



ANNUAL REPORT 2013





CORPORATE DIRECTORY

ABN: 46 006 045 790

Directors

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

Secretary

Wayne Kernaghan

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Chairman's Report

► DEAR FELLOW SHAREHOLDER

Cullen is a discovery-driven company exploring in a number of prospective terranes: in areas where exploration activity is high, where new discoveries are being made, and in commodities of interest to the market.

Our strategy is to seek out multiple opportunities in several commodities, in order to fully exploit our in-house geological experience, and spread risk. We have adopted this strategy both here in Australia, and in other countries with accessible geological databases, good fundamental prospectivity and terranes where limited previous exploration has been completed. These pre-conditions offer the best opportunities for us to make a discovery. Such project generation activities in "greenfields" is a key strategy of Cullen's, and we have been successful in developing an excellent portfolio of prospective projects for our exploration, or for attracting joint venture partners.

In what has been a very difficult year for junior explorers, capital management has been a key consideration. Despite this, Cullen has maintained its position as a project generator, undertaken its own exploration, and is "free carried", albeit with a minority equity position, in a number of active Joint Ventures. Cash conservation has led to a slowing of activities in Finland and on the TL Property in Canada, but the company maintains a watching-brief for opportunities and is seeking Joint Venture partners to maintain momentum in some of its projects.

The Company also remains a participant in a potential, major, new iron ore development project in the West Pilbara Region of Western Australia, the West Pilbara Iron Ore Project (WPIOP). As a co-venturer in the Mt Stuart Iron Ore Joint Venture (MSIOJV), Cullen has been contributing funds in anticipation that, in the future, funding and required approvals will be available to allow the development of port and rail infrastructure as planned by the APIJV (Manager of the MSIOJV). However at this time, activities on the MSIOJV the WPIOP have slowed.

I thank all shareholders for their continued interest and support, and our small but effective team of staff in Perth, my fellow directors, and our consultants and contractors for their contributions.



Dr. Denis Clarke, Chairman

Company Profile

► **Perth-based minerals explorer with:**

- iron ore Reserve
- multi-commodity portfolio
- multiple JV partnerships
- active programmes
- innovative approaches
- motivated management
- experienced board
- project generation in Namibia and Scandinavia





Highlights

2012/2013

▶ **MT EUREKA, WA NICKEL & GOLD**

650m² project area in North Eastern Goldfields - prospective for gold and nickel. VTEM survey completed, ground EM follow-up and four targets drill tested to date. Nineteen nickel targets defined for further exploration.

▶ **MURCHISON, WA GOLD & BASE METALS**

Project area approximately 30km east of Cue, covering the northern part of the Tuckabianna – Webbs Patch greenstone sequence. Exploration targets for gold and VMS-style base metal mineralisation in this underexplored area. Some EM anomalies drilled, others remain untested.

▶ **BRITISH COLUMBIA ZINC**

HeliTEM survey flown centred on high-grade, greenfields zinc mineralisation at the "TL Property" where trenching exposed +10m wide sulphide mineralization with best channel sample of 3m @ 8.98% Zn. First pass drilling completed: best 2m @ 2.66% Zn for follow-up.

▶ **LACHLAN, NSW TUNGSTEN**

Diamond drilling completed at Minter in July 2012 tested for cupola-related, tungsten-bearing vein system. Interpretation of vein orientation indicates further drilling required to more correctly evaluate.

▶ **CATHO WELL, WA IRON**

Mineral Resource Estimate for the Catho Well Channel Iron Deposit of 98Mt @ 55.0 % Fe and a Maiden JORC Reserve Estimate of 70Mt @ 54.8% Fe (Cullen 30%) awaits broader project infrastructure solution.

▶ **WYLOO, WA IRON**

Maiden Inferred Resource of Bedded Iron of 16.9Mt @ 57.11% Fe (Cullen 20%) further work in 2013/2014 planned by JV Manager, Fortescue Metals Group.

▶ **SCANDINAVIA IRON, GOLD & COPPER GRAPHITE**

Tenure in Sweden near Kiruna (iron and copper) and in Finland near Kuusamo (gold), and Rompas (gold) discoveries, being assessed and prioritised.

▶ **NAMIBIA COPPER**

Two Exclusive Prospecting Licences in Namibia near Tsumeb have been retained for further review.

Exploration Review



ASHBURTON/PILBARA, WA

WEST PILBARA MT STUART JV - IRON

The Mt Stuart Iron Ore Joint Venture (MSIOJV) 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%. In July 2010, Aquila reported the results of a Feasibility Study (FS) for the APIJV's proposed 30Mtpa West Pilbara Iron Ore Project (WPIOP) - Stage 1 indicating technical viability.

The Catho Well deposit (MSIOJV) is a potential ore component of the WPIOP. Under one scenario, ore derived from the Catho Well deposit would contribute to the main, blended product stream maintaining an average 57.2% Fe throughout the proposed 15 year mine life of the WPIOP - Stage 1 mining operations.

During 2012-2013, work to progress the WPIOP from the Feasibility to Development stage was slowed. At present no definitive schedule for the proposed WPIOP rail and port infrastructure exists.

Work by the MSIOJV during the year included: maintaining the tenements in good standing, completing heritage surveys in relation to Catho well and progressing negotiations towards Native Title Agreements for the granting of two Mining Lease applications made in October 2011 (Catho Well and Cardo Bore).

MINERAL RESOURCE ESTIMATE CATHO WELL CHANNEL IRON DEPOSIT: (CULLEN 30%)

Joint Venture	JORC Classification	Mt	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	S %	Mn %	MgO %	LOI %
Mt Stuart JV	Measured	2	55.1	0.041	6.61	3.64	0.020	0.058	0.208	9.99
	Indicated	73	55.1	0.037	6.91	3.16	0.016	0.079	0.178	10.26
	Inferred	23	54.6	0.037	7.53	3.10	0.015	0.102	0.209	10.40
	TOTAL	98	55.0	0.037	7.05	3.15	0.016	0.084	0.186	10.29

The Catho Well Mineral Resource estimate is reported at a 53% Fe cut-off. The resource estimate has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Competent Persons Statement Resource

The information in this announcement that relates to Mineral Resources has been supervised by Mr Stuart Tuckey and Mr Richard Gaze who are members of the Australian Institute of Mining and Metallurgy. Mr Tuckey is a full-time employee of API Management Pty Ltd. Mr Gaze is a full time employee of Golder Associates Pty Ltd. Messrs Tuckey and Gaze 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 and Mr Gaze consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Persons Statement Reserve

The information in this release that relates to Ore Reserves is based on information compiled by Mr Steve Craig, Managing Director of ORElogy (Mining Consultants). Mr Craig is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Craig consents to the inclusion of the matters based on his information in the form and context in which it appears in this release.

Exploration Review

MT STUART JOINT VENTURE (MSIOJV) ORE RESERVE ESTIMATE (CULLEN 30%)

Product	Category	Tonnes Mt	Fe %	Al ₂ O ₃ %	SiO ₂ %	P %	LOI %
Product 1	Proved	1	55.28	3.33	6.57	0.043	10.03
	Probable	69	54.80	3.23	7.23	0.037	10.31
	Total	70	54.81	3.23	7.22	0.037	10.30

TUNNEL CREEK JV - URANIUM

The Company has a Joint Venture agreement with Element 92 Pty Ltd, a wholly-owned subsidiary of Thundelarra Exploration Ltd (Thundelarra), over its two tenements (ELs 52/1890, 1892) at Tunnel Creek/Kunderong, in the Ashburton Province. In 2011, U3O8 Limited (U3O8) and Thundelarra agreed for U3O8 to farm-in and take over management of these EL's in this Cullen/Thundelarra JV. U3O8 and Thundelarra can together earn 70%, with Cullen to retain 30%, in what is now called the Saltwater Pool JV. In 2012, U3O8 changed its name to Avocet, and during 2012-2013 merged with Lion One Metals Ltd (ASX: LLO).

Avocet Resources completed an RC drilling programme (11 holes for 1050m) in July 2013 to test the down dip extensions of surface high-grade gold and silver assays returned from regional sampling. The regional structure hosting the Monster project has previously had no exploration undertaken along its length. Avocet identified the mineralisation during a helicopter-supported regional assessment of low- to high- order radiometric anomalies throughout its Ashburton project area. Sampling of the quartz vein system in the regional shear zone that transects graphitic black shale in the Proterozoic Wyloo basement complex, returned gold assays to 13g/t, and silver assays to 1660g/t, with anomalous base metals.

Most holes intersected sheared graphitic black shales, with variable amounts of quartz veining and sulphides. Samples have been despatched for analysis of a suite of elements including precious and base metals, with results pending at this time.

HARDEY JUNCTION JV - GOLD

Intrepid Mines Limited sold the Paulsens Gold Mine, located approximately 15km north of the Hardey Junction JV ground, to Northern Star Resources Ltd in a deal which included sale of their beneficial interest in the Hardey Junction JV. Cullen holds a 20% Free Carried Interest to decision to mine based on a Bankable Feasibility study in this Joint Venture. Northern Star Resources has completed first pass soil sampling that defined several geochemical anomalies over prospective geological targets. Infill soil sampling and auger drilling has also been completed, in order to better define targets for follow-up drilling.

Catho Well - Channel Iron Deposit

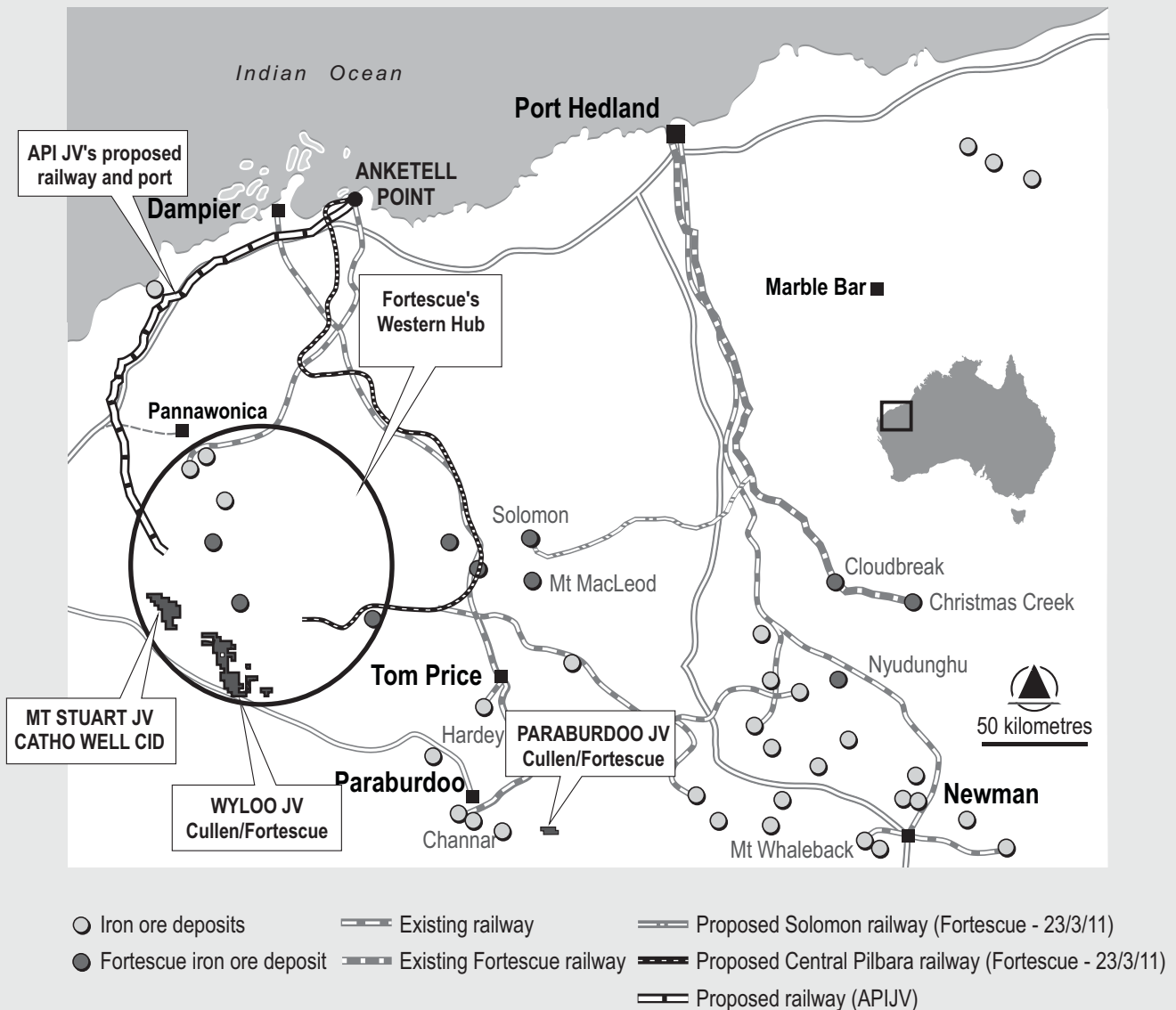


Exploration Review

WYLOO AND PARABURDOO JVs - IRON

The Wyloo Project lies within Fortescue Metals Group Ltd's (Fortescue) proposed "Western Hub" mining centre, and just south of Cullen's 30%-owned Catho Well Channel Iron Deposit which is part of the West Pilbara Iron Ore Project – Stage 1. Fortescue can earn up to an 80% interest in the iron ore rights on EL08/1393 and ELs 47/1154, 1649 and 1650. Fortescue has provided a maiden Resource Estimate of 16.9Mt @ 57.11% Fe in a Bedded Iron Deposit at Wyloo South, in the Inferred category, and has thereby earned 51%.

Fortescue can earn up to an 80% interest in the iron ore rights on Cullen's EL52/1667, located ~ 25km south east of Paraburdoon in the Pilbara Region of Western Australia. The tenement includes potential for bedded iron deposits within the Brockman Iron Formations, along strike from the Paraburdoon and Channar Groups of iron deposits. Fortescue completed a 26 hole RC drilling programme for 2150m with a best intersection of 5m @ 55.36% Fe with follow-up drilling planned.



Competent Persons Statement – Wyloo JV - Resource

Mr. Stuart Robinson is a full-time employee of Fortescue Metals Group Ltd and Mr. Glasscock recently resigned from the company. Both people provided geological interpretations for Mineral Resource calculations and compiled the exploration results. Mr. Robinson, who is a Fellow of The Australian Institute of Mining and Metallurgy, and Mr. Glasscock, who is a Member of The Australian Institute of Mining and Metallurgy have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr. Robinson and Mr. Glasscock consent to the inclusion in this report of the matters based on this information and in the form and context in which it appears.

Exploration Review



NORTH WEST YILGARN, WA

NORTH TUCKABIANNA - GOLD AND BASE METALS

The felsic Eelya Complex hosts the high-grade Hollandaire copper discovery of Silver Lake Resources Ltd (ASX: SLR – 10 November 2011) as well as several other EM conductor targets, explored by Silver Lake Resources Ltd, including the Colonel and Mt Eelya prospects.

In April 2012, Cullen completed 7 holes, ~1000m, of scout RC drilling at its North Tuckabianna copper/gold project which targeted three conductors (NT1-NT3) identified by a helicopter-borne EM survey (VTEM, 100-200m line spacing). The VTEM survey was flown across the Eelya Complex and the northern section of the Tuckabianna greenstone belt in March 2012.

This drilling intersected disseminated sulphide (mainly pyrite and pyrrhotite, 1-20% visually identified over intervals of 1-20m downhole) in mafic and felsic rocks at or near the modelled conductor plates from the VTEM survey in all holes drilled. The drill sample assays include a best result of 0.19% Cu and 0.21% Zn from 62-64m depth in drill hole TNRC14 at the target NT3. The best gold result is 0.12g/t from 66-68m in drill hole TNRC11 at target NT2.

However, downhole surveys completed at each VTEM anomaly redefined the position of the conductor plates and showed that the conductive targets had been narrowly missed by the first pass drilling and therefore had not been adequately tested.

These redefined conductor plates were tested in August 2012 with four RC holes (TNRC15-18) and intersected zones of disseminated sulphide but with only geochemically anomalous assay results (maximum Cu - 0.20%). Several low-order VTEM anomalies remain to be investigated and tested, initially using A/C and/or RAB drilling.

EASTERN GOLDFIELDS, WA

FORRESTANIA - GOLD AND NICKEL

Cullen holds a 20% Free Carried Interest in the western portion of Hannans Reward Limited (Hannans) Stormbreaker Prospect, centred ~12km north of the Flying Fox Nickel Mine in the Forrestania Greenstone Belt in Western Australia.

Hannans has indicated its intention to divest its interest in this project together with its other nickel exploration assets.

KILLALOE - GOLD AND NICKEL

Cullen and Matsa Resources Limited (Matsa) signed an agreement to allow Matsa to farm-in to Cullen's Killaloe Project near Norseman in W.A. (EL63/1018, EL63/1199 and PL's 63/1331-1333 and 1672). Matsa has earned a 70% interest in the Killaloe Project and Cullen has exercised its option to convert its 30% participating interest into a 20% Free Carried Interest (FCI) to a Decision to Mine.

Matsa has completed soil sampling, rock chip sampling and a review of past nickel exploration reports and exploration data including ground EM. This has led to a plan to undertake RC drilling, further ground EM and infill ground EM surveys targeting nickel sulphide deposits. Matsa also plans to RC drill test two gold targets.

Exploration Review



NORTH EASTERN GOLDFIELDS, WA

MT EUREKA - GOLD, NICKEL

Cullen holds 100% of ~650km² of approved tenure in the Mt Eureka Greenstone Belt in the North Eastern Goldfields of Western Australia which includes several targets for nickel sulphides. The high nickel prospectivity of Cullen's ground is confirmed by the discovery of nickel sulphides by Rox Resources Limited (Rox) at Camelwood (Fisher East Project) which is located ~3km on strike to the south of Cullen's tenement boundary (ASX releases by Rox, ASX: RXL, of 19/12/2012 and 14/1/2013).

Cullen has been progressively reviewing its extensive database, and has undertaken field assessments of the nickel and gold prospectivity of its Mt Eureka greenstone belt project. Regional data and models for other minerals discoveries, such as "Rosie" – nickel, and "Garden Well" - gold, in the Duketon greenstone belt, have been taken into consideration when identifying priority target areas for drilling.

During the year, Cullen completed a moving loop, ground electromagnetic survey (MLTEM) which confirmed and upgraded several high-quality conductors identified by Cullen's extensive airborne EM (VTEM) survey completed in March, 2013. Interpretation and modellings of the MLTEM anomalies, in combination with geochemical data, has outlined 19 target areas for nickel sulphide exploration, four of which were drill tested in a first pass in July 2013 (4 RC holes for 730m).

Of the remaining 15 targets for massive nickel sulphide deposits, some were drill-tested by WMC/BHPB Limited in joint venture with Cullen in 2002-2006, generally by 1 or 2 diamond drill holes. However, several targets have received very limited follow-up, with no ground EM and/or deeper drill testing. These targets include unresolved down hole EM (DHEM) and/or ground EM anomalies, as well as geochemical and lithological targets along strike of known mineralisation. Cullen will continue fieldwork and database review to identify the priorities for drill testing. One of the best targets is Doyles Prospect, where previous percussion drilling has intersected nickel concentrations greater than 0.4% over 400m strike length, with intervals up to 0.9% nickel.

Gold exploration review by Cullen during the year culminated in the restart of exploration drilling with a single hole completed (July, 2013) at the Southern prospect which indicated extensive hydrothermal alteration (pyrite, arsenopyrite, carbonate) with a best intersection of 8m @ 1.71g/t Au from 184m. This is part of an extensive gold mineralisation zone, which warrants further evaluation and drilling at depth below total oxidation.

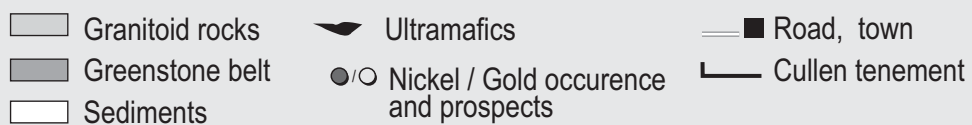
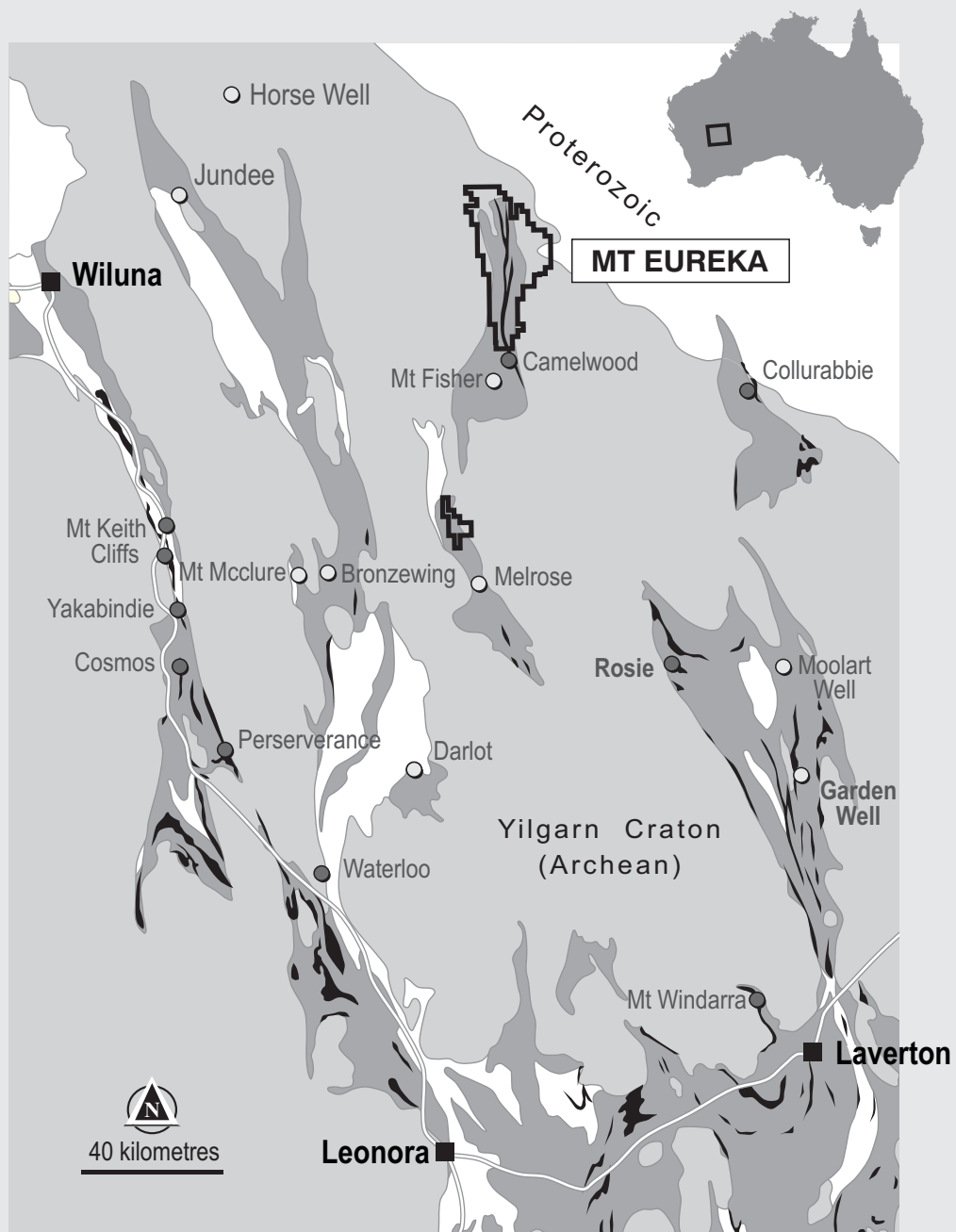
Other targets for further work include:

- The northern and southern extensions of the Eureka North West mineralisation, where previous intersections of gold in conglomerate include 8m @ 2.92 g/t Au. The conglomerate is interpreted to continue for some 10km to the north under lake cover and has not been tested by systematic drilling to date.
- The northern and southern extension of the Taipan shear zone - the Taipan target area has a best drill intercept of 22m @ 2.1 g/t Au, including 6m @ 5.0 g/t Au. It is a robust mineralised system of quartz veining, pyrite and carbonate alteration hosted by sheared mafic schists over a strike length of 700m and up to 100m wide (91m @ 0.3 g/t Au in "DDH1" from 133m) and open to the north and south.

Exploration Review



Australia



Exploration Review



CENTRAL LACHLAN FOLD BELT, NSW

MINTER - TUNGSTEN

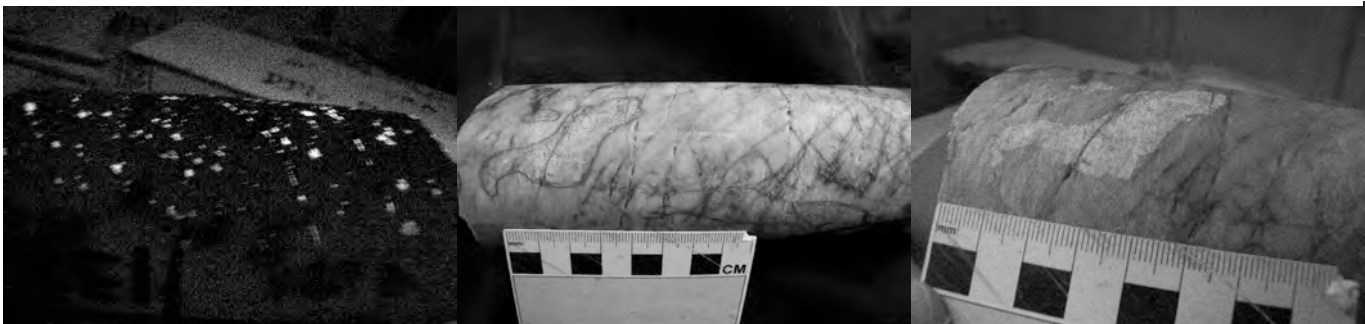
A combined RC percussion-diamond drilling programme totalling 536.8 metres in three holes was undertaken on the Minter project in June/July 2012 testing selected geological/geochemical targets at the Doyenwae and Orr Trig prospects. Holes were designed to test beneath zones of anomalous tungsten and tin geochemistry outlined by earlier soil sampling and shallow percussion/aircore/RAB drilling.

At the Doyenwae Prospect, RC percussion hole MRC005 averaged 0.045% tungsten over the full 111 metre length of the hole with localised two-metre zones of quartz-scheelite veining assaying up to 0.35% tungsten. Diamond drill hole CMDD001, drilled to 258.0 metres at the Doyenwae prospect, intersected significant quartz + sulphide veining throughout much of the hole. Examination of the core with an ultraviolet lamp detected widespread scheelite mineralisation occurring both within quartz veins and as disseminations/aggregates in silica-altered sandstone units; particularly in the interval from 130 metres to the end of the hole. The true width of potential mineralisation in both MRC005 and CMDD001 is uncertain as preliminary observations of vein orientations in the CMDD001 drill core indicate that the holes may have been drilled at a low angle to some of the mineralised quartz veins.

At the Orr Trig Prospect, diamond core hole CMDD002; drilled to 267.8 metres, intersected scattered zones of narrow quartz veining and localised silicification over much of the hole with scheelite being observed as disseminations in sandstone and within quartz veins in the interval between 100m and 250m. Although it would appear that hole CMDD002 has been drilled in an appropriate direction with respect to the orientation of the quartz veins, the amount of observable scheelite mineralisation is less than that noted in CMDD001. The results included: 1m @ 0.7% WO_3 (from 131.45m) and 4.05m @ 0.58% WO_3 from 185m in CMDD001.

Further drilling is required to test the dominant vein orientation as inferred from a mapping programme completed at a quarrying site near the Doyenwae prospect.

Scheelite in diamond drill (as seen in ultraviolet and natural light)



Exploration Review

Scandinavia

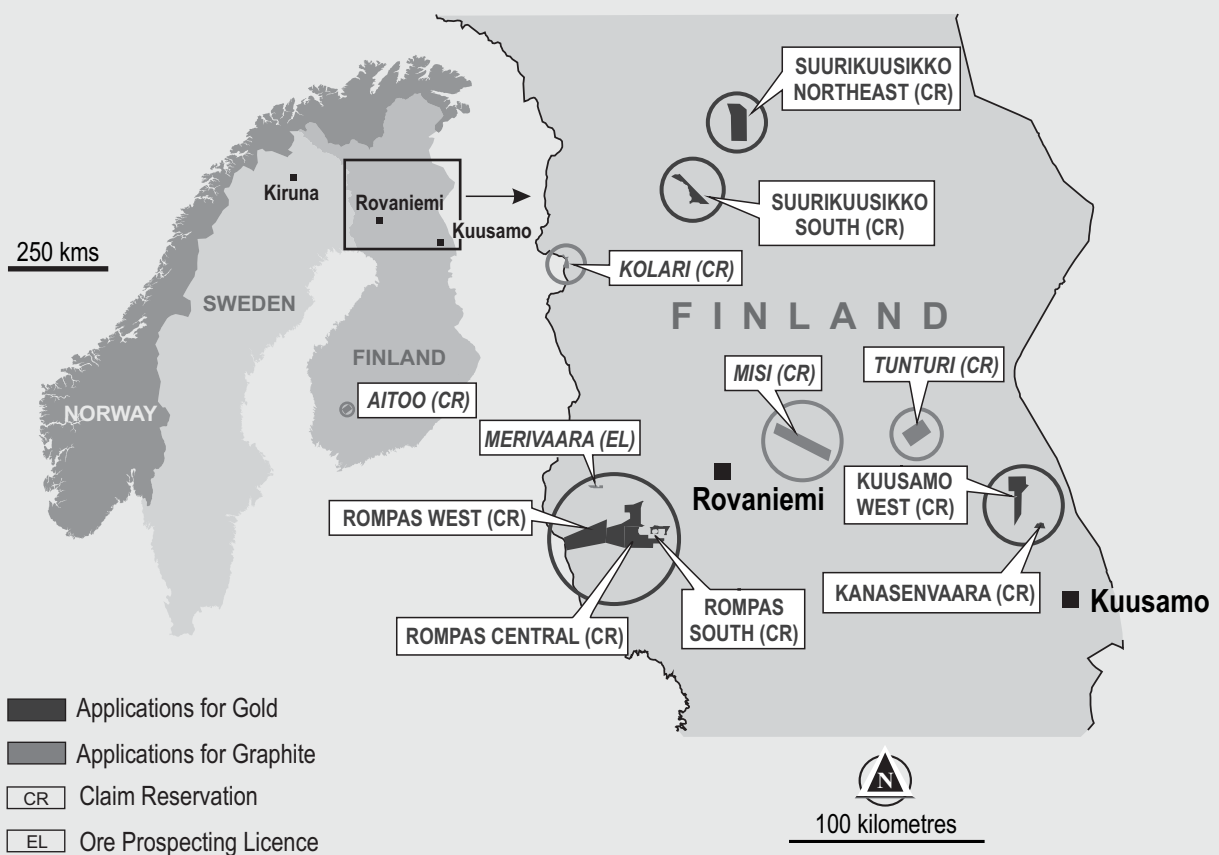
SWEDEN AND FINLAND

GOLD, COPPER, IRON, GRAPHITE

Cullen, through wholly-owned subsidiaries, has tenure in Scandinavia including: two exploration licences in Sweden near Kiruna; and two claim reservations in the Kuusamo greenstone belt of far north eastern Finland near the Juomasuo deposit (1.95Mt @ 4.9 g/t Au) of Dragon Mining Limited. (Dragon has announced total resources in its Kuusamo project area of 3.4 Mt @ 4.2 g/t Au (460,700 oz), with historical, bonanza grade drill intersections at Juomasuo including: 57.3m @ 62.56 g/t Au and 5.30m @ 206.85 g/t Au (www.dragon-mining.com.au)).

Cullen also has ground in Finland in the greenstone belts that host the Kittila gold deposit (Agnico – Eagle, 5 Moz of Reserves, www.agnico-eagle.com); and the Rompas prospect Mawson Resources Ltd – Rompas is a discovery with bonanza gold grades in surface channel samples including: 0.3m @ 1,866g/t Au and 8.0% U, and 0.26m @ 1,510g/t Au and 3.95% U (www.mawsonresources.com)).

Cullen has completed field reconnaissance and preliminary geochemical sampling over some of these areas and is prioritising them for further work. Cullen has also reviewed various opportunities for graphite deposits in Finland and retains three licences in northern Finland.



Exploration Review



BRITISH COLUMBIA, TL PROPERTY

BASE METALS

Early in 2011, Cullen signed an agreement with a Vancouver-based private prospecting syndicate whereby Cullen may earn an 80% interest in the TL Property located in south-east British Columbia, Canada. Cullen has subsequently explored the property primarily for base metals with considerable early success.

In May and June 2011, Cullen dug three trenches to test geochemical anomalies which returned a best result of 3m @ 8.98% Zn from channel samples, with highly anomalous molybdenum (maximum 1339 ppm) and rhenium (maximum 580 ppb), copper, bismuth, nickel, tin, and tungsten. The trenches exposed an assemblage of calcsilicate-marble, quartzite, biotite-garnet-schist and paragneiss. During October 2011, Cullen flew a heliTEM (helicopter borne EM) survey across the entire TL project area in order to characterize the known "Trench" mineralisation and prioritise targets. The survey identified a very strong, ~6000m long conductor trending east-west beyond the trench site.

Cullen's trenches also exposed graphite-bearing schists and graphitic-sulphidic masses (see photos) including coarse-grained "flake" graphite. Furthermore, a showing of "crystalline flake graphite" is recorded near Mabel Lake ~5km west of the TL Property boundary in the "MINFILE" database of the BC Geological Survey. The host lithology to this occurrence near Mabel Lake is interpreted by Cullen to be part of the same stratigraphy that occurs within the TL Property.

In Spetember 2012, Cullen completed a small reconnaissance diamond drilling programme (six diamond drill holes totaling 463m) at TL to test the high-grade zinc gossan, and the northern section of a discrete magnetic anomaly and the "C-03" electromagnetic (EM) anomaly of approximately 600m length, surrounding the gossan.

The drilling intersected semi-massive, disseminated and interstitial pyrrhotite, pyrite and sphalerite in multiple zones up to ~1m thick, in sections about 5-7m thick, within a calcsilicate - graphitic quartzite rock in holes 3, 4 and 5. Best intercepts of zinc mineralisation included: 2.16m @ 2.66% Zn and 2.1m @ 2.10% Zn.

This drilling has confirmed the presence of zinc mineralisation in massive sulphide beneath the surface gossan zone, but has only tested it to a vertical depth of about 20m. Further drilling to evaluate the down-dip potential of the Zn zone as well as the potential along strike is warranted.

Diamond drilling site at the gossan discovery



Exploration Review

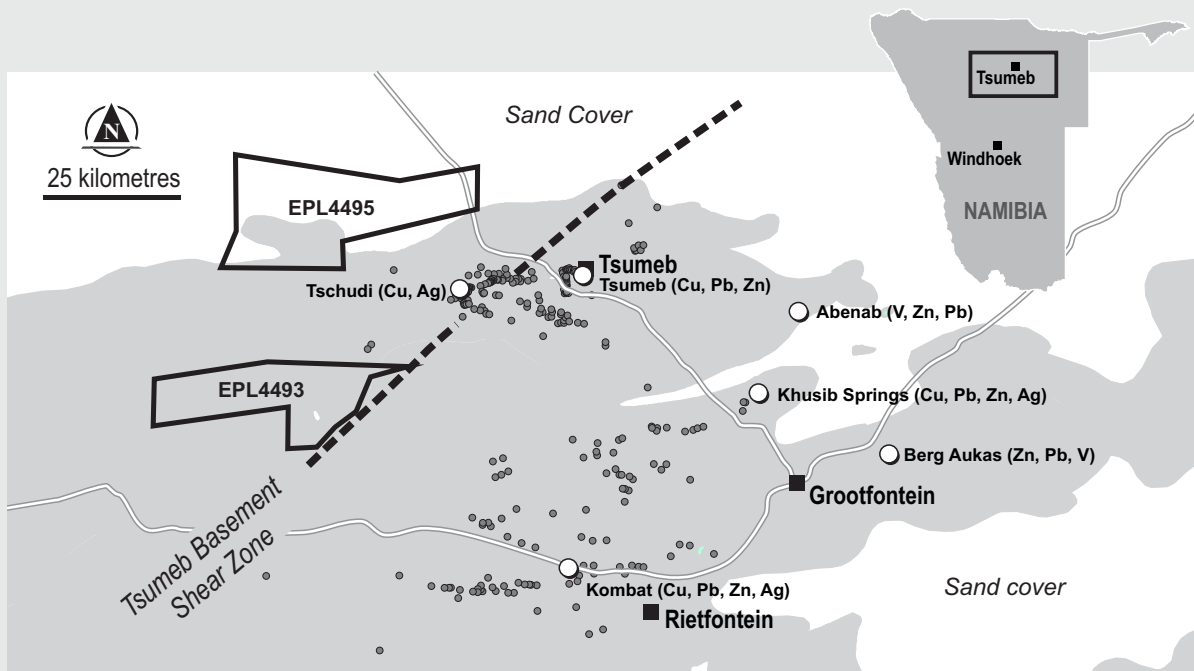






TSUMEB

COPPER, REE, AND BASE METALS

Cullen has reviewed ~8,000km² of prospective ground in Namibia targeting large, sediment-hosted, African copper belt-type deposits; Tsumeb-type base metal deposits; and Rare Earth Elements (REEs) in carbonatites. A detailed structural interpretation of aeromagnetic and gravity data has been completed over the Tsumeb project area, and in February 2013, Cullen personnel undertook a further field review of the projects areas. On the basis of these data, Cullen made applications to the Ministry of Mines and Energy in Namibia to surrender certain EPLs; and reduce others to priority target areas.

An important factor in selecting key targets for follow-up work, was the depth of Kalahari sands which has been found, from aeromagnetic interpretation, to be a prohibitive factor for further exploration in some of Cullen's EPL's. Cullen's priority is now its two EPLs located just west of the Tsumeb and Tschudi copper deposits where several magnetic anomalies have been outlined. EPL4493 lies across a low magnetic field corridor possibly reflecting deep crustal demagnetization alteration caused by fluid flow, or structural depression of the strongly magnetic, Palaeoproterozoic basement is bound by the Tsumeb basement shear zone. These features may have controlled the location of known copper deposits in the region and Cullen considers these EPLs are prospective for carbonatite-hosted rare earths mineralisation or Tsumeb-style base metals mineralisation.



- | | |
|--|---|
|  Cullen EPL's |  Mineral occurrence (Copper or Base metal) |
|  Prospect and deposit |  Neoproterozoic platform carbonates - fold and thrust belt of Pan-African Damaran Orogen |

Exploration Review

SCHEDULE OF TENEMENTS (as at 30 June 2013)

REGION	TENEMENTS	ASSOCIATED TENEMENTS/ APPLICATIONS	CULLEN INTEREST	COMMENTS
WA: ASHBURTON / PILBARA				
Mt Stuart JV	EL08/1135, 1330, 1341, EL08/1292	MLA08/481,482	30%	API has earned 70% of iron ore rights
Hardey Junction JV	EL08/1166, 1189, 1763, 1843, P08/546		20%	Northern Star 80%
Wyloo JV	EL08/1393, EL47/1154, 1649, 1650, P08/556		49%	FMG can earn up to 80% of iron ore rights
Paraburdoo JV	EL52/1667		100%	FMG can earn up to 80% of iron ore rights
Tunnel Creek JV	EL52/1890, 1892		100%	Thundelarra Exploration and Lion One can earn up to 70%
Hardey North	EL08/2227		100%	
Wyloo	EL08/2145		100%	
WA: NE GOLDFIELDS				
Gunbarrel	EL53/1299, 1300 +/ * EL53/1630, 1635 EL53/1637		100%	+2.5% NPI Royalty to Pegasus on Cullen's Rights *1.5% NSR Royalty to Aurora
Irwin Well	EL53/1209, 1637		100%	
Wonganoo	EL53/1611		100%	
WA: ARUNTA				
Lake Mackay	EL80/4209		100%	
WA: EASTERN GOLDFIELDS				
Killaloe	EL63/1018, 1199, P63/1672, 1331-1333		20%	Matsa holds 80%
WA: FORRESTANIA				
Forrestania JV	EL77/1406, 1327, 1354, M77/0544 P77/3607, 3613, 3762, 3763 P77/3582 - 3588		20%	Hannans Reward Ltd - 80%
WA: MURCHISON / NW YILGARN				
North Tuckabianna	EL20/714	EL20/808	100%	
NEW SOUTH WALES				
Minter	EL6572		100%	
NORTHERN TERRITORY				
Amadeus		E25493, 25494		Applications only. No current interest
NAMIBIA				
Tsumeb	EPL 4493, 4495		100%	
SWEDEN				
Kiruna area	Holmajarvi 2 and Lavasjakka		100%	
FINLAND				
	Aitoo, Kolari, Kuusamo South & West, Misi, Rompas South, West and Central, Suuikuusikko Northeast and South, Tunturi		100%	Claim reservations
		Merivaara		EL application
CANADA				
Mabel Lake	TL 1-16			Cullen earning 80%

Exploration Review

JOINT VENTURES - SUMMARY TABLE

Joint Venture (Farm out)	Commodity Focus	JV Partner	JV Partner Earning (Earned)	Expenditure required and time	Cullen's FCI to DTM Actual or (Available)	Cullen's NSR (possible)	Comment
Paraburdoo	Iron Ore	Fortescue Metals Group Ltd	80%	-	(20%)	-	1.5% FOB Royalty capped to 20Mt. May earn 51% by defining Inferred Resource, 80% with further \$1M expenditure.
Hardey Junction	Gold	Northern Star Resources Ltd	(80%)	-	20%	2%	Intrepid sold its Paulsen's gold mine, including its interest in the Hardey Junction JV to Northern Star Resources Ltd in July 2010.
Mt. Stuart	Iron Ore	API JV (50% owned by Aquila, 50% AMCI)	(70%) [∞]	-	-	-	API has completed Feasibility study of its regional interests. Cullen contributing at 30% in Mt Stuart JV, 50 cents/tonne royalty
Tunnel Creek	Uranium	Thundelarra/Lion One Metals	70% or 80%	\$1.5M /5 years	(20%)	2%	U3O8 (now Lion One Metals) farmed into two tenements
Wyloo	Iron Ore	Fortescue Metals Group Ltd	80% (51%)	-	(20%)	-	1.5% FOB Royalty capped to 15Mt. Has earned 51% with Inferred Resource Estimate, 80% with further \$1M expenditure.
Forrestania	Nickel, Gold	Hannans Reward Ltd	(80%)	-	20%	2.5%	Part of a large project position held by Hannans
Killaloe	Nickel, Gold	Matsa Resources Limited	(80%)	-	20%	2%	
Joint Venture (Farm in)	Commodity Focus	JV Partner	Cullen Earning (Earned)	Expenditure required and time	Farmee's FCI	Farmee's NSR	Comment
TL Property, Canada	Base Metals	TL Syndicate	80%	CDN \$690K/3 years	10%	2%	

DTM = Decision to Mine FOB = Free on Board FCI = Free Carried Interest NSR = Net Smelter Return ∞ = Iron ore rights only NPI = Net Profits 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 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 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 Limited and reviewed by Mr. Graeme Hamilton, Director, Cullen Resources Limited, both of whom are Members of the Australasian Institute of Mining and Metallurgy. Mr. Hamilton is also a geological consultant to 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 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.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2013.

Directors

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

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

Dr Denis Clarke has more than 40 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 subsequently was a director and consultant to Troy Resources Limited for eleven years as it developed from explorer to a successful international gold miner. During the past three years Dr Clarke has been Chairman or Non-Executive Director of the following listed companies:

- LionGold Corp Ltd (from 1 October 2012 to present)
- Hill End Gold Limited (from 25 February 2010 to present)
- Signature Metals Limited (from 14 September 2012 to present)
- Anglo Australian Resources NL (from 9 April 2004 to 28 November 2011)
- BCD Resources NL (from 25 November 2004 to 25 February 2011)
- BCD Resources (Operations) NL (from 27 February 2007 to 25 February 2011)
- Troy Resources Limited (from 24 March 1999 to 27 November 2010)

- **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 Limited 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.

- **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 40 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.

- **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 40 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 Non-Executive Chairman of AIM-listed public company Mariana Resources Limited.

- **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 Industrials Limited (from 30 June 2005)
- South American Ferro Metals Limited (from 26 June 2012)
- Farmworks Australia Limited (from 19 February 2010 to 24 August 2011)

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 \$ 2,078,566 [2012: loss \$2,649,846]. No income tax was attributable to this result [2012: 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, 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 geochemical surveying, and drilling programmes. Company exploration activities, including Joint Venture managed projects, were focused in Western Australia with additional activities in New South Wales as follows:

- Ashburton Province, WA (Hardey Junction JV, Mt Stuart JV, Wyloo JV, Paraburdoo JV and Tunnel Creek /Saltwater Pool JV - gold, uranium and /or iron ore projects)
- North Eastern Goldfields, WA (Gunbarrel/Mt Eureka and Irwin Bore, gold and nickel projects)
- Eastern Goldfields, WA (Killaloe, gold and nickel project)
- Murchison (North Tuckabianna, copper and gold project)
- Forrestania, WA (Forrestania JV, gold and nickel project)
- Central Lachlan Fold Belt, NSW (Minter tungsten project)
- Eromanga, Millungera and Galilee Basins, NW Queensland (coal and copper-gold projects)

Drilling by Cullen or its Joint Venture partners during the year to 30 June 2013 included programmes for copper and gold at the North Tuckabianna project; for tungsten at Minter; and for nickel deposits in the Mt Eureka project area. 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 farm-out opportunities.

Also during the year the Company continued exploration activities in Namibia, in south-west Africa with aeromagnetic data interpretation for copper in two prospective terranes. The company also has an exploration presence in Scandinavia with applications in Sweden and Finland. The company has applied for a number of tenements with graphite prospectivity in Finland.

Also overseas, Cullen progressed work at the "TL Property" project in south-east British Columbia in a search for base metals. The first pass trenching programme Cullen conducted discovered high-grade zinc mineralisation at surface for further evaluation, a heliTEM survey has been flown and preliminary drill targets was completed.

A total of \$ 1,912,358 (2012: \$2,619,442) 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 2013 available cash totalled \$ 1,884,038 (2012: \$2,459,240).

After Balance Date Events

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

Likely Developments and Future Results

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

Environmental Regulation

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

Options

As at the date of this report the Company has 22,000,000 (2012: 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 (2012: Nil). Since the end of the financial year no shares have been issued by virtue of the exercise of options (2012: Nil).

Directors' Interest

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

2013	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
D. Clarke	-	2,000,000	5,364,000	-
C. Ringrose	950,000	8,000,000	-	-
G. Hamilton	-	2,000,000	15,891,004	-
J. Horsburgh	2	2,000,000	17,452,122	-
W. Kernaghan	2,000,000	2,000,000	2,373,376	-

Directors' Meetings

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

	Board of Directors Attended	Maximum possible eligible to attend
D. Clarke	13	13
C. Ringrose	13	13
G. Hamilton	13	13
J. Horsburgh	13	13
W. Kernaghan	13	13

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 \$19,995 (2012: \$19,995) 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 three employees as at 30 June 2013 (2012: 3).

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 2013 which is on page 24 and forms part of this directors' report. For the year Ernst & Young have provided non-audit services to the Consolidated Entity in the amount of \$2,000(2012: \$17,650).

The directors are satisfied that non-audit services are compatible with the independence requirements of the Corporations Act 2001. The nature and scope of the non-audit services provided has meant that auditor independence was not compromised.

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:

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 \$250,000 for non-executive directors which was approved by shareholders at a general meeting of the Company. The \$250,000 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 2009	6,307,393	(1.14)	2.6
30 June 2010	2,161,235	(0.39)	3.4
30 June 2011	1,640,087	(0.27)	3.0
30 June 2012	2,649,846	(0.41)	1.8
30 June 2013	2,078,566	(0.28)	0.8

Employment Contract - 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. Effective from 1 April 2011 Dr Ringrose's salary is \$265,000pa. 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 on 1 December 2010 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 30 November 2013 ("the Expiry Date") with an exercise price of \$0.075. This is contained in the notice of meeting which was approved by shareholders.

During the year the Board paid a discretionary bonus of Nil (2012: \$10,000) to Dr Ringrose. This bonus was discretionary therefore there were no performance conditions attached to this bonus.

Non Executive Directors

The non executive directors have been issued with two million options each on 1 December 2010 with an exercise price of \$0.075 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 2013 ("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 2013 are as follows:

Directors	Short Term				Post Employment	Long Term	Share Based Payments	Total \$	Performance Related %
	Director Fees \$	Salary/ Consulting \$	Bonus \$	Non Monetary Benefits \$	Super-annuation \$	Long Service Leave \$	Options \$		
D. Clarke	35,000	-	-	-	3,150	-	-	38,150	-
C. Ringrose	-	265,000	-	* 6,836	23,850	(18,500)	-	277,186	-
G. Hamilton	30,000	14,850	-	-	2,700	-	-	47,550	-
J. Horsburgh	30,000	-	-	-	2,700	-	-	32,700	-
W. Kernaghan	30,000	38,125	-	-	2,700	-	-	70,825	-
Total	125,000	317,975	-	6,836	35,100	(18,500)	-	466,411	-

* This relates to the provision of a motor vehicle.

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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 2012 are as follows:

Directors	Director Fees \$	Short Term			Post Employment	Long Term	Share Based Payments	Total \$	Performance Related %
		Salary/Consulting \$	Bonus \$	Non Monetary Benefits \$	Super-annuation \$	Long Service Leave \$	Options \$		
D. Clarke	35,000	-	-	-	3,150	-	-	38,150	-
C. Ringrose	-	265,000	10,000	* 6,836	24,750	8,208	-	314,794	-
G. Hamilton	30,000	80,775	-	-	2,700	-	-	113,475	-
J. Horsburgh	30,000	-	-	-	2,700	-	-	32,700	-
W. Kernaghan	30,000	41,000	-	-	2,700	-	-	73,700	-
Total	125,000	386,775	10,000	6,836	36,000	8,208	-	572,819	-

* This relates to the provision of a motor vehicle.

Options granted as part of remuneration for the year ended 30 June 2013

There were nil (2012: 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 (2012: Nil) remunerated options were exercised. During the financial year nil (2012: nil) options expired. The directors exercised nil (2012: Nil) options during the year.

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

There were no options granted as a part of remuneration for the year ended 30 June 2013.

Options granted as part of remuneration for the year ended 30 June 2012

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

There were no options granted as a part of remuneration for the year ended 30 June 2012.

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 financial year ended 30 June 2013, 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.

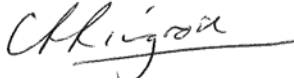


Ernst & Young



P McIver
Partner
16 September 2013

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to read 'C. Ringrose', with a long horizontal stroke extending to the right.

C. Ringrose
Director
Perth, WA
16 September 2013

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.

Diversity Policy

The Company is in the process of establishing a diversity policy.

As at 30 June 2013, 33.3% (2012: 33.3%) of the workforce is female with no females at board or senior management level.

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
as at 30 June 2013**

	Note	Consolidated	
		2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	22(i)	1,884,038	2,459,240
Receivables	5	38,286	144,015
Total Current Assets		<u>1,922,324</u>	<u>2,603,255</u>
Non Current Assets			
Other financial assets	6	32,400	32,400
Plant & Equipment	7	3,172	5,974
Exploration & Evaluation	8	4,211,622	3,751,958
Total Non Current Assets		<u>4,247,194</u>	<u>3,790,332</u>
Total Assets		<u>6,169,518</u>	<u>6,393,587</u>
Current Liabilities			
Trade and other payables	9	108,266	814,465
Provisions	10	103,917	143,597
Total Current Liabilities		<u>212,183</u>	<u>958,062</u>
Non Current Liabilities			
Provisions	10	26,602	22,226
Total Non Current Liabilities		<u>26,602</u>	<u>22,226</u>
Total Liabilities		<u>238,785</u>	<u>980,288</u>
Net Assets		<u>5,930,733</u>	<u>5,413,299</u>
Equity			
Issued Capital	11	39,201,266	36,605,266
Share based payment reserve	12	1,280,125	1,280,125
Available for sale reserve	13	-	-
Accumulated Losses	14	(34,550,658)	(32,472,092)
Total Equity		<u>5,930,733</u>	<u>5,413,299</u>

These financial statements should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2013**

	Note	Issued Capital \$	Share Based Payment Reserve \$	Available for Sale Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2011		34,610,266	1,280,125	(20,000)	(29,822,246)	6,048,145
Loss for the year		-	-	-	(2,649,846)	(2,649,846)
Other comprehensive income	13	-	-	-	-	-
Release of unrealised loss reserve due to impairment		-	-	20,000	-	20,000
Total comprehensive income/(expense) for the year		-	-	20,000	(2,649,846)	(2,629,846)
Issue of share capital		2,100,000	-	-	-	2,100,000
Share issue costs		(105,000)	-	-	-	(105,000)
Share based payments	12	-	-	-	-	-
At 30 June 2012		36,605,266	1,280,125	-	(32,472,092)	5,413,299

	Note	Issued Capital \$	Share Based Payment Reserve \$	Available for Sale Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2012		36,605,266	1,280,125	-	(32,472,092)	5,413,299
Loss for the year		-	-	-	(2,078,566)	(2,078,566)
Other comprehensive income	13	-	-	-	-	-
Total comprehensive income/(expense) for the year		-	-	-	(2,078,566)	(2,078,566)
Issue of share capital		2,706,000	-	-	-	2,706,000
Share issue costs		(110,000)	-	-	-	(110,000)
Share based payments	12	-	-	-	-	-
At 30 June 2013		39,201,266	1,280,125	-	(34,550,658)	5,930,733

These financial statements should be read in conjunction with the accompanying notes.

**Consolidated Statement of Comprehensive Income
for the year ended 30 June 2013**

		Consolidated	
	Note	2013 \$	2012 \$
Revenues	3	49,708	168,990
Rent		(42,810)	(38,336)
Salaries and Consultants' fees		(408,234)	(416,959)
Compliance expenses		(179,679)	(188,479)
Impairment of exploration expenditure	8	(1,452,694)	(2,009,986)
Share based payments	12	-	-
Impairment of available for sale investments		-	(6,845)
Depreciation		(5,421)	(5,634)
Other expenses		(195,627)	(152,597)
Loss before income tax		(2,234,757)	(2,649,846)
Income tax benefit	4	156,191	-
Net Loss attributable to members of Cullen Resources Limited after tax		<u>(2,078,566)</u>	<u>(2,649,846)</u>
<u>Other Comprehensive Income:</u>			
Net change in fair value of available for sale assets	13	-	-
Release of unrealised loss reserve due to impairment	13	-	20,000
Total comprehensive income/(loss) for the period		<u>(2,078,566)</u>	<u>(2,629,846)</u>
Basic (loss) per share (cents per share)	23	(0.28)	(0.41)
Diluted (loss) per share (cents per share)	23	(0.28)	(0.41)

These financial statements should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows
for the year ended 30 June 2013**

		Consolidated	
	Note	2013	2012
		\$	\$
Cash flows from operating activities			
Research and development grant		156,191	-
Cash payments in the course of operations		(1,597,202)	(358,177)
GST refunded		144,305	124,895
Interest received		40,481	71,982
		<hr/>	<hr/>
Net operating cash flows	22(ii)	(1,256,225)	(161,300)
Cash flows from investing activities			
Security deposits		-	(22,400)
Proceeds from sale of investment		-	635,125
Payment for plant & equipment		(2,619)	-
Payments for exploration & evaluation		(1,912,358)	(2,619,442)
		<hr/>	<hr/>
Net investing cash flows		(1,914,977)	(2,006,717)
Cash flows from financing activities			
Proceeds from issue of shares		2,706,000	2,100,000
Share issue costs		(110,000)	(105,000)
		<hr/>	<hr/>
Net financing cash flows		2,596,000	1,995,000
Net increase/(decrease) in cash and cash equivalents		(575,202)	(173,017)
Cash and cash equivalents at the beginning of the financial year		2,459,240	2,632,257
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	22(i)	1,884,038	2,459,240

These financial statements should be read in conjunction with the accompanying notes.

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

(c) Accounting policies and disclosures

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations which were applicable as of 1 July 2012. Adoption of these new and amended Australian Accounting Standards and ASSB interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The consolidated group had cash assets of \$1,884,038 at 30 June 2013. The directors acknowledge that continued exploration and development of the consolidated group's mineral exploration projects will necessitate further capital raisings.

The consolidated group remains dependent on its ability to raise funding in volatile capital markets. However, the directors continue to believe that the going concern basis of accounting by the consolidated group is appropriate as the company and consolidated group have successfully completed a capital raising during the year to 30 June 2013, notwithstanding the challenging conditions in equity markets.

In consideration of the above matters, the directors have determined that it is reasonably foreseeable that the consolidated group will continue as going concern and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the consolidated group is unable to continue as a going concern (due to inability to raise future funding requirements), it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Accordingly, the financial statements do not include adjustments relating to the recoverability and classification of assets amount or to the amounts and classification of liabilities that might be necessary if the consolidated group does not continue a going concern.

(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; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint venture, 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 credits 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; or
- 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 Consolidated 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 Consolidated Statement of Financial Position. Cash flows are included in the Consolidated 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. In determining the present value of future cash outflows, the interest rates attaching to national government bond securities which have terms to maturity approximating the terms of the related liabilities are used.

(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.

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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 area of interest 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 area of interest exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount. Any impairment losses are recognised in the Consolidated 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 Consolidated 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 depreciation 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 Consolidated 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 Consolidated 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 Note 1(c).

(s) Share based payments

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

The company may also issue options that do not have any vesting conditions.

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.

Subsequent measurement of available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss recorded is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded is recognised in the income statement.

(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) New accounting standards and interpretations

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2013. These are outlined in the table below.

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Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 2012-5	<i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i>	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: <ul style="list-style-type: none"> • Repeat application of AASB 1 is permitted (AASB 1). • Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements). 	1 January 2013	1 July 2013
Interpretation 21	<i>Levies[^]</i>	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 2012-9	<i>Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039</i>	AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.	1 January 2013	1 July 2013

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Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>a) Financial assets that are debt instruments will be 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.</p> <p>b) 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.</p> <p>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.</p> <p>d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI). • The remaining change is presented in profit or loss. • If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>	1 January 2015	1 July 2015

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Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to other standards via AASB 2012-7.</p>	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p>	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>	1 January 2013	1 July 2013

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Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2012-8.</p>	1 January 2013	1 July 2013
AASB 119	Employee Benefits	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2012-10.</p>	1 January 2013	1 July 2013

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2013

Reference	Title	Summary	Application date of standard*	Application date for Group*
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	<p>This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the “stripping activity asset”.</p> <p>The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.</p> <p>Consequential amendments were also made to other standards via AASB 2012-12.</p>	1 January 2013	1 July 2013
AASB 2011-4	<p>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</p> <p>[AASB 124]</p>	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	1 July 2013

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Reference	Title	Summary	Application date of standard*	Application date for Group*
Annual Improvements 2009–2012 Cycle ****	Annual Improvements to IFRSs 2009–2012 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board’s Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <p>AASB 1 First-time Adoption of International Financial Reporting Standards</p> <ul style="list-style-type: none"> • Repeated application of IFRS 1 • Borrowing costs <p>AASB 101 Presentation of Financial Statements</p> <ul style="list-style-type: none"> • Clarification of the requirements for comparative information <p>AASB 116 Property, Plant and Equipment</p> <ul style="list-style-type: none"> • Classification of servicing equipment <p>AASB 132 Financial Instruments: Presentation</p> <ul style="list-style-type: none"> • Tax effect of distribution to holders of equity instruments <p>AASB 134 Interim Financial Reporting</p> <ul style="list-style-type: none"> • Interim financial reporting and segment information for total assets and liabilities 	1 January 2013	1 July 2013

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Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 1053	Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a) Tier 1: Australian Accounting Standards b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a) For-profit entities in the private sector that have public accountability (as defined in this Standard) b) The Australian Government and State, Territory and Local Governments <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a) For-profit private sector entities that do not have public accountability b) All not-for-profit private sector entities c) Public sector entities other than the Australian Government and State, Territory and Local Governments. <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2012-2, 2012-6, 2012-11 and 2013-1.</p>	1 July 2013	1 July 2013

The adoption of these new and revised Standards and Interpretations will not have an impact on the financial position or performance of the Group.

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 17. 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.

	Consolidated	
	2013	2012
	\$	\$
3. REVENUE AND EXPENSES		
(Loss) after crediting the following revenues:		
Other Revenues		
Interest received	40,481	71,160
Foreign exchange gain	9,227	-
Profit on sale of investments	-	97,830
	<u>49,708</u>	<u>168,990</u>
Loss after charging the following expenses:		
Auditors remuneration in respect of the Audit of the financial statements	54,250	49,698
Provision for employee benefits	(35,304)	12,811
Operating lease payments	42,560	36,501
Superannuation	80,898	89,416
4. INCOME TAX		
The major components of income tax expenses are:		
Income Statement		
<i>Current Income Tax</i>		
Current income tax charge/(benefit)	(156,191)	-
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	-	-
Income tax expense/(benefit) reported in the statement of comprehensive income	<u>(156,191)</u>	<u>-</u>
Operating loss before income tax	<u>(2,078,566)</u>	<u>(2,649,846)</u>
Prima facie income tax (benefit) calculated at 30% (2012: 30%)	(623,570)	(794,953)
Non-deductible expenses	3,328	2,387
Income tax losses carried forward/(utilised)	620,247	792,566
Research and development grant	<u>156,191</u>	<u>-</u>
Total income tax (expense)/benefit	<u>156,191</u>	<u>-</u>

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

The entity has adopted the stand alone taxpayer method for measuring current and deferred tax amounts. The members of the income tax consolidated group have entered into a tax funding agreement.

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Consolidated	Statement of Financial Position		Statement of Comprehensive Income	
	2013	2012	2013	2012
	\$	\$	\$	\$
Deferred Tax Liabilities				
Exploration	(1,263,486)	(1,125,587)	137,899	182,836
Deferred Tax Assets				
Provisions	39,155	49,747	(10,592)	3,843
Accruals	10,500	10,500	-	-
Deferred tax assets used to offset deferred tax liabilities	1,213,831	1,065,340	(148,491)	(178,993)
Net Deferred Tax Recognised in the Statement of Financial Position	-	-	-	-

As at 30 June 2013 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 2013 in respect of tax losses not brought to account is \$13,466,335 (2012: \$12,846,089) and there is no expiry date. The benefit of these losses has only been brought to account to the extent needed to offset deferred tax liabilities. The remaining benefit will only be obtained if:

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

	Consolidated	
	2013	2012
	\$	\$
5. RECEIVABLES		
Current		
Other debtors	38,286	144,015

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

6. OTHER FINANCIAL ASSETS

Non current		
Security deposits	32,400	32,400
	32,400	32,400

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

	Consolidated	
	2013	2012
	\$	\$
7. PLANT & EQUIPMENT		
Plant & Equipment at cost	164,153	161,533
Accumulated depreciation	(160,981)	(155,559)
Total written down amount	<u>3,172</u>	<u>5,974</u>
 (a) Reconciliation		
Plant & Equipment		
Carrying amount at beginning	5,974	11,608
Additions	2,619	-
Depreciation expense	(5,421)	(5,634)
	<u>3,172</u>	<u>5,974</u>
 8. EXPLORATION & EVALUATION		
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	3,751,958	3,142,502
Expenditure incurred during the year	1,912,358	2,619,442
	<u>5,664,316</u>	<u>5,761,944</u>
Less		
Impairment (a)	(1,452,694)	(2,009,986)
Closing balance net of impairment	<u>4,211,622</u>	<u>3,751,958</u>

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

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

(a) Impairment

The directors have reviewed all exploration projects for indicators of impairment in light of approved budgets. Where substantive expenditure is neither budgeted nor 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

Current		
Trade creditors - unsecured	<u>108,266</u>	<u>814,465</u>

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

	Consolidated	
	2013	2012
	\$	\$
10. PROVISIONS		
Current		
Employee benefits	103,917	143,597
Non Current		
Employee benefits	26,602	22,226

11. CONTRIBUTED EQUITY

Issued capital

818,389,431 ordinary shares (2012: 693,089,431)	39,201,266	36,605,266
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Movement in issued shares for the year:

	2013		2012	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year:	693,089,431	36,605,266	623,089,431	34,610,266
Issued at 3.00 cents each (i)	-	-	70,000,000	2,100,000
Issued at 2.0 cents each (ii)	25,300,000	506,000	-	-
Issued at 2.20 cents each (i)	100,000,000	2,200,000	-	-
Less share issue expenses	-	(110,000)	-	(105,000)
End of financial year:	<u>818,389,431</u>	<u>39,201,266</u>	<u>693,089,431</u>	<u>36,605,266</u>

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

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

(i) Issued under a placement.

(ii) Issued under a Share Purchase Plan.

Options

As at 30 June 2013 there are 22,000,000 (2012: 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
16,000,000	1/12/10	1/12/10	0.075	30 November 2013
6,000,000	14/03/11	14/03/11	0.060	13 March 2014
<u>22,000,000</u>				

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

During the year nil (2012: nil) options lapsed.

During the year Nil (2012: nil) options were issued.

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	
	2013	2012
	\$	\$
Share based payment reserve	1,280,125	1,280,125

There was no movement during the year

13. AVAILABLE FOR SALE RESERVE

This relates to the movement in the fair valuation of available For sale financial assets.

Beginning of the financial year	-	(20,000)
Release of unrealised loss reserve due to impairment	-	20,000
End of financial year	-	-

14. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	(32,472,092)	(29,822,246)
Net (loss)	(2,078,566)	(2,649,846)
Accumulated losses at the end of the year	(34,550,658)	(32,472,092)

15. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2013 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name	Place of Incorporation	Interest %		Investment \$	
		June 2013	June 2012	June 2013	June 2012
Cullen Minerals Pty Limited	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-
Montrose Resources Pty Limited	Australia	100	100	1	1
Red Dirt Resources Pty Ltd	Australia	100	100	1	1
Bearmark Investments Pty Ltd	Botswana	100	100	-	-
Cullen Resources Namibia Pty Ltd	Namibia	100	100	15	15
Cullen Exploration Inc.	Canada	100	100	1	1
ARCTEX OY	Finland	100	100	4,072	4,072
ARCTEX AB	Sweden	100	100	7,915	7,915

	Consolidated	
	2013	2012
	\$	\$
16. KEY MANAGEMENT PERSONNEL		
(a) Compensation for key management personnel		
Short-term employee benefits	449,811	528,611
Post-employment benefits	35,100	36,000
Other long-term benefits	(18,500)	8,208
Termination benefits	-	-
Share-based payments	-	-
Total compensation	466,411	572,819

(b) Option holdings of directors

Directors	Balance at beginning of year 1 July 2012 Number	Options issued Number	Options lapsed Number	Balance at end of year 30 June 2013 Number	Total Number	Vested and exercisable at 30 June 2013 Number
D Clarke	2,000,000	-	-	2,000,000	2,000,000	2,000,000
C Ringrose	8,000,000	-	-	8,000,000	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 \$0.075 and have an expiry date of 30 November 2013.

These options had a weighted average exercise price of \$0.075 and a weighted average remaining contractual life of 0.42 years.

Directors	Balance at beginning of year 1 July 2011 Number	Options issued Number	Options lapsed Number	Balance at end of year 30 June 2012 Number	Total Number	Vested and exercisable at 30 June 2012 Number
D Clarke	2,000,000	-	-	2,000,000	2,000,000	2,000,000
C Ringrose	8,000,000	-	-	8,000,000	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 \$0.075 and have an expiry date of 30 November 2013.

These options had a weighted average exercise price of \$0.075 and a weighted average remaining contractual life of 1.42 years.

(c) Shareholdings of directors

Directors	Balance 1 July 2012 Number	Options Exercised Number	Net Change Purchase Number	Balance 30 June 2013 Number
D Clarke	4,614,000	-	750,000	5,364,000
C Ringrose	200,000	-	750,000	950,000
G Hamilton	15,141,004	-	750,000	15,891,004
J Horsburgh	16,702,124	-	750,000	17,452,124
W Kernaghan	3,623,376	-	750,000	4,373,376
Total	40,280,504	-	3,750,000	44,030,504

Directors	Balance 1 July 2011 Number	Options Exercised Number	Net Change Purchase Number	Balance 30 June 2012 Number
D Clarke	3,383,000	-	1,231,000	4,614,000
C Ringrose	200,000	-	-	200,000
G Hamilton	15,141,004	-	-	15,141,004
J Horsburgh	16,103,124	-	599,000	16,702,124
W Kernaghan	3,333,000	-	290,376	3,623,376
Total	38,160,128	-	2,120,376	40,280,504

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

17. SHARE BASED PAYMENTS

	2013 \$	2012 \$
(a) Recognised share based payment expenses		
Director options	-	-
Employee options	-	-
	<u>-</u>	<u>-</u>

(b) Employee Options

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

Number	Grant Date	Vest Date	Expiry Date	Weighted Average Exercise Price
6,000,000	14/3/11	14/3/11	13/3/14	\$0.06

(ii) Options lapsed / exercised during the year

Number	Grant Date	Exercise Date	Exercise Price	Number Lapsed
-	-	-	-	-

(iii) Options issued during the year

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

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

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value of Options
6,000,000	14/3/11	14/3/11	13/3/14	\$0.06	\$0.0216

These options had a weighted average exercise price of \$0.06 and a weighted average remaining contractual life of 0.75 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
-	-	-	-	-	-

(c)	Weighted average remaining contractual life	2013	2012
		Years	Years
	Options - Employee	0.75	1.75
	Options - Directors	0.42	1.42
(d)	Range of exercise prices	2013	2012
		\$	\$
	Options - Employee	0.06	0.06
	Options - Directors	0.075	0.075
(e)	Weighted average fair value at date of issue	2013	2012
		\$	\$
	Options - Employee	0.0216	0.0216
	Options - Directors	0.0277	0.0277

(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 for employee options:

	2013	2012
Dividend yield	-	-
Expected volatility	-	-
Risk free interest rate	-	-
Exercise price	-	-
Share price at measurement date	-	-

The following table lists the inputs used at the date of allocation for directors' options:

	2013	2012
Dividend yield	-	-
Expected volatility	-	-
Risk free interest rate	-	-
Exercise price	-	-
Share price at measurement date	-	-

18. JOINT VENTURES

The Consolidated Entity has interests in the following jointly controlled assets:

	Principal Activity	Other Participant
(a) Hardey Junction	Exploration	Northern Star Resources Ltd (Northern Star)
(b) Mt Stuart	Exploration	Australian Premium Iron Management Pty Limited (API)
(c) Wyloo	Exploration	Fortescue Mining Group Limited (Fortescue)
(d) Tunnel Creek/Saltwater Pool	Exploration	Avocet Resources Limited now Lion One Metals Limited
(e) Paraburdoo	Exploration	Fortescue Mining Group Limited (Fortescue)
(f) Forrestania	Exploration	Hannans Reward Limited (Hannans)
(g) Killaloe	Exploration	Matsa Resources Limited (Matsa)
(h) TL Property, Canada	Exploration	TL Syndicate

- a) Northern Star has an 80% interest, Cullen is 20% free carried.
- b) API has earned a 70% interest in the iron ore rights and Cullen is contributing at 30% for its interest.
- c) Fortescue can earn up to 80% in the iron ore rights.
- d) Avocet/ Lion Ore Metals can earn 70%.
- e) Fortescue can earn up to 80% in the iron ore rights.
- f) Hannans has an 80% interest; Cullen is 20% free carried.
- g) Matsa has earned a 80% interest; Cullen is 20% free carried.
- h) Cullen can earn 80%.

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The joint venture assets are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and any outputs and do not, in themselves, generate revenue and profit. The net contribution of any joint venture activities to the operating profit before income tax is \$Nil (2012: \$Nil). The Consolidated Entity's assets employed in the joint ventures, are included in the balance sheet of the Consolidated Entity as follows:

	Consolidated	
	2013	2012
	\$	\$
Current Assets		
Receivables	233	83,331
Non-Current Assets		
Exploration and expenditure	4,211,349	3,655,754
Current Liabilities		
Trade and other payables	14,510	55,518

19. 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 \$1,878,980 (2012: \$2,302,380) over the next year to keep its current tenements in good standing. Approximately 68% (2012: 68%) 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 maybe required to expend further funds over the next year being its share of the joint venture expenditure.

(c) Lease expenditure commitments

	Consolidated	
	2013	2012
	\$	\$
Lease expenditure commitment		
Operating leases (non-cancellable) for premises		
Minimum lease payments		
- not later than one year	25,137	41,616
- later than one year and not later than five years	-	24,276
Aggregate lease expenditure contracted for at reporting date but not provided for	25,137	65,892

This lease for the premises is for the period 1 February 2010 to 31 January 2014 with an option for a further five years. There are no contingent rentals or restrictions imposed by the lease arrangements.

20. RELATED PARTIES

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 Weeroona Investments Pty Ltd totalling \$14,850 (2012: \$80,775) which is a company controlled by Mr G Hamilton. There were no amounts outstanding at 30 June 2013. Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$38,125 (2012: \$41,000) which is a company controlled by Mr W Kernaghan. There was \$2,220 outstanding at 30 June 2013.

21. 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.

	Consolidated	
	2013	2012
	\$	\$
Non Current Assets by Geographical regions:		
Australia	4,244,794	3,718,044
Namibia	-	-
Canada	2,400	72,288
	<u>4,247,194</u>	<u>3,790,332</u>

22. STATEMENT OF CASH FLOWS

(i) Reconciliation of cash

For the purposes of the Consolidated 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 Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	Consolidated	
	2013	2012
	\$	\$
Cash on hand	<u>1,884,038</u>	<u>2,459,240</u>
(ii) Reconciliation of operating (loss) after income tax to net cash used in operating activities		
Operating (loss) after income tax	(2,078,566)	(2,649,846)
Add/(less) non cash items		
Profit on sale of investment	-	(97,830)
Impairment of available for sale assets	-	13,155
Depreciation	5,421	5,634
Share based payments	-	-
Provisions for employee benefits	(35,304)	12,811
Impairment exploration expenditure	1,452,694	2,009,986
(Decrease) / Increase in trade and other payables	(706,199)	619,649
Decrease / (Increase) in receivables	105,729	(74,859)
Net operating cashflows	<u>(1,256,225)</u>	<u>(161,300)</u>

Share based payments

During the year the Consolidated Entity made share based payments of \$Nil (2012: \$Nil) to directors and employees of the Consolidated Entity.

	Consolidated	
	2013	2012
23. EARNINGS/(LOSS)PER SHARE		
Basic (loss) per share (cents per share)	(0.28)	(0.41)
Diluted (loss) per share (cents per share)	(0.28)	(0.41)
The following reflects the income and share data used in the calculations of basic and diluted (loss) per share		
Net (loss)	<u>(2,078,566)</u>	<u>(2,649,846)</u>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>739,383,404</u>	<u>642,459,294</u>
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS	<u>22,000,000</u>	<u>22,000,000</u>

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.

24. 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.

Financial Instruments	Consolidated	
	Floating interest rate	Floating interest rate
	2013	2012
	\$	\$
Financial Assets		
Cash and cash equivalents	1,884,038	2,459,240
Total Financial Assets	<u>1,884,038</u>	<u>2,459,240</u>

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

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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	
	2013	2012
	\$	\$
Interest rate +1%	(18,840)	(24,592)
Interest rate -1%	18,840	24,592
	18,840	24,592

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

(b) Currency Risk

The Consolidated Entity has limited exposure to foreign currency risk as it pays for its overseas exploration activities from Australia in various overseas currencies.

(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 Consolidated 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) 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	
	2013	2012
	\$	\$
Shareholders equity	5,930,733	5,413,299

	Consolidated	
25. AUDITOR'S REMUNERATION		
Amounts received or due and receivable by Ernst and Young	2013 \$	2012 \$
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity	54,250	49,698
- taxation services provided to the Consolidated Entity	2,000	17,650
	<hr/>	<hr/>

26. PARENT ENTITY INFORMATION

Information relating to Cullen Resources Limited.

	2013 \$	2012 \$
Current assets	1,609,295	1,653,281
Total assets	5,995,280	5,735,616
Current liabilities	52,660	64,681
Total liabilities	52,660	64,681
Issued capital	39,201,266	36,605,266
Accumulated losses	34,538,771	32,214,456
Share based payment reserve	<u>1,280,125</u>	<u>1,280,125</u>
Total shareholders' equity	<u>5,942,620</u>	<u>5,670,935</u>
Loss of the parent entity	<u>2,324,315</u>	<u>2,446,207</u>
Total comprehensive income of the parent entity	<u>2,324,315</u>	<u>2,446,207</u>

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

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.

28. CORPORATE INFORMATION

The financial report of Cullen Resources Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 13 September 2013.

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 2013 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 2013.

On behalf of the Board



C. Ringrose
Director
Perth, WA
16 September 2013

Independent audit report to members of Cullen Resources Limited

We have audited the accompanying financial report of Cullen Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with 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.

Opinion

In our opinion:

- a. 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 as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

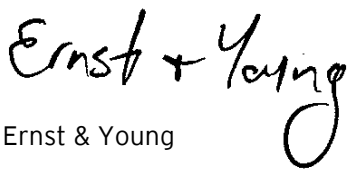
Without qualifying our opinion, we draw attention to the basis of preparation paragraph in Note 1 to the financial report. As a result of these matters there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of Cullen Resources Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



P McIver
Partner
Perth
16 September 2013

SHAREHOLDER INFORMATION

CAPITAL STRUCTURE

As at 13 September 2013, the company had the following securities on issue:

	Fully paid Ordinary shares
Issued Capital	818,389,431
Top 20 Shareholders	
Total holding of twenty largest shareholders	338,920,221
% of total shares on issue	41.41%
Distribution of shareholders	
1 - 1,000 shares	160
1,001 - 5,000 shares	190
5,001 - 10,000 shares	404
10,001 - 100,000 shares	1,686
100,001 and over	690
Total	3,130
Unmarketable Parcels as at 13 September 2013 Minimum \$500.00	1,100

OPTIONS

As at 13 September 2013, 22,000,000 unissued shares in respect of options were outstanding. These are as follows:

Number	Exercise Price	Expiry Date
16,000,000	\$0.075	30 November 2013
6,000,000	\$0.06	13 March 2014

SUBSTANTIAL SHAREHOLDERS

The company has three Substantial Shareholders as at 13 September 2013

Name	%	No. of shares
Brisbane Investments I and II Mende and Kundrun	6.22	50,822,699
Aquila Resources Ltd	12.81	104,843,426
Wythenshawe & Associates Pty Ltd	11.52	94,253,538

TWENTY LARGEST SHAREHOLDERS

The names of the twenty holders of the fully paid shares at 13 September 2013 are listed below:

Name	No. of Shares	% Held	Rank
Penoir Pty Ltd	72,000,000	8.80	1
Glyde Street Nominees Pty Ltd	33,000,000	4.03	2
Wythenshawe Pty Ltd	28,137,000	3.44	3
Brisbane Investments I Ltd	25,411,350	3.11	4
Brisbane Investments II Ltd	25,411,349	3.11	5
Kitchsmith Pty Ltd	15,438,002	1.89	6
Warramboe Holdings Pty Ltd	15,250,000	1.86	7
Wythenshawe Pty Ltd	14,757,698	1.80	8
Innerleithen Pty Ltd	14,034,120	1.71	9
Bellarine Gold Pty Ltd	12,142,200	1.48	10
HSBC Custody Nominees (Australia) Limited	12,027,776	1.47	11
Aquila Resources Limited	11,846,603	1.45	12
Chiatta Pty Ltd	11,360,000	1.39	13
A N Superannuation Pty Ltd	9,000,000	1.10	14
BT X Pty Ltd	8,500,000	1.04	15
Adrian Darby Investments Pty Ltd	7,750,000	0.95	16
First Farley Pty Ltd	6,000,000	0.73	17
Mr Parmjit Singh	5,800,000	0.71	18
Penoir Pty Ltd	5,690,123	0.70	19
Lindglade Enterprises Pty Ltd	5,364,000	0.66	20
Total	338,920,221	41.41	

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.



CULLEN
RESOURCES LIMITED

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