 shares	520
10,001 - 100,000 shares	2,025
100,001 and over	631
<b>Total</b>	<b>3,551</b>
Unmarketable Parcels as at 21 September 2009 Minimum \$500.00	474

### OPTIONS

As at **21 September 2009**, 22,000,000 unissued shares in respect of options were outstanding. These are as follows:

Number	Exercise Price	Expiry Date
8,000,000	\$0.1338	30 November 2010
7,000,000	\$0.05	28 February 2010
7,000,000	\$0.08	28 February 2010

### SUBSTANTIAL SHAREHOLDERS

The company has two Substantial Shareholders as at **21 September 2009**

Name	%	No. of shares
AMCI Group	17.60	97,668,113
Aquila Resources Ltd	16.91	93,850,131

## TWENTY LARGEST SHAREHOLDERS

The names of the twenty holders of the fully paid shares at **21 September 2009** are listed below:

Name	No. of Shares	% Held	Rank
Aquila Steel Pty Ltd	72,000,000	12.98	1
UBS Wealth Management Australia Nominees Pty Ltd	50,951,299	9.18	2
Rubicon Nominees Pty Ltd	50,822,698	9.16	3
Kitchsmith Pty Ltd	14,355,002	2.59	4
Innerleithen Pty Ltd	12,352,120	2.23	5
BT X Pty Ltd	8,500,000	1.53	6
Wythenshawe Pty Ltd	7,260,783	1.31	7
Aquila Resources Limited	6,291,047	1.13	8
Chiatta Pty Ltd	6,260,000	1.13	9
Penoir Pty Ltd	5,690,123	1.03	10
Wythenshawe Pty Ltd	3,935,000	0.71	11
Dunslair Pty Ltd	3,243,000	0.58	12
Mr Neil Ronald Griffin	3,186,308	0.57	13
Lindglade Enterprises Pty Ltd	3,050,000	0.55	14
BT X Pty Ltd	2,800,000	0.50	15
Mr Charles Bass	2,500,000	0.45	16
Mr Joe Paul Angelucci + Mrs Grita Angelucci	2,282,000	0.41	17
National Nominees Limited	2,270,959	0.41	18
Mr Dennis Robert Wyllie	2,243,000	0.40	19
Mr David Edward Ansdersen + Mrs Suzanne Marie Andersen	2,224,790	0.40	20
Total	262,218,129	47.25	

## 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 have one vote in respect of each fully paid share held by him.