CULLEN RESOURCES LIMITED

A.C.N. 006 045 790

ANNUAL REPORT 2010

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2010

ABN: 46 006 045 790

CORPORATE DIRECTORY

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

Secretary
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CHAIRMAN'S REPORT

DEAR FELLOW SHAREHOLDER

During 2009/2010, the Company's position as a participant in a potential, major, new iron ore development project in the West Pilbara Region of Western Australia has been further consolidated. As a co-venturer with API Management Pty Limited (API) in the Mt Stuart Iron Ore Joint Venture, Cullen has been contributing funds, in part, for the completion of a Mining Feasibility Study for the Catho Well Channel Iron Deposit. It is envisaged that the iron ore from the Catho Well deposit will be commingled with iron resources from the adjoining API/Red Hill Iron Limited project as part of the broader West Pilbara Iron Ore Project – Stage 1, a technically viable 30 million tonne per annum operation.

Aquila Resources Limited, 50% owner of API, recently reported (July, 2010) that a Feasibility Study prepared by API recommends: "construction of a 30Mtpa mine, 282km of new rail and a new deep water port facility at Anketell Point, which has collectively been granted Major Project Facilitation Status by the Federal Government whilst the port development was recently approved as a multi-user facility by the State Government."

It is envisaged that Cullen's share of the run-of-mine ore from a mining operation at Catho Well will be sold, after loading on trains at the "mine gate", and form part of the 30Mtpa operation described by Aquila.

Our ownership of significant iron ore resources substantially underpins the Company's market capitalisation. Aquila Resources Limited and AMCI Holdings Pty Limited, each 50% owners of API, remain Cullen's largest shareholders at 18.07% and 16.80% respectively.

In addition to participating in the Mt Stuart Iron Ore Joint Venture, the Company had a very busy year. We have farmed out the coal rights on our strategic position for coal exploration in the Canning Basin of northern Western Australia to coal-focused, private group "Advaita" that has a mandate to deliver coal to Indian power stations. The farm-out should facilitate more rapid testing of the coal potential. Additionally, we recently initiated an exploration presence in Namibia with several applications over ground prospective for copper. In Australia we progressed exploration on multiple properties.

The Company's portfolio is now dominated by its joint venture iron ore resources. Multiple other joint ventures provide exposure to a range of commodities. Our non-joint venture projects are concentrated on gold and copper. We also expect to continue to pursue our joint venture type business model with the generation of new projects and their selective farm-out in the future.

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

COMPANY PROFILE

Canning Basin

Cullen is a Perth-based minerals explorer which operates to: generate projects; develop targets at low cost; complete first-pass testing; manage risk through selective farm-outs; and progress key, 100% owned prospects for maximum return. A multi-commodity explorer with a portfolio that includes projects managed through a number of joint ventures with key partners (FMG, APIJV (Aquila-AMCI), Advaita, Uranium Exploration Australia, Hannans Reward, Intrepid, Thundelarra), and a number of projects in its own right.

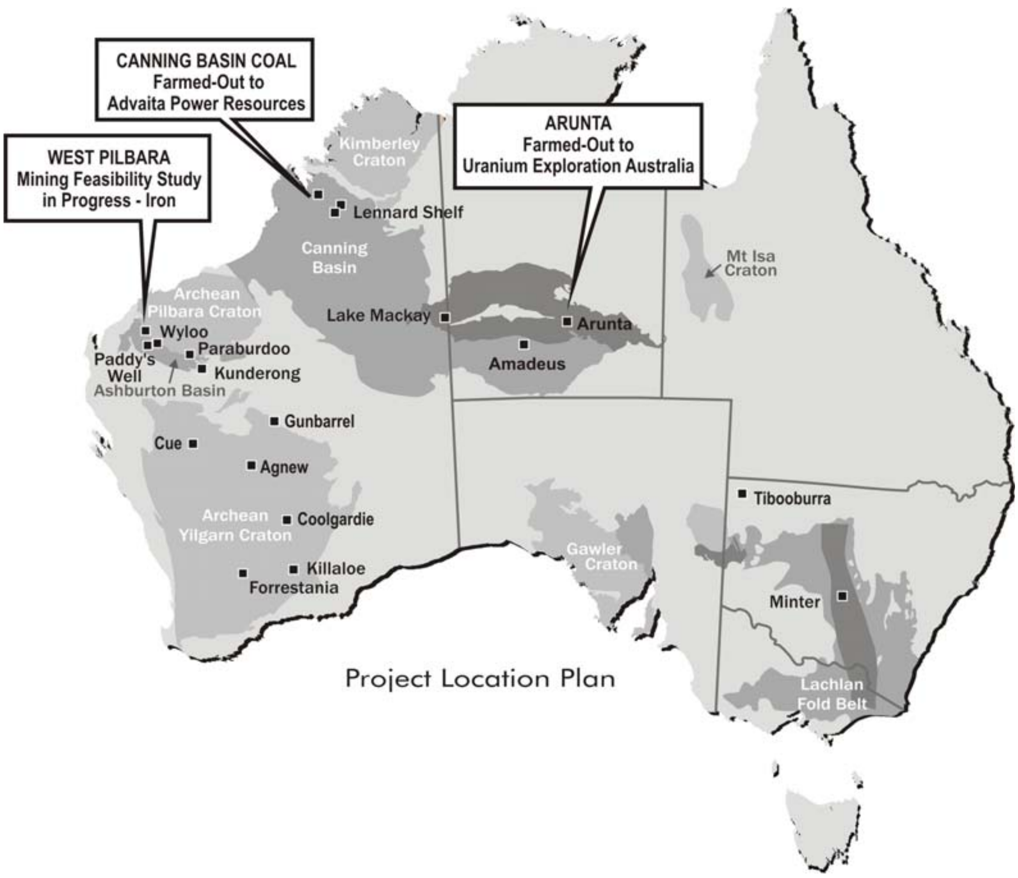
The Company's strategy is to identify and build exploration targets based on: data compilation, field reconnaissance and early-stage exploration (particularly geochemistry). Projects are sought for most commodities, mainly in Australia, but with consideration of selected opportunities and locations overseas. A joint venture-funded exploration model for discovery is applied where appropriate.

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.

West Pilbara

HIGHLIGHTS - 2009/2010

- **WEST PILBARA, WA - IRON :** Technical studies for the Mining Feasibility Study (MFS) for the Catho Well Channel Iron Deposit (79.5Mt @ 55.34% Fe - Cullen 30%) were close to finalisation at year's end, with issue of the MFS expected in the September Quarter, 2010.
- **WYLOO, WA - IRON :** JV manager Fortescue Metals Group Limited, has outlined Bedded Iron Deposit targets at the Wyloo North and Wyloo South prospects with drilling planned for the September Quarter 2010.
- **NAMIBIA - COPPER :** Initiation of an exploration presence in Namibia, south-west Africa, with applications for approximately 8,000 km² of prospective ground lodged.
- **ARUNTA, NT - URANIUM :** Farm-out of exploration licence (26142) to Uranium Exploration Australia Limited (ASX: UXA) where UXA has begun exploration for uranium at the Yambla prospect in the Hartz Range 140km east of Alice Springs.
- **CANNING BASIN, WA - COAL :** Farm-out of coal rights (July 2010) to Advaita Canning Resources Pty Ltd, a subsidiary of a private, Singapore-based, energy-focused, investment company Advaita Power Resources Pte Ltd. (Advaita).
- **MURCHISON, WA - GOLD :** Application for an exploration licence approximately 30km east of Cue, covering the northern part of the Tuckabianna – Webbs Patch greenstone sequence. The principal exploration targets are gold and VMS-style base metal mineralisation in this underexplored area.
- **EASTERN GOLDFIELDS, WA - GOLD :** Signing of an agreement to assign the company's option to Purchase certain Coolgardie tenements to MacPherson's – an IPO, in which Cullen will be allotted $300,000 worth of fully paid ordinary shares.



EXPLORATION REVIEW - ASHBURTON / PILBARA, W.A.

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, and uranium. These Joint Ventures provide 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)

Cullen approved a 2009/2010 Financial Year budget of $2.223M (Cullen's share ~ $0.7M) for the Mt Stuart Joint Venture (MSJV). The 2009/2010 budget provided for completion of a Mining Feasibility Study (MFS) for the Catho Well Channel Iron Deposit (CID) – 79.5Mt @ 55.3 % Fe, one of several channel iron deposits included in Stage 1 of the broader West Pilbara Iron Ore Project in which APIJV has a controlling interest. The MSJV is between Cullen - 30%, and the unincorporated joint venture known as the Australian Premium Iron Joint Venture (APIJV) - 70%. The APIJV comprises Aquila Steel Pty Ltd (a subsidiary of Aquila Resources Limited ("Aquila" ASX: AQA)) 50% and AMCI (IO) Pty Ltd 50%. Work on mine planning, mine engineering and the approvals process continued during the year.

In July 2010, Aquila reported the results of a Feasibility Study (FS) for the 30Mtpa West Pilbara Iron Ore Project indicating technical viability. The specific results of the Mining Feasibility Study for the Catho Well deposit (MFS), a subset of the FS mentioned above, are expected to be delivered in the September 2010 quarter.

A programme and budget meeting was held for the 2010 - 11 financial year to support advancement of the project towards earliest practicable first ore on ship, and some generalised results of the MFS were discussed. The MFS envisages a mining operation at Catho Well and assumes ownership of Cullen's run of mine ore will then be transferred, after loading to trains at the "mine gate" (Cullen has been advised that a sales agreement for the acquisition of Cullen's Catho Well ore by the APIJV is currently being drafted by the APIJV, for Cullen's consideration).

It is anticipated that, based on the MFS, the MSJV Participants will require the JV Manager to submit a Development Proposal to the MSJV Participants and that this, in turn, will lead to consideration of a Decision to Mine by the MSJV Participants. Development of the MSJV project received a boost with the Hon Anthony Albanese MP announcing that he had granted Major Project Facilitation Status to API's West Pilbara Iron Ore Project.

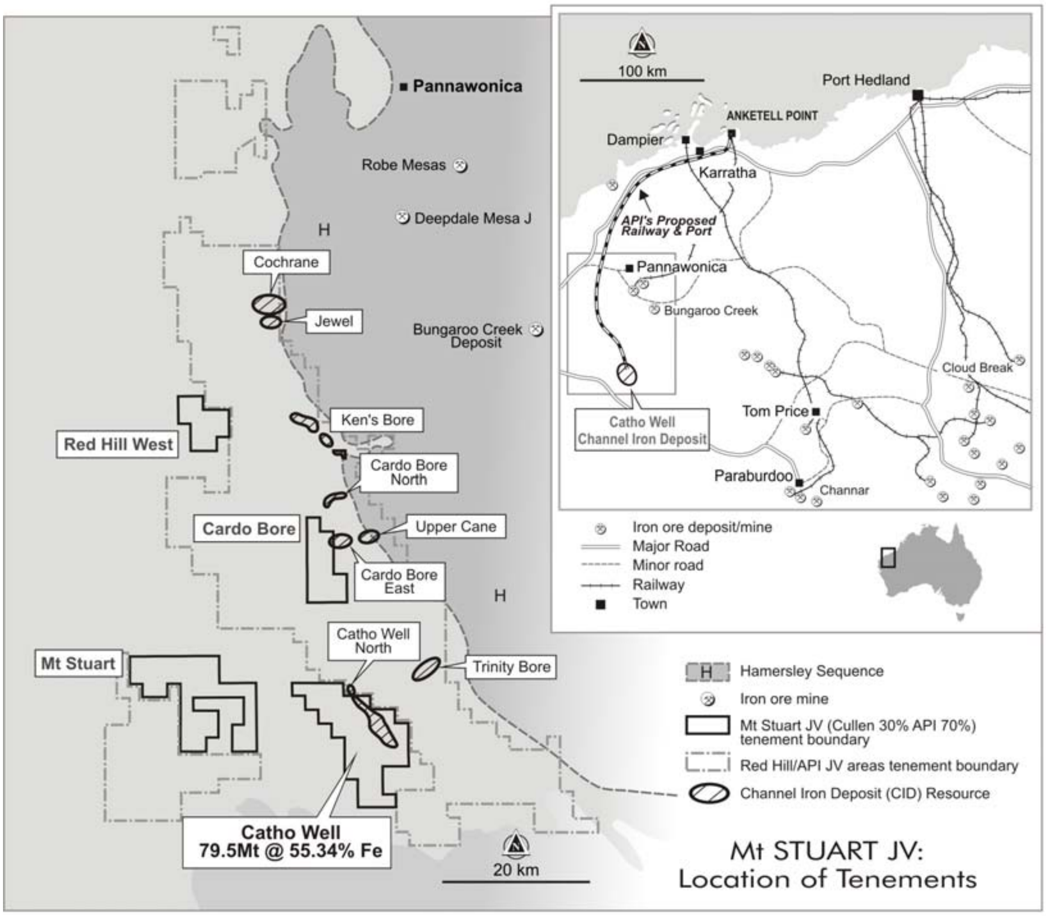
The mine Public Environmental Review was released on 21 June 2010. Environmental surveys continued during the period along with the consultation programme via meetings, briefings, and site visits, with relevant government and community stakeholders.

Table 1: Catho Well CID - Cullen 30% (cut-off grade >52% Fe, no Al_2O_3 cut-off applied; Specific Gravity - 2.7)

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO_2%	Al_2O_3%	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
Total	**79.5**	**55.34**	**6.79**	**3.06**	**0.037**	**0.016**	**0.080**	**0.170**	**10.22**

Competent Person Statement

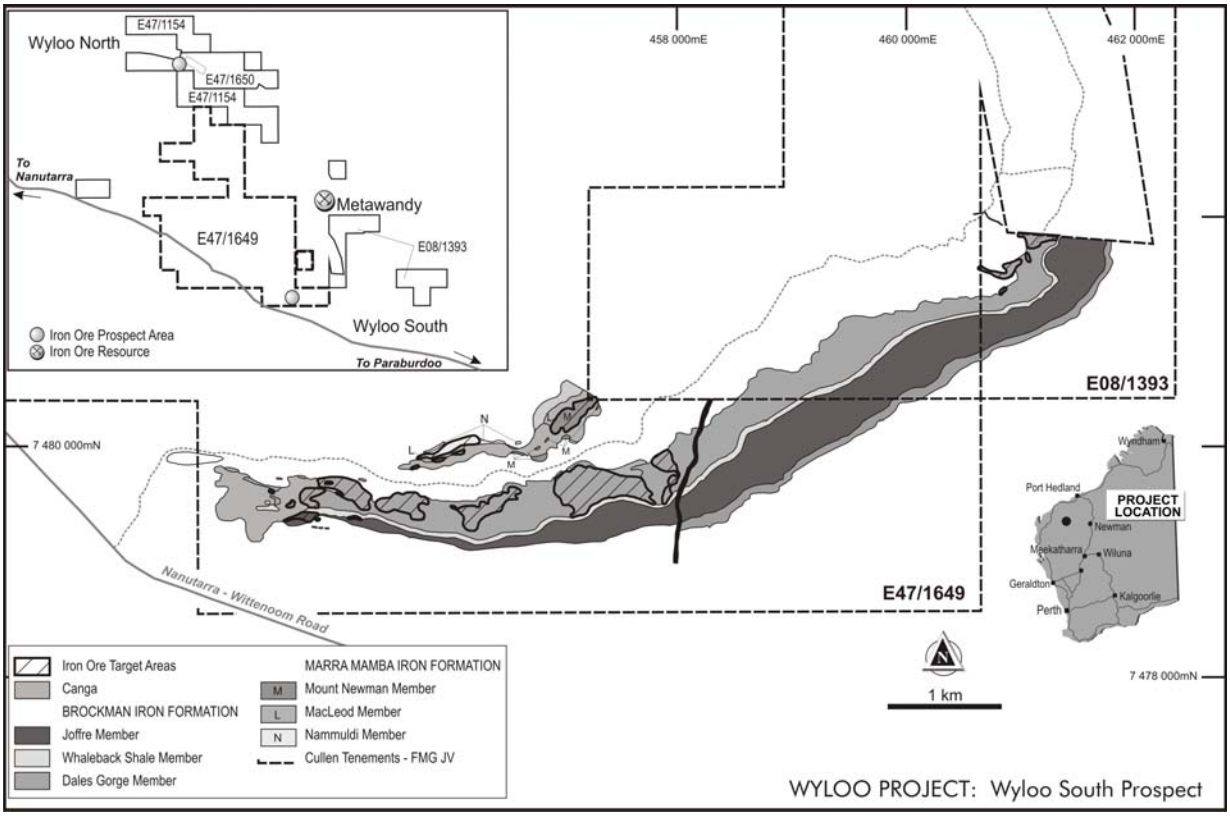
The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Stuart H Tuckey, Dr Sia Khosrowshahi and Mr Jani Kalla who are members of the Australian Institute of Mining and Metallurgy. Mr Tuckey is a full-time employee of Australian Premium Iron. Dr Khosrowshahi 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)

Fortescue Metals Group Limited (ASX: FMG) can earn up to an 80% interest in the iron ore rights on E08/1393 and Es 47/1154, 1649 and 1650. FMG has completed aeromagnetic and radiometric surveys over the northern portion of the tenements, purchased satellite imagery and completed reconnaissance mapping and rock chip sampling. Track access to the Wyloo North Prospect and a helicopter-supported heritage survey was completed during the year over the western (main) portion of the drilling grid. A programme of approximately six RC holes is planned. Detailed geological mapping was also completed over Wyloo South Prospect (E47/1649, E08/1393) at 1:10,000 scale and approximately 3 km strike extent of Brockman and Marra Mamba iron mineralisation was outlined. An RC drilling programme of ~30 holes at approximately 200m x 100m spacing was designed, and a helicopter supported heritage survey was completed over the main (Brockman) mineralisation and over access to the top of the Marra Mamba ridge. A follow-up heritage survey will be necessary to complete the Marra Mamba access and drilling sites clearance.

FMG can also earn up to an 80% interest in the iron ore rights on Cullen's E52/1667, located ~25km south east of Paraburdoo. The tenement includes potential for bedded iron deposits within the Brockman Iron Formations, along strike from the Paraburdoo and Channar Groups of iron deposits. FMG has compiled historical exploration data, flown helicopter-borne reconnaissance, purchased orthophotography and completed infill geological mapping at 1:10,000 scale. A ten-hole drilling programme has been designed with targets including possible extensions to outcropping iron mineralisation and also buried CID mineralisation. A heritage survey will be organised and drilling will be undertaken in conjunction with other projects of FMG in the Eastern Hamersley.



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, ASX: THX), over its three tenements (E52/1890-1892) 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. There has been no exploration activity during the year however.

HARDEY JUNCTION JV - GOLD

(Intrepid Mines Limited 51 %)

Intrepid Mines Limited (ASX: IAU), operator of the Paulsens Gold Mine located approximately 15km north of the Hardey Junction JV ground, has agreed to sell Paulsens to Northern Star Limited (ASX: NST) in a deal which includes sale of their 51% beneficial interest in the Hardey Junction JV. Cullen has a first right of refusal to purchase Intrepid's 51% interest and is currently considering its position.

Exploration for gold during the year focused on the Paddy's Well Prospect (E08/1166) where Intrepid completed 10 RC holes (from 80m to 220m depth) following completion of a heritage survey, with a best result of 4m @1.1 g/t Au from 28-32m.

EXPLORATION REVIEW - KIMBERLEY, W.A.

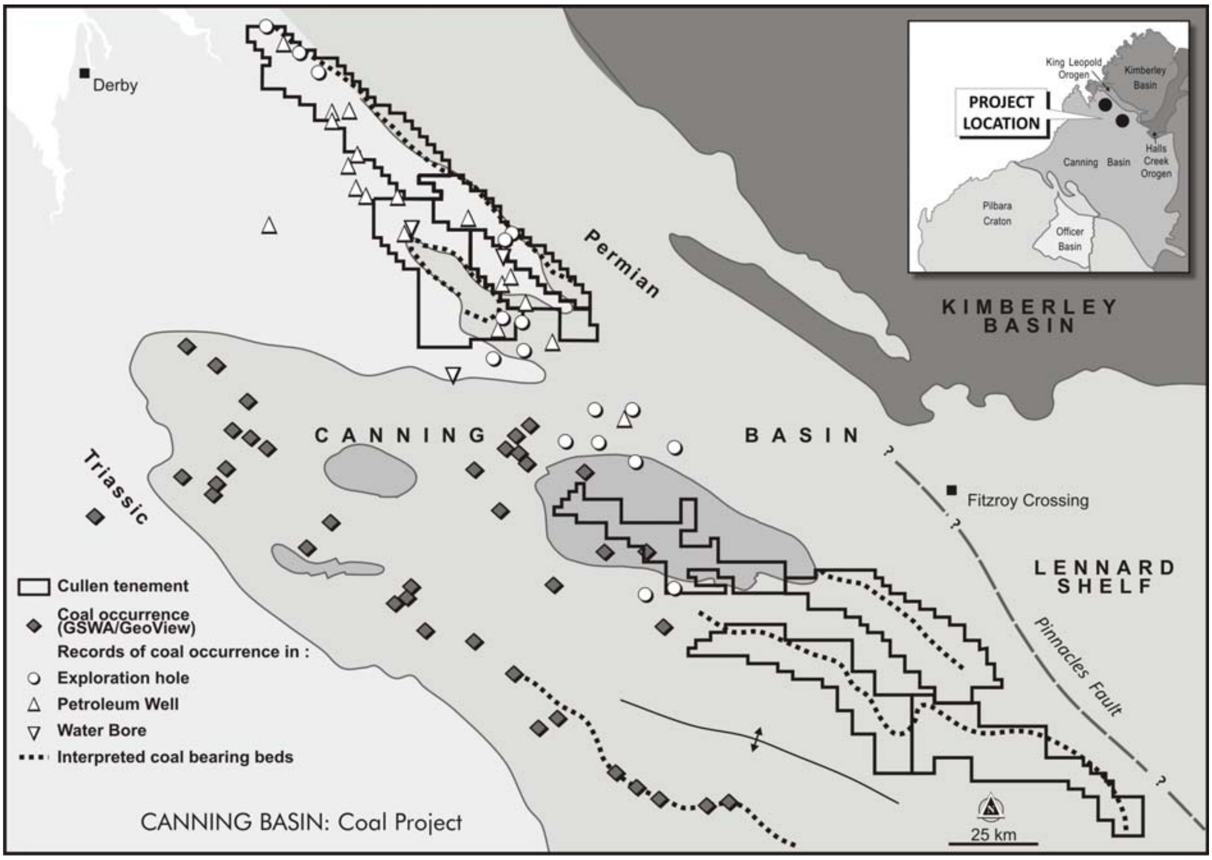
CANNING BASIN JV - COAL
(Cullen 100%)

Cullen has signed a Heads of Agreement (HOA) with Advaita Canning Resources Pty Ltd, a subsidiary of a private, Singapore-based, energy-focused, investment company Advaita Power Resources Pte Ltd., key terms of the HOA being as follows:

- The agreement relates to coal rights only, with Cullen retaining all other mineral rights;
- Advaita to commit to complete ~3000m planned drilling on E04/1836 in FY 2010-2011, for which Cullen is entitled to receive a grant of $95,000 from the Western Australian Government;
- Advaita to spend $1.5M before October 31st 2012 to earn 75%, including minimum $500,000 before October 31st 2011;
- Advaita to then sole fund a further $2.0M on exploration and maintaining tenements in good standing;
- Thereafter, Cullen can contribute at 25%, or take a 20% Free Carried Interest to Decision to Mine based on a Bankable Feasibility Study.

Advaita's goal is to become a preferred fuel supply partner for Indian power producers and has mandates for coal supply from several power companies setting up over 10 Giga Watts of imported coal-based power capacity in India. Advaita believes that blending low-rank coal from Indonesia with coal from Australia/Mozambique would be an ideal solution for Indian power projects.

Cullen has planned a first-pass drilling programme for E04/1836 which covers some 50 strike-km of the Lightjack Formation along the northern limb of the St George Ranges Anticline. Implementation of this programme will now be managed by Advaita who may incorporate additional drilling following its own field assessment.



EXPLORATION REVIEW - NORTH EASTERN GOLDFIELDS, W.A.

GUNBARREL - GOLD and NICKEL

(Cullen 100%, Irwin Bore where Cullen 90%)

The area of E53/1299 and E53/1300 has been the subject of a Joint Venture between Cullen and WMC Limited (and later BHP Billiton) since 2001. BHP Billiton has now withdrawn from the JV, effective 12th April 2010, and Cullen is progressively retrieving data and undertaking its own review of the nickel prospectivity of the belt.

WMC Limited and BHP Billiton together completed RC/diamond drill holes testing various targets based on geochemical surveying, geological mapping, and ground and down-hole EM surveying. Intersections of nickel sulphide were made at either end of one particular interpreted ultramafic horizon about 20km in strike length where further, more detailed work is warranted. Cullen has also noted that the historical database includes a reported intersection of 11m @ 0.86% Ni from 40-51m in a 1995 RAB hole, in a subsidiary ultramafic horizon within the project area. This drill hole result and the ultramafic horizon it intersected has not been the subject of any detailed follow-up work, and hence will be a high priority for Cullen's further exploration.

BHP Billiton also flew a VTEM (helicopter-borne EM) survey across a large part of the project area. These data have now been reviewed by Newexco Services Limited (Newexco), expert consultants in nickel sulphide exploration. They reported a number of VTEM and Moving Loop EM anomalies requiring follow up with further drilling proposed. Field checking of the various EM anomalies in this area suggested that the EM anomalies are related primarily to sulphidic, interflow sediments. However, the multiple geochemical and EM anomalies and the recorded nickel sulphide drillhole intersections in the project area, suggest further follow-up work is required.

During February and March, 2010, the CSA Global Consulting Group completed a structural review of the Southern gold mineralisation based on drillhole, geophysical and geological data. Their conclusions are that the Southern Prospect has been drilled tested in an appropriate orientation and to an adequate depth and their observations have led to re-prioritisation of budgeting and activities. A very lightly explored portion of the greenstone belt in the northern half of the project area, partly covered by Tertiary drainage, has been tested using geochemical surveying. The results show two potential targets for gold mineralisation under cover. Other areas of the project have also been highlighted for follow up field review and possible further drill testing.

Fieldwork gear at the Gunbarrel project

AGNEW - GOLD

(Cullen 100%)

The company holds three tenements along the western margin of the Agnew-Lawlers greenstone belt. Geochemical surveys on E36/632, 681 and 656 completed by Cullen in 2008 and 2009 generated several targets for primary and secondary Au mineralisation. These geochemical anomalies have been systematically investigated by infill sampling and reconnaissance drilling, and targets for further work have now been prioritised on E36/681.

Drilling on E36/681 has to date intersected altered mafic rock within mapped granite, approximately one kilometre west of the interpreted granite-greenstone contact. Low-level gold and arsenic anomalies at the base of the transported overburden (max. 110ppb Au from 8-9m depth and 105ppm As from 11-12m depth) are encouraging. They lie in a virtually unexplored area, located approximately 5km north northwest of major Au deposits at Waroonga, and may be indicative of buried gold mineralisation. The present drainage direction is to the north northeast and it is therefore unlikely for Au and As to have come from the known deposits to the south southeast. More likely, anomalous Au and As concentrations indicate another gold source hidden beneath the transported cover. This is supported by weak Au anomalism in weathered bedrock (max. 0.23g/t) encountered along the same drill traverse.

Further shallow drilling is planned to the north and south of this drill traverse to establish the provenance of gold and arsenic at the base of the transported cover, and to establish the extent of the bedrock anomalism.

Aircore drilling at the Agnew project

EXPLORATION REVIEW - MURCHISON, W.A.

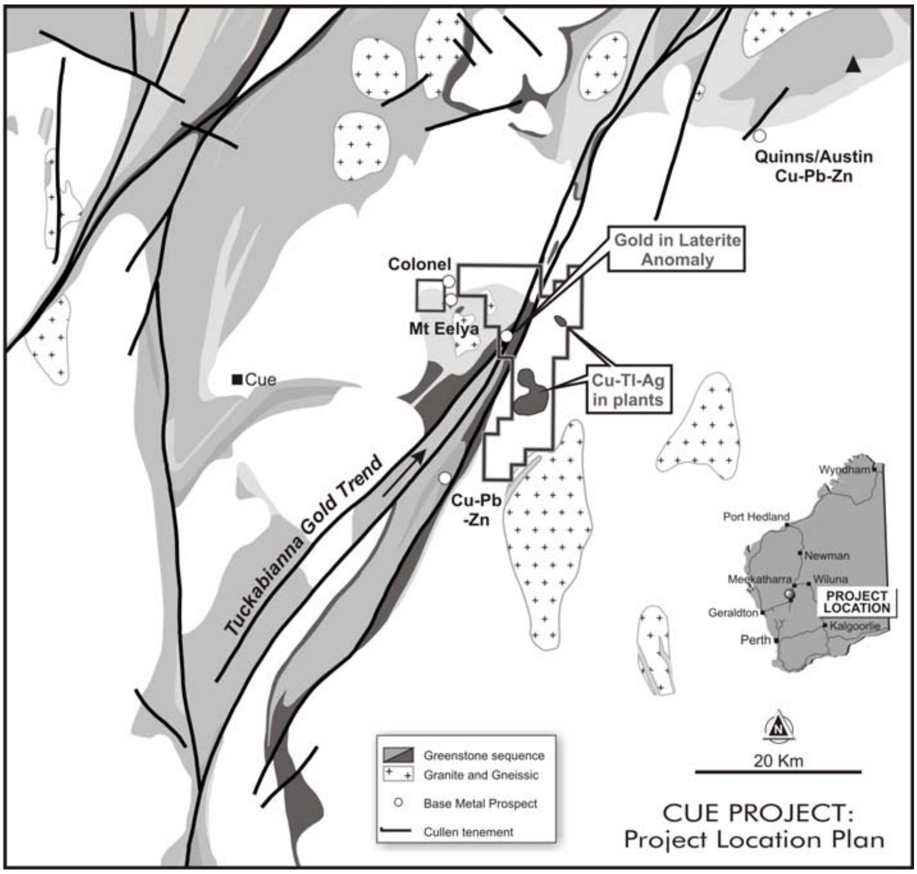
CUE - GOLD and BASE METALS

(Cullen 100%)

The company has applied for an exploration licence (ELA20/714) approximately 30km east of Cue, covering the northern part of the Tuckabianna – Webbs Patch greenstone sequence and the eastern granite-greenstone contact. The principal exploration targets are gold and VMS-style base metal mineralisation in this underexplored northern section of the greenstone sequence, which is largely covered by colluvium and sandplain.

Regional geochemical sampling in early 2010 showed a large Au anomaly in ferruginous gravel (11-29ppb Au), approximately 3.5km x 0.75km, lying along the Tuckabianna Gold Trend. Systematic geochemical sampling using plants was completed over the entire tenement area. Assay results received during this quarter show two regional copper - thallium - silver (Cu-Tl-Ag) anomalies. These anomalies are located approximately 45km southwest of the Austin Cu-Pb-Zn deposit and 13km northeast of a Cu-Pb-Zn prospect on the eastern side of the Tuckabianna sequence (see Figure), in completely unexplored, sand-covered terrain. They lie approximately 2km east of the mapped Tuckabianna greenstone sequence and 2-13km north of a sedimentary inlier within the granite domain, but it is conceivable that they anomalies overlie a sequence of clastic and/or volcaniclastic sediments and greenstone remnants.

Field checks and some infill sampling around the anomalies has been carried out and results are pending. Further work will take place following approval of the tenement and grant of all statutory and heritage approvals.



EXPLORATION REVIEW - EASTERN GOLDFIELDS, W.A.

COOLGARDIE - GOLD

Cullen signed an agreement to assign to MacPhersons Reward Pty Ltd an option held by Cullen's wholly-owned subsidiary, Cullen Exploration Pty Limited to purchase M15/237, M15/128 and P15/5209. The tenements lie approximately 6km south of Coolgardie and will be part of a package of tenements, including the historical MacPherson's Reward Gold Mine and mining lease, which it is proposed, will be the basis of an initial public offering (IPO) of shares in MacPhersons, a company managed by Mr. Morrie Goodz and chaired by Mr. Ashok Parekh.

KILLALOE - GOLD
(Cullen 100%)

Killaloe covers about 20 strike km of greenstones located ~30km SE of the Higginsville gold mine. It includes several structurally-controlled gold prospects including Cashel, where a sub-cropping narrow quartz vein with bonanza-grade native gold was discovered by pitting, and Duke where previous drilling intersected a 200m long, SE trending zone of ultramafic-hosted, low-grade Au mineralisation, 5-30m wide - dipping steeply to the SW. As for the Gunbarrel Project, an extensive exploration database has been accumulated for the Killaloe project and the project remains relatively unexplored at levels below oxidation (~50m). A joint venture partner will be sought to progress this aspect of project exploration. Cullen's Killaloe project also adjoins the Polar Bear Project of Sirius Resources NL on the southern side of Lake Cowan to the south. Cullen's ground includes strike extensive ultramafic target areas in two belts. Previous drilling has included up to 1.4% Ni over 1m (RAB hole "ABR71", from 15-16 EOH) where further follow-up work is warranted. A number of gossans and rock chip anomalies in favourable stratigraphic positions at the base of individual flows in the north of the East Ultramafic Complex also remain untested. Newexco Services Limited has been commissioned to review the existing EM data from Killaloe, and to prioritise targets and plan follow-up work for nickel with the results pending.

EXPLORATION REVIEW - FORRESTANIA, W.A.

STORMBREAKER and NORTH IRONCAP JV - NICKEL
(Cullen 20%)

Cullen holds a 20% Free Carried Interest in the western portion of Hannans Reward Limited (ASX: HNR) Stormbreaker Prospect, centred ~12km north of the Flying Fox Nickel Mine in the Forrestania Greenstone Belt. Hannans has defined a number of EM anomalies within its prospect area, including four which lie close to the boundary of the Cullen-Hannans JV ground. One drill hole completed to test these anomalies penetrated the JV ground. It determined a banded iron formation was the source of the EM anomaly. Three lines of MLEM were completed and further soil sampling and ground EM is planned.

EXPLORATION REVIEW - LENNARD SHELF, W.A.

A detailed compilation of previous oil and mineral exploration over the Company's Lennard Shelf tenement applications around the Cadjebut and Blendevale Pb-Zn deposits and the major Pinnacles Fault has been completed. Target corridors for Pb-Zn mineralisation along Fitzroy Trough margin fault systems will be the focus for first pass reconnaissance exploration once access agreements can be finalised.

EXPLORATION REVIEW - ARUNTA, N.T.

YAMBLA JV - URANIUM

(Cullen 100%)

The Company has sgned an agreement with Uranium Exploration Australia Limited (ASX: UXA) allowing UXA to explore for uranium at Yambla in the Hartz Range, 140km East of Alice Springs, Northern Territory. This tenement covers an area of historical uranium prospects poorly tested by previous explorers and with potential for early drill targets given that uranium mineralisation is outcropping. Uranium was discovered at Yambla by PNC Exploration in 1992, which drilled a number of holes to test radiometric anomalies and outcropping uraninite-rich veins within the amphibolite rock. A number of other styles of uranium mineralisation occur in the area and may constitute potential for an "unconformity" type deposit.

Once UXA has earned 75%, Cullen may elect to contribute or take a 20% interest free carried to a decision to mine based on a bankable feasibility study. Initial fieldwork by UXA, as reported by UXA to the ASX on 5th July, discovered uranium-rich nodules grading up to 13.8% U_3O_8 and anomalous uranium, up to 1140 ppm U_3O_8, with anomalous tantalum and niobium, in a pegmatite dyke stretching for 1.7km. UXA plans an aggressive exploration programme to include geophysical surveys, field sampling and shallow drilling to commence later in 2010.

Yambla prospect - uranium-bearing nodules

EXPLORATION REVIEW - N.S.W.

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. This trend is inferred to coincide with an underlying ridge of Kikora Granite along which centres of cupola-related hydrothermal mineralisation were developed.

In September 2009, Cullen carried out a trial gravity survey (on a 100 x 50m grid) over the Doyenwae prospect (scheelite and minor wolframite mineralisation in sediment-hosted quartz-carbonate-pyrite veinlets) to test if the suspected cupolas above the granites could be mapped.

Two prominent gravity highs 400m apart were outlined, which correlate well with magnetically flat areas and highly anomalous tungsten, tin and arsenic in soils. These gravity highs represent drill targets for potentially higher grade, cupola-related tungsten deposits. Follow-up drilling at Doyenwae and Orr Trig to test the two cupola targets is planned.

EXPLORATION REVIEW - NAMIBIA, AFRICA

NAMIBIA, SOUTH-WEST AFRICA - COPPER

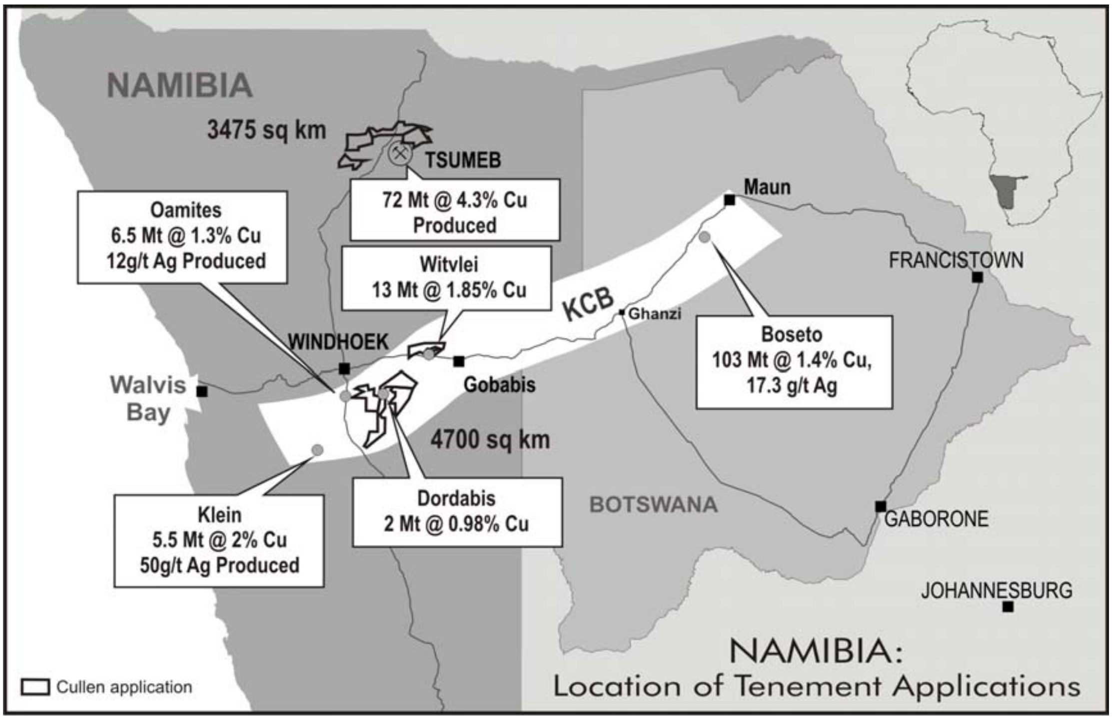
(Cullen 100%)

As reported to the ASX on 25th May, Cullen Resources Namibia (Pty) Ltd (Cullen Namibia) has initiated an exploration presence in Namibia, South-West Africa. Cullen Namibia has to date lodged applications for ~8,000 km^2 of prospective ground in Namibia - ~3475 km^2 near Tsumeb and ~4700 km^2 in the Kalahari Copper Belt (KCB).

The applications near the town of Tsumeb, lie near the well-known Tsumeb base metal deposit and are considered prospective for similar deposits of base metals, and rare earth elements in carbonatites. The other group of applications are for deposits of copper and silver within the KCB - see Figure.

The EPL applications will now be processed and reviewed by Namibian government departments with a decision on the grant of titles expected within the next six months.

Cullen has also initiated geophysical data interpretation with geochemical surveys planned.



NAMIBIA:
Location of Tenement Applications

JOINT VENTURES MANAGED BY OTHER PARTIES - SUMMARY TABLE

Joint Venture	Commodity Focus	JV Partner	JV Partner Earning (Earned)	Expenditure required and time	Cullen's FCI to DTM	Cullen's NSR	Comment
Paraburdoo	Iron ore	Fortescue Metals Group Ltd	80%	-	20%	-	1.5% FOB Royalty capped to 20Mt
Hardey Junction	Gold	Intrepid Mining Ltd	(51%)	-	-	2%	Intrepid sold its Paulsen's gold mine, including its interest in the Hardey Junction JV to Northern Star Resources Ltd in July 2010. Cullen currently diluting to 30%
Mt. Stuart	Iron Ore	API JV (50% owned by Aquila, 50% AMCI)	(70%)$^{\infty}$	-	-	-	API has completed Feasibility study of its regional interests. Cullen contributing at 30% in Mt Stuart JV, 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	Fortescue Metals Group Ltd	80%	-	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
Yambla	Uranium	Uranium Exploration Australia Limited	75%	$0.8M/3 years	20%	2.5%	Exploration initiated in July 2010
Canning Basin	Coal	Advaita Canning Resources Pty Ltd	75%	$1.5M/2.3 yrs	20%	-	For coal rights only

DTM = Decision to Mine   FOB = Free on Board   FCI = Free Carried Interest   NSR = Net Smelter Return $^{\infty}$ = Iron ore rights only   NPI = Net Profits Interest

SCHEDULE OF TENEMENTS (as at 30 June 2010)

REGION	TENEMENTS	ASSOCIATED TENEMENTS / APPLICATIONS	CULLEN INTEREST	COMMENTS
WESTERN AUSTRALIA				
ASHBURTON / PILBARA				
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
Hardey Junction JV	E08/1145, 1166, 1189,1763, P08/546		49%	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%
NE GOLDFIELDS				
Gunbarrel	E53/1299-1300 +/ *		100%	+2.5% NPI Royalty to Pegasus on Cullen's Rights *1.5% NSR Royalty to Aurora
Irwin Well	E53/1137		90%	Western Australian Resources - 10%
Irwin Bore JV	E53/1209,P53/1251, P53/1264, 1265		90%	Western Australian Resources - 10%
New Taffy Well	E53/1040, P53/1154, , P53/1219,		100%	
Laverton	E38/2241,2245,2277		100%-	
Agnew	E36/632, 656, 681	E36/695,697	100%	
Cundelee	E39/1312		100%	
LAKE MACKAY		E80/4209	-	Application only. No current interest.
MURCHISON		E20/714		Application only. No current interest.
EASTERN GOLDFIELDS				
Coolgardie	M15/0128, M15/0237, P15/4593	P15/5209	100%	Cullen has sold Option
Killaloe	E63/1018,1225 E63/1199, P63/1672 P63/1331-1333		100%	
FORRESTANIA				
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
KIMBERLEY				
Lennard Shelf		E04/1896,1893	-	Application only. No current interest.
Advaita JV	E04/1836,1837,1930,1946	E04/1838;1932,1933, 1945	100%	Advaita can earn 75% in coal rights
NEW SOUTH WALES				
Minter	EL6572		100%	
Tibooburra	E3728,3729			Application only. No current interest.
NORTHERN TERRITORY				
Yambla JV	E26142		100%	UXA can earn 75%
Amadeus		E25493, 25494,	-	Application only. No current interest.
Namibia				
Tsumeb Kalahari	EPL – 4493,4495,4498,4501 EPL – 4494,4496,4497,4499,4500		100%	Application only. No current interest.

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.

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2010.

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)
Dr 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:

- Anglo Australian Resources NL
- BCD Resources NL
- BCD Resources (Operations) NL
- Troy Resources Limited (from 24 March 1999 to 27 November 2009)
- Hill End Gold Limited (from 22 March 2010)

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)

Mr 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)
- Farmworks Australia Limited
  (from 19 February 2009 to 24 August 2010)

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 $(2,161,235) [2009: loss $6,307,393]. No income tax was attributable to this result [2009: 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 exploration company seeking deposits of gold, nickel, coal, copper, uranium and iron ore either in its own right, or managed by other partners in Joint Ventures.

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

- Ashburton Province, WA (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, Laverton, Agnew and Irwin Bore, gold and nickel JV projects; and Cundelee and Rason for uranium)

- 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).

The Company also concluded two new farm outs during the year: for coal over tenements and applications in the Canning Basin of north west WA; and for uranium in the Arunta region of the Northern Territory.

Drilling by Cullen or its Joint Venture partners during the year to 30 June 2010 included programmes for: iron ore at the Mt Stuart JV; and for gold deposits in the Agnew, Gunbarrel and Laverton projects. Other exploration field work has included: field reconnaissance, geological mapping, geochemical surveys, and evaluations of new project opportunities. The Company continued to market projects as potential new Joint Ventures.

Also during the year the Company initiated exploration activities in Namibia, in South-West Africa with a number of applications for copper in two prospective terranes.

A total of $2,011,879 (2009: $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 discovery of an economic mineral deposit.

Corporate
At 30 June 2010 available cash totalled $2,066,700 (2009: $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 other than:

- The Consolidated entity has raised $1,012,500 (before expenses) from the issue of 22,500,000 shares at 4.5 cents per share as announced to the ASX on 9 September 2010.

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 the date of this report the Company has 14,000,000 (2009: 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 (2009: Nil). Since the end of the financial year no shares have been issued by virtue of the exercise of options (2009: Nil).

Directors' Interest

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

2010	Direct			Indirect	
	Fully Paid Shares	Options		Fully Paid Shares	Options
D. E. Clarke	-	2,000,000		3,050,000	-
C. Ringrose	200,000	-		-	-
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 ten 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	10	10
C. Ringrose	10	10
G. Hamilton	10	10
J. Horsburgh	10	10
W.J. Kernaghan	10	10

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 $19,375 (2009: $23,719) 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 2010 (2009: 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 26.

Auditor Independence

The directors have received the auditor's independence declaration for the year ended 30 June 2010 which is on page 24 and forms part of this directors' report. For the year the auditors have provided taxation 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 of 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 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 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
30 June 2010	2,161,235	(0.39)	3.4

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. These options all expired on 28 February 2010.

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 2010 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 $**	**Superannu-ation $**	**Long Service Leave $**	**Equity Amortised cost of options granted $**	**$**	**%**
D.E. Clarke	35,000	-	3,150	-	-	38,150	-
C. Ringrose	220,000	7,401 *	19,800	21,198	-	268,399	-
G. Hamilton	123,825	-	2,700	-	-	126,525	-
J. Horsburgh	43,725	-	2,700	-	-	46,425	-
W.J. Kernaghan	64,500	-	2,700	-	-	67,200	-
Total	**487,050**	**7,401**	**31,050**	**21,198**	**-**	**546,699**	-

* 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 2009 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 $**	**Superannu-ation $**	**Long Service Leave $**	**Equity Amortised cost of options granted $**	**$**	**%**
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
Total	**555,054**	**7,401**	**32,700**	**3,167**	**83,220**	**681,542**	

* This relates to the provision of a motor vehicle.

Options granted as part of remuneration for the year ended 30 June 2010

There were nil (2009: Nil) options granted as part of director and executive emoluments during the year.

Shares issued on exercise of remunerated options

During the financial year nil (2009: Nil) remunerated options were exercised.

The directors exercised nil (2009: Nil) options during the year.

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	-	-	(122,937)	(122,937)
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 2009

There were no options granted as a part of remuneration for the year ended 30 June 2009.

End of Remuneration Report

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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 2010, 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.

Ernst & Young

Ernst & Young

J C Palmer
Partner
Perth
22 September 2010

JP:VP:CULLEN:018

Signed in accordance with a resolution of the directors

C. Ringrose
Director
Perth, WA
22 September 2010

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;
- the Annual General Meeting and other meetings called to obtain approval for board action as appropriate; and,
- 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.

Consolidated Statement of Financial Position
at 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Current Assets			
Cash and cash equivalents	20(i)	2,066,700	4,523,164
Receivables	5	107,799	235,336
Total Current Assets		2,174,499	4,758,500
Non Current Assets			
Other financial assets	6	10,000	20,000
Plant & Equipment	7	14,102	27,604
Exploration & Evaluation	8	2,616,296	1,976,601
Total Non Current Assets		2,640,398	2,024,205
Total Assets		4,814,897	6,782,705
Current Liabilities			
Trade and other payables	9	411,587	547,076
Provisions	10	81,009	78,383
Total Current Liabilities		492,596	625,459
Non Current Liabilities			
Provisions	10	50,879	23,289
Total Non Current Liabilities		50,879	23,289
Total Liabilities		543,475	648,748
Net Assets		4,271,422	6,133,957
Equity			
Issued Capital	11	31,724,656	31,524,656
Share based payment reserve	12	728,925	630,225
Accumulated Losses	13	(28,182,159)	(26,020,924)
Total Equity		4,271,422	6,133,957

Consolidated Statement of Changes in Equity
At 30 June 2010

	Note	Issued Capital	Share Based Payment Reserve	Accumulated Losses	Total Equity
		Consolidated			
		$	$	$	$
At 1 July 2008		31,524,656	532,895	(19,713,531)	12,344,020
Loss for the year		-	-	(6,307,393)	(6,307,393)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the year		-	-	(6,307,393)	(6,307,393)
Share based payments	12	-	97,330	-	97,330
At 30 June 2009		31,524,656	630,225	(26,020,924)	6,133,957

	Note	Issued Capital	Share Based Payment Reserve	Accumulated Losses	Total Equity
		Consolidated			
		$	$	$	$
At 1 July 2009		31,524,656	630,225	(26,020,924)	6,133,957
Loss for the year		-	-	(2,161,235)	(2,161,235)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the year		-	-	(2,161,235)	(2,161,235)
Issue of share capital		200,000	-	-	200,000
Share based payments	12	-	98,700	-	98,700
At 30 June 2010		31,724,656	728,925	(28,182,159)	4,271,422

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Revenues	3	318,604	373,763
Rent		(37,268)	(35,427)
Salaries and Consultants' fees		(415,457)	(291,893)
Compliance expenses		(129,685)	(173,427)
Impairment of exploration expenditure	8	(1,372,184)	(5,919,931)
Exploration and evaluation expenses		(290,834)	-
Share based payments	12	(98,700)	(97,330)
Depreciation		(23,582)	(31,292)
Other expenses		(112,129)	(131,856)
Loss before income tax	3	(2,161,235)	(6,307,393)
Income tax	4	-	-
Net Loss attributable to members of Cullen Resources Limited after tax		(2,161,235)	(6,307,393)
Other Comprehensive Income		-	-
Total comprehensive income/(expense) for the period		(2,161,235)	(6,307,393)
Basic (loss) per share (cents per share)	22	(0.39)	(1.14)
Diluted (loss) per share (cents per share)	22	(0.39)	(1.14)

Statement of Cash Flows
for the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Cash payments in the course of operations		(894,809)	(816,142)
GST refunded		131,710	147,491
Interest received		118,604	369,526
Net operating cash flows	21(ii)	(644,505)	(299,125)
Cash flows from investing activities			
Refund of security deposits		10,000	80,000
Payment for plant & equipment		(10,080)	(1,908)
Payments for exploration		(2,011,879)	(2,682,015)
Net investing cash flows		(2,011,959)	(2,603,923)
Cash flows from financing activities			
Proceeds from issue of shares		200,000	-
Net financing cash flows		200,000	-
Net (decrease)/increase in cash and cash equivalents		(2,456,464)	(2,903,048)
Cash and cash equivalents at the Beginning of the financial year		4,523,164	7,426,212
Cash and cash equivalents at the end of the financial year	21(i)	2,066,700	4,523,164

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 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised2008)
AASB3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on adoption.

AASB 7 Financial Instruments: Disclosures
The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 23. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 23.

AASB 8 Operating Segments
AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 19.

AASB 101 Presentation of Financial Statements
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in are reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one linked statement.

AASB 123 Borrowing Costs
The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the Group has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. The Group did not capitalise any borrowing costs in the current year.

(d) 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.

(e) 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 reporting 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 statement of comprehensive income.

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.

(f) 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.

(g) 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.

(h) 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 Statement of Comprehensive Income.

(i) 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 Statement of Comprehensive Income in the financial year in which the exchange rates change, as exchange gains or losses.

(j) 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.

(k) 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.

(l) Joint ventures
The Consolidated Entity'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 Consolidated Entity does not currently receive any income from its joint venture assets.

The Consolidated Entity does not hold any interests in jointly controlled entities.

(m) 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.

(n) 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.

(o) 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 Statement of Comprehensive Income on a straight-line basis over the lease term.

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

(q) 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.

(r) Change in accounting policies
The accounting policies adopted are consistent with those of the previous year, except as noted at 1(c).

(s) Share based payments

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income 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

(t) 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.

(u) 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.

(v) 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.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	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 except for the following: The amendment to AASB 117 removes 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 vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; ► bears the credit risk.	1 January 2010	The Group has not yet assessed the full impact.	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5 (con't)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	The Group has not yet assessed the full impact.	1 July 2010
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to 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.	1 January 2010	The Group has not yet assessed the full impact.	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	The Group has not yet assessed the full impact.	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if(a) the contractual cash flows from the instrument represent principal and interest and(b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	The Group has not yet assessed the full impact.	1 July 2013
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	The Group has not yet assessed the full impact.	1 July 2011

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	The Group has not yet assessed the full impact.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	The Group has not yet assessed the full impact.	1 July 2011
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	The Group has not yet assessed the full impact.	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The Group has not yet assessed the full impact.	1 July 2011

* designates the beginning of the applicable annual reporting period unless otherwise stated

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 16. 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.

3. REVENUE AND EXPENSES

	Consolidated 2010 $	Consolidated 2009 $
(Loss) after crediting the following revenues:		
Other Revenues		
Interest received	118,604	369,526
Other (i)	200,000	4,237
	318,604	373,763

(i) An amount received pursuant to an agreement dated 17 December 2009, for the assignment of an option for the right to explore Killoran and Kurana tenements. In addition to the above $200,000, the contingent asset, disclosed in Note 26, forms part of this agreement.

	Consolidated 2010 $	Consolidated 2009 $
Loss after charging the following expenses:		
Auditors remuneration in respect of the Audit of the financial statements	40,000	40,000
Provision for employee benefits	30,216	17,745
Operating lease payments	36,840	34,170
Superannuation	66,759	81,903

4. INCOME TAX

	Consolidated 2010 $	Consolidated 2009 $
Operating loss before income tax	(2,161,235)	(6,307,393)
Prima facie income tax (benefit) calculated at 30% (2009: 30%)	(648,370)	(1,892,218)
Non-deductible expenses	62,136	32,758
Less income tax benefits not brought to account at balance date	586,234	1,859,460
Total income tax expense	-	-

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. The members of the income tax consolidated group have entered into a tax funding agreement.

Consolidated

	Statement of Financial Position		Statement of Comprehensive Income	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Deferred Tax Liabilities				
Exploration	(784,888)	(592,980)	191,908	971,375
Deferred Tax Assets				
Provisions	39,566	30,502	9,065	5,323
Accruals	7,500	-	-	-
Other	4,911	-	-	-
Losses brought to account to Reflect deferred tax liabilities	732,911	562,478	(182,843)	(976,698)
Net Deferred Tax Recognised in the Statement of Financial Position	-	-	-	-

As at 30 June 2010 future income tax benefits were available 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 2010 in respect of tax losses not brought to account is $11,221,430 (2009: $10,488,519) and there is no expiry date. The benefit of these losses has not been brought to account. The benefit will only be obtained if:

(a) the Consolidated Entity derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised.
(b) the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and
(c) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

	Consolidated	
	2010	**2009**
	$	**$**
5. RECEIVABLES		
Current		
Other debtors	107,799	235,336

Other debtors includes GST receivable which is non-interest bearing.

6. OTHER FINANCIAL ASSETS

Non current		
Security deposits	10,000	20,000
	10,000	20,000

The security deposits are non-interest bearing and relate to a mining tenement.

	Consolidated 2010 $	2009 $
7. PLANT & EQUIPMENT		
Plant & Equipment at cost	155,712	145,632
Accumulated depreciation	(141,610)	(118,028)
Total written down amount	14,102	27,604
(a) Reconciliation		
Plant & Equipment		
Carrying amount at beginning	27,604	56,988
Additions	10,080	1,908
Depreciation expense	(23,582)	(31,292)
	14,102	27,604

8. DEFERRED EXPLORATION COSTS

	2010 $	2009 $
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	1,976,601	5,214,517
Expenditure incurred during the year	2,011,879	2,682,015
	3,988,480	7,896,532
Less		
Impairment (a)	(1,372,184)	(5,919,931)
Closing balance net of impairment	2,616,296	1,976,601

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

	2010 $	2009 $
Current		
Trade creditors - unsecured	411,587	547,076

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

10. PROVISIONS

	2010 $	2009 $
Current		
Employee benefits	81,009	78,383
Non Current		
Employee benefits	50,879	23,289

11. CONTRIBUTED EQUITY

	Consolidated 2010 $	2009 $
Issued capital		
557,839,763 (2009: 554,839,763)	31,724,656	31,524,656

Movement in issued shares for the year:

	2010 Number of Shares	$
Beginning of the financial year	554,839,763	31,524,656
Issued at 6.67 cents each (i)	3,000,000	200,000
End of the financial year	557,839,763	31,724,656

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.

(i) Issued pursuant to an agreement in respect of the Consolidated Entity exercising its option to explore its Killoran and Kurana Tenements. The option was assigned to a third party during the year, refer to Note 3.

Options
As at 30 June 2010 there are 14,000,000 (2009: 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	VariousΔ	0.1338	30 November 2010
3,000,000	15/01/10	15/01/10	0.05	1 February 2011
3,000,000	15/01/10	15/01/10	0.08	1 February 2011
14,000,000				

Δ All options have vested
The options have no rights until they are exercised and become ordinary shares.
During the year 14,000,000 options lapsed on 28 February 2010 and 6,000,000 options were issued on 15 January 2010.
Since the end of the financial year no 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 2010 $	2009 $
Beginning of the financial year	630,225	532,895
Share based payments	98,700	97,330
End of financial year	728,925	630,225

13. ACCUMULATED LOSSES

	Consolidated 2010 $	2009 $
Accumulated losses at the beginning of the year	(26,020,924)	(19,713,531)
Net (loss)	(2,161,235)	(6,307,393)
Accumulated losses at the end of the year	(28,182,159)	(26,020,924)

14. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2010 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 % June 2010	Interest % June 2009	Investment $ June 2010	Investment $ June 2009
Cullen Minerals Pty Limited	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-
Montrose Resources Pty Limited	Australia	100	100	1	1
Cullen Exploration Namibia	Namibia	100	-	15	-

15. KEY MANAGEMENT PERSONNEL

(a) Compensation for key management personnel

	Consolidated 2010 $	Consolidated 2009 $
Short-term employee benefits	494,451	562,455
Post-employment benefits	31,050	32,700
Other long-term benefits	21,198	3,167
Termination benefits	-	-
Share-based payments	-	83,220
Total compensation	546,699	681,542

(b) Option holdings of directors

	Balance at beginning of year 1 July 2009 Number	Options issued Number	Options lapsed/ exercised Number	Balance at end of year 30 June 2010 Number	Total Number	Vested and exercisable at 30 June 2010 Number
Directors						
D Clarke	2,000,000	-	-	2,000,000*	2,000,000	2,000,000
C Ringrose	8,000,000 Δ	-	(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
Total	16,000,000	-	(8,000,000)	8,000,000	8,000,000	8,000,000

* 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 expired during the year.

These options had a weighted average exercise price of $0.1338 and a weighted average remaining contractual life of 0.42 years.

	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
Total	16,000,000	-	-	16,000,000	16,000,000	16,000,000

* 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 2009 Number	Options Exercised Number	Net Change Sale Number*	Balance 30 June 2010 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
Total	36,828,128	-	-	36,828,128

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
Total	36,828,128	-	-	36,828,128

*Transactions on market.

The directors' shareholdings are held directly and indirectly. Refer to the Directors' Report on page 20 for the breakdown.

16. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

	2010 $	2009 $
Equity arising from equity-settled share based payments transactions	98,700	97,330

(b) 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	Number Lapsed
3,000,000	1/6/07	28/2/10	$0.05	3,000,000
3,000,000	1/6/07	28/2/10	$0.08	3,000,000

(iii) Options issued during the year

Number	Grant Date	Vest Date	Expiry Date	Weighted Average Exercise Price	Weighted Average Share Price
3,000,000	15/1/10	15/1/10	1/2/11	$0.05	$0.05
3,000,000	15/1/10	15/1/10	1/2/11	$0.08	$0.05

(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	15/1/10	15/1/10	1/2/11	$0.05	$0.0578
3,000,000	15/1/10	15/1/10	1/2/11	$0.08	$0.0399

These options had a weighted average exercise price of $0.065 and a weighted average remaining contractual life of 0.58 years.

The fair value of the equity settled share options granted are estimated as at the date of allocation using a Binomial Model taking into account the terms and conditions upon which they were granted.

(v) Valuation of options issued during the year

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value of Options
3,000,000	15/1/10	15/1//10	1/2/11	$0.05	$59,700
3,000,000	15/1/10	15/1/10	1/2//11	$0.08	$39,000

(c) Weighted average remaining contractual life

	2010 Years	2009 Years
Options	0.58	0.58

(d) Range of exercise prices

	2010 $	2009 $
Options	0.05-0.08	0.05-0.08

(e) Weighted average fair value at date of issue

	2010 $	2009 $
Options	98,700	-

(f) Option pricing model

The fair value of the equity settled share options granted are estimated as at the date of allocation using a Binomial Model taking into account the terms and conditions upon which they were granted.

The following table lists the inputs to the models used at the date of allocation:

	2010	2009
Dividend yield	-	-
Expected volatility	100.04%	-
Risk free interest rate	4.35%	-
Exercise price	$0.05-$0.08	-
Share price at measurement date	$0.05	-

17. JOINT VENTURES

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

	Principal Activity	Other Participant
(a) Irwin Bore (Cullen operates)	Exploration	Western Australian Resources Ltd (WAR)
(b) Hardey Junction	Exploration	Intrepid Mines Limited (Intrepid)
(c) Mt Stuart	Exploration	Australian Premium Iron Management Pty Limited (API)
(d) Wyloo	Exploration	FMG Limited (FMG)
(e) Tunnel Creek	Exploration	Thundelarra Exploration Limited (Thundelarra)
(f) Paraburdoo	Exploration	FMG Limited (FMG)
(g) Forrestania	Exploration	Hannans Reward Limited (Hannans)
(h) Yambla	Exploration	Uranium Exploration Australia Limited
(i) Canning Basin	Exploration	Advaita Canning Resources Pty Ltd

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

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

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

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

(e) Thundelarra can earn 70%.

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

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

(h) Uranium Exploration Australia Limited can earn up to 75% interest.

(i) Advaita Canning Resources Pty Ltd can earn up to 75% interest in the coal rights.

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 (2009: $Nil). The Consolidated Entity's assets employed in the joint ventures, are included in the balance sheet of the Consolidated Entity as follows:

	Consolidated 2010 $	Consolidated 2009 $
Current Assets		
Receivables	1,002	181,190
Non-Current Assets		
Exploration and expenditure	2,480,388	1,888,136
Current Liabilities		
Trade and other payables	292,082	213,289

18. 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 $1,607,980 (2009: $2,394,020) over the next year to keep its current tenements in good standing. Approximately 82% (2009: 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 2010 $	Consolidated 2009 $
Lease expenditure commitment		
Operating leases (non-cancellable) for premises		
Minimum lease payments		
- not later than one year	32,884	42,000
- later than one year and not later than five years	84,950	150,500
Aggregate lease expenditure contracted for at reporting date but not provided for	117,834	192,500

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.

19. 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.

(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 $13,725 (2009: $37,348) which is a company controlled by Mr J Horsburgh. Geological payments were made to Weeroona Investments Pty Ltd totalling $93,825 (2009: $116,160) which is a company controlled by Mr G Hamilton. Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling $34,500 (2009: $28,350) which is a company controlled by Mr W Kernaghan.

20. OPERATING SEGMENTS

Identification of Reportable Segments

The Consolidated Entity has based its operating segment on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Consolidated Entity currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Based on this criteria, the Consolidated Entity has only one operating segment, being exploration, and the segment operations and results are the same as the Consolidated Entity's results.

Non Current Assets by Geographical regions:

	Consolidated	
	2010	2009
	$	$
Australia	2,640,398	2,024,205
Namibia	-	-
	2,640,398	2,024,205

21. STATEMENT OF CASH FLOWS

(i) Reconciliation of cash

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

	Consolidated	
	2010	2009
	$	$
Cash on hand	2,066,700	4,523,164

(ii) Reconciliation of operating (loss) after income tax to net cash used in operating activities

	2010	2009
Operating (loss) after income tax	(2,161,235)	(6,307,393)
Add/(less) non cash items		
Depreciation	23,582	31,292
Share based payments	98,700	97,330
Provisions for employee benefits	30,216	17,745
Impairment exploration expenditure	1,372,184	5,919,931
(Decrease) / Increase in creditors	(135,489)	127,578
Decrease / (Increase) in receivables	127,537	(185,608)
Net operating cashflows	(644,505)	(299,125)

Share based payments
During the year the Consolidated Entity made share based payments of $98,700 (2009: $97,330) to directors and employees of the Consolidated Entity.

22. EARNINGS/(LOSS)PER SHARE

	Consolidated	
	2010	**2009**
Basic (loss) per share (cents per share)	(0.39)	(1.14)
Diluted (loss) per share (cents per share)	(0.39)	(1.14)
The following reflects the income and share data used in the calculations of basic and diluted (loss) per share		
Net (loss)	(2,161,235)	(6,307,393)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	556,089,078	554,839,763
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS	14,000,000	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.

23. 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.

	Consolidated	
Financial Instruments	**Floating interest rate**	**Floating interest rate**
	2010	**2009**
	$	**$**
Financial Assets		
Cash and cash equivalents	2,066,700	4,523,164
Total Financial Assets	2,066,700	4,523,164

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	
	2010	**2009**
	$	**$**
Interest rate +1%	(20,667)	(45,232)
Interest rate -1%	20,667	45,232

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 which is monitored on a monthly basis.

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

The Consolidate Entity manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. The Consolidated entity has established comprehensive risk reporting covering its business units that reflect expectations of management of the expected statement of financial assets and liabilities.

(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.

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	
	2010	**2009**
	$	**$**
Shareholders equity	4,271,422	6,133,957

24. AUDITOR'S REMUNERATION

	Consolidated	
	2010	**2009**
	$	**$**
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
- taxation services provided to the Consolidated Entity	21,987	-

25. PARENT ENTITY INFORMATION

Information relating to Cullen Resources Limited.

	Consolidated	
	2010	**2009**
	$	**$**
Current assets	1,665,923	4,366,901
Total assets	4,314,599	6,179,158
Current liabilities	43,161	45,200
Total liabilities	43,161	45,200
Issued capital	31,724,656	31,524,656
Accumulated losses	28,182,143	26,020,923
Share based payment reserve	728,925	630,225
Total shareholders' equity	4,271,438	6,133,958
Loss of the parent entity	2,161,220	6,273,329
Total comprehensive income of the parent entity	2,161,220	6,273,329

The parent entity has no contingent liabilities, nor does it have any contractual commitments for the acquisition of property, plant or equipment.

26. CONTINGENT ASSET

In accordance with the arrangement of an option to MacPhersons Reward Pty Ltd, dated 17 December 2009, over the right to explore the Killoran and Kurana tenements, MacPhersons Reward Pty Ltd must, through their best endeavours take the necessary steps to list on the ASX by 30 November 2010, if MacPhersons Reward is admitted to the ASX by the above date it must issue and allot $300,000 of shares within five days of admittance.

If it fails to be admitted, MacPhersons Reward Pty Ltd must pay Cullen $150,000 in lieu of issuing the above shares.

27. 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 other than:

- The Consolidated entity has raised $1,012,500 (before expenses) from the issue of 22,500,000 shares at 4.5 cents per share as announced to the ASX on 9 September 2010.

28. CORPORATE INFORMATION

The financial report of Cullen Resources Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 22 September 2010.

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:

In the opinion of the directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b).

(c) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

(d) 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 2010.

On behalf of the Board

C. Ringrose
Director
Perth, WA
22 September 2010

Ernst & Young Building
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Independent audit report to members of Cullen Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Cullen Resources Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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(b), 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 and International Standards on Auditing. 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

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 consolidated entity's financial position at 30 June 2010 and of its 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 21 to 23 of the directors' report for the year ended 30 June 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

J C Palmer
Partner
Perth
22 September 2010

SHAREHOLDER INFORMATION

CAPITAL STRUCTURE

As at 20 September 2010, the company had the following securities on issue:

	Fully paid Ordinary shares
Issued Capital	580,339,763
Top 20 Shareholders	
Total holding of twenty largest shareholders	280,143,443
% of total shares on issue	48.27%
Distribution of shareholders	
1 - 1,000 shares	147
1,001 - 5,000 shares	218
5,001 - 10,000 shares	479
10,001 - 100,000 shares	1882
100,001 and over	617
Total	**3343**
Unmarketable Parcels as at 15 September 2010 Minimum $500.00	607

OPTIONS

As at 20 September 2010, 14,000,000 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
3,000,000	$0.05	1 February 2011
3,000,000	$0.08	1 February 2011

SUBSTANTIAL SHAREHOLDERS

The company has two Substantial Shareholders as at 20 September 2010

Name	%	No. of shares
AMCI Group	16.80	97,668,113
Aquila Resources Ltd	18.07	104,843,426

TWENTY LARGEST SHAREHOLDERS

The names of the twenty holders of the fully paid shares at 20 September 2010 are listed below:

Name	No. of Shares	% Held	Rank
Aquila Steel Pty Ltd	72,000,000	12.41	1
UBS Wealth Management Australia Nominees Pty Ltd	50,976,299	8.78	2
Rubicon Nominees Pty Ltd	50,822,698	8.76	3
Wythenshawe Pty Ltd	16,124,855	2.78	4
Kitchsmith Pty Ltd	14,355,002	2.47	5
Innerleithen Pty Ltd	12,352,120	2.13	6
Aquila Resources Limited	11,846,603	2.04	7
BT X Pty Ltd	8,500,000	1.46	8
Chiatta Pty Ltd	7,000,000	1.21	9
Penoir Pty Ltd	5,690,123	0.98	10
Wythenshawe Pty Ltd	3,935,000	0.68	11
Warramboo Holdings Pty Ltd	3,362,222	0.58	12
Dunslair Pty Ltd	3,243,000	0.56	13
Mr Neil Ronald Griffin	3,186,308	0.55	14
Lindglade Enterprises Pty Ltd	3,050,000	0.53	15
Kurana Pty Ltd	3,000,000	0.52	16
BT X Pty Ltd	2,800,000	0.48	17
C Y T Investment Pty Ltd	2,770,000	0.48	18
HSBC Custody Nominees	2,629,213	0.45	19
Mr Charles Bass	2,500,000	0.43	20
Total	280,143,443	48.27	

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.