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29 November 2016

Sale of 30% participating interest in the *Mt Stuart Iron Ore Joint Venture for \$2M plus 1% F.O.B. royalty

The Directors of Cullen Resources Limited (**Cullen** or **the Company**) wish to advise that Cullen and its subsidiary Cullen Exploration Pty Ltd (**Cullen Exploration**) have entered into a conditional agreement with API Management Pty Ltd (**API**), the holder of the other 70% participating interest in the Mt Stuart Iron Ore Joint Venture (**MSIOJV**), to sell to API:

1. Cullen Exploration's 30% participating interest in the MSIOJV; and
2. all of Cullen Exploration's other rights and interests in the tenements the subject of the MSIOJV (**Tenements**), including registered ownership of the Tenements.

Completion of the sale is conditional upon satisfaction of a number of matters within 4 months, including:

- Cullen obtaining shareholder approval;
- the board of directors of Baosteel Group Corporation approving the transaction;
- the obtaining of any required FIRB approvals; and
- Ministerial consent being obtained for the transfer of the mining leases.

Cullen expects to hold a general meeting in late January 2017 to seek shareholder approval for the transaction.

On completion of the sale, the MSIOJV and the Co-ownership, Co-operation and Co-ordination Deed dated 8 March 2007 will terminate.

The consideration for the sale consists of:

- i) a lump sum cash payment of **\$1 million AUD** payable at completion of the sale;
- ii) a further lump sum cash payment of **\$1 million AUD** payable upon API, the participants in the Australian Premium Iron Joint Venture, any person to whom API grants mining rights or any successor in title to the

- Tenements making an unconditional final investment decision to proceed with development of an iron ore mine on the Tenements; and,
- iii) an **uncapped 1% F.O.B. royalty**** on all iron ore extracted from the area of the Tenements.

* The **Mt Stuart Iron Ore Joint Venture** (ELs 08/1135, 1292, 1330, 1341 and MLs 08/481, 482) – is between Cullen Exploration Pty Ltd (30% and contributing) and API Management Pty Ltd (**API**) - 70%. The shareholders of API are the participants in the unincorporated joint venture known as the Australian Premium Iron Joint Venture (**APIJV**), namely Aquila Steel Pty Ltd 50% (the ultimate owners of which are Baosteel Resources Australia Pty Ltd (**Baosteel**) (85%) and Aurizon Operations Limited (15%)); and AMCI (IO) Pty Ltd 50% (the ultimate owners of which are AMCI Investments Pty Ltd (51%) and Posco WA Pty Ltd (**Posco**) (49%)). Baosteel and Posco are subsidiaries of major steel producers in China and Korea respectively.

API Management Pty Ltd is the manager of the APIJV, the MSIOJV and the Red Hill Iron Ore Joint Venture (between API and Red Hill Iron Limited). These joint ventures hold the iron ore rights over a number of deposits that form the West Pilbara Iron Ore Project (**WPIOP**), located in the northern part of Western Australia.

** The **F.O.B. Royalty** is payable quarterly in arrears and calculated on revenue from arm's length F.O.B. sales and other sales that can be converted to the equivalent of an arm's length F.O.B. sale. Where there are no such sales in a quarter, the royalty is calculated at 1% of the deemed revenue upon which the iron ore royalty currently payable to the Crown under the *Mining Regulations 1981* (WA) is based. If Tenement ore is blended with ore from specified WPIOP tenements (**Stage 1 WPIOP Tenements**) (as is currently contemplated) to form a blended West Pilbara Iron Ore Project ore product, for the purposes of calculating the royalty, the price per tonne for the ore extracted from the Tenements will be deemed to be the weighted average price received for the blended product in the relevant quarter. If Tenement ore is blended with ore from non Stage 1 WPIOP tenements, for the purposes of calculating the royalty, the price per tonne for the ore extracted from the Tenements will be deemed to be the weighted average price received for the blended product in the relevant quarter subject to the application of a discount or premium to reflect the value of the blended product compared to that of the ore extracted from the Tenements.

Dr Chris Ringrose, Managing Director

29 November, 2016

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ATTRIBUTION: **Competent Person Statement**

The information in this report that relates to exploration activities is based on information compiled by Dr. Chris Ringrose, Managing Director, Cullen Resources Limited who is a Member of the Australasian Institute of Mining and Metallurgy. Dr. Ringrose is a full-time employee of Cullen Resources Limited. 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 2012 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.