



**A N N U A L**  
**R E P O R T**  
**2 0 1 6**





## 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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Perth WA 6000

### Auditors

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

### Bankers

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Sydney NSW 2000

### Securities Quoted

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Limited  
Home Exchange - Sydney  
ASX Code: CUL

### Share Registry

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# Chairman's Report

## DEAR FELLOW SHAREHOLDER

It has been extremely pleasing to see the return of investor interest in the activities of junior explorers during the past year. Nevertheless, Cullen's capital management and project prioritisation remained the watch word in general throughout 2015/2016. Renewed investor interest in the "exploration space", has been sparked by, firstly, the positive view of future lithium demand, and secondly, by the high price of gold in Australian dollar terms. Cullen responded quickly to this new interest and initiated the addition of a lithium exploration portfolio and re-focused attention on our gold exploration assets. In particular our position for lithium exploration in Finland, acquired at modest cost, is a well-placed and significant bridgehead in an important jurisdiction in Europe.

Cullen has in addition complied with its two main objectives: maintaining its interest in the Mt Stuart Iron Ore Joint Venture (MSIOJV), and exploring for gold and nickel sulphide deposits in its wholly-owned Mt Eureka Project, both in Western Australia.

The general intention has been that the MSIOJV would be developed as part of the larger West Pilbara Iron Ore Project (WPIOP). However, in December 2015, due largely to the then current iron ore market conditions, the owners of that major project decided to delay completion of their feasibility study that was scheduled for completion in mid-2016. Up until then mine and market feasibility studies for the potential development of the WPIOP were being conducted, and Aurizon Operations Limited was conducting a feasibility study relating to rail and port components of the WPIOP. Consequently, the MSIOJV was unable to complete the definitive feasibility on its project that was also scheduled for completion in mid-2016. The period of Aurizon's exclusivity to be the rail and port infrastructure proponent expired at the end of April 2016. Desktop studies of various integrated rail and port infrastructure solutions continue, and areas of potential project value optimisation and enhancement will continue to be investigated over the balance of 2016. Key WPIOP approvals are also being progressed. A WPIOP budget for 2016-2017 financial year was presented to Cullen in July 2016, and, at present, Cullen at its discretion may continue participation or take a royalty on production.

At Mt Eureka Cullen owns ~40km of strike of an under-explored greenstone belt extending northwards from the nickel sulphide discovery at Camelwood-Musket-Cannonball (Rox Resources Limited) which is also prospective for gold deposits. The Company's most recent activities at Mt Eureka have upgraded several new gold targets and the region remains a potential new nickel sulphide province, and we believe that our large project is highly prospective for nickel sulphides. Much work has been undertaken to review the extensive geological, geochemical and geophysical database at Mt Eureka, mostly derived from exploration by Cullen and partners over many years. We are ready to undertake further drilling programmes for gold, and completed the first such programme in June this year.

In addition, Cullen maintains its effort on early stage exploration in greenfield terranes and has made some new tenement applications in WA and Finland for lithium. These are important, prospective terranes for lithium deposits and offer opportunities for discovery or partnership with other major players. Cullen also has a 20% free carried interest to decision to mine in the Killaloe JV where Matsa Resources Limited is exploring along strike from the exciting Polar Bear project of S2 Resources Ltd for gold and nickel.

In conclusion, I thank all shareholders for their continued support, and my fellow directors, staff, consultants and contractors in Perth for their valuable contributions. In particular, I would like to express appreciation to Dr Chris Ringrose for his resolute efforts to maintain and develop the company during the last few years that have been trying times for junior explorers such as Cullen.

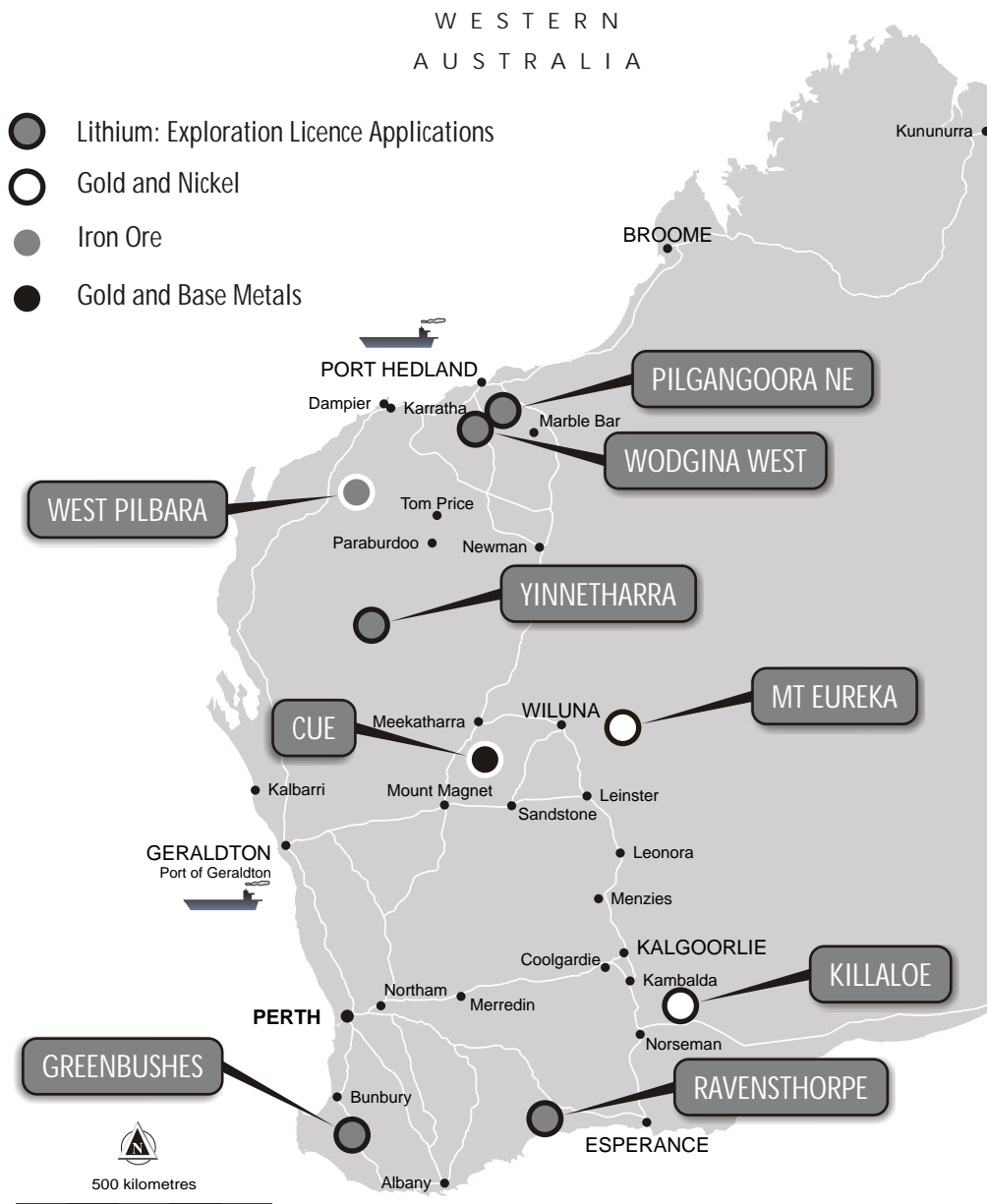


Dr. Denis Clarke, Chairman

# Company Profile

## ▶ PERTH-BASED MINERALS EXPLORER WITH:

- iron ore project interests, West Pilbara
- multi-commodity project portfolio
- active programmes for lithium and gold
- motivated management
- experienced board
- project generation in Australia and Finland





# Highlights

## 2015/2016

- ▶

**MT EUREKA, WA**

~450km<sup>2</sup> project area in North Eastern Goldfields - prospective for gold and nickel. Further drill testing of geochemically anomalous shear zones for gold is planned. Nickel sulphide targets from ground EM survey at AK47 prospect to be tested.

**GOLD & NICKEL**
- ▶

**KILLALOE JV, WA**

Targeting nickel sulphide and gold deposits. Project area located south side of Lake Cowan along strike from "Taipan" nickel and Baloo and Monsoon gold discoveries of S2 Resources Ltd.

**GOLD & NICKEL**
- ▶

**NEW PROJECTS**

Portfolio of tenement applications in key lithium exploration terranes across WA. Also well-positioned in Finland for exploration for lithium - surrounding known resources owned by Finnish company.

**LITHIUM**
- ▶

**MT STUART JV, WA**

Updated Ore Reserve estimate for the Catho Well Channel Iron Deposit (CID) of 83Mt @ 55.1% Fe announced in September 2015.

**IRON ORE**
- ▶

**NORTH TUCKABIANNA, WA**

Project area ~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.

**GOLD & BASE METALS**



# Exploration Review

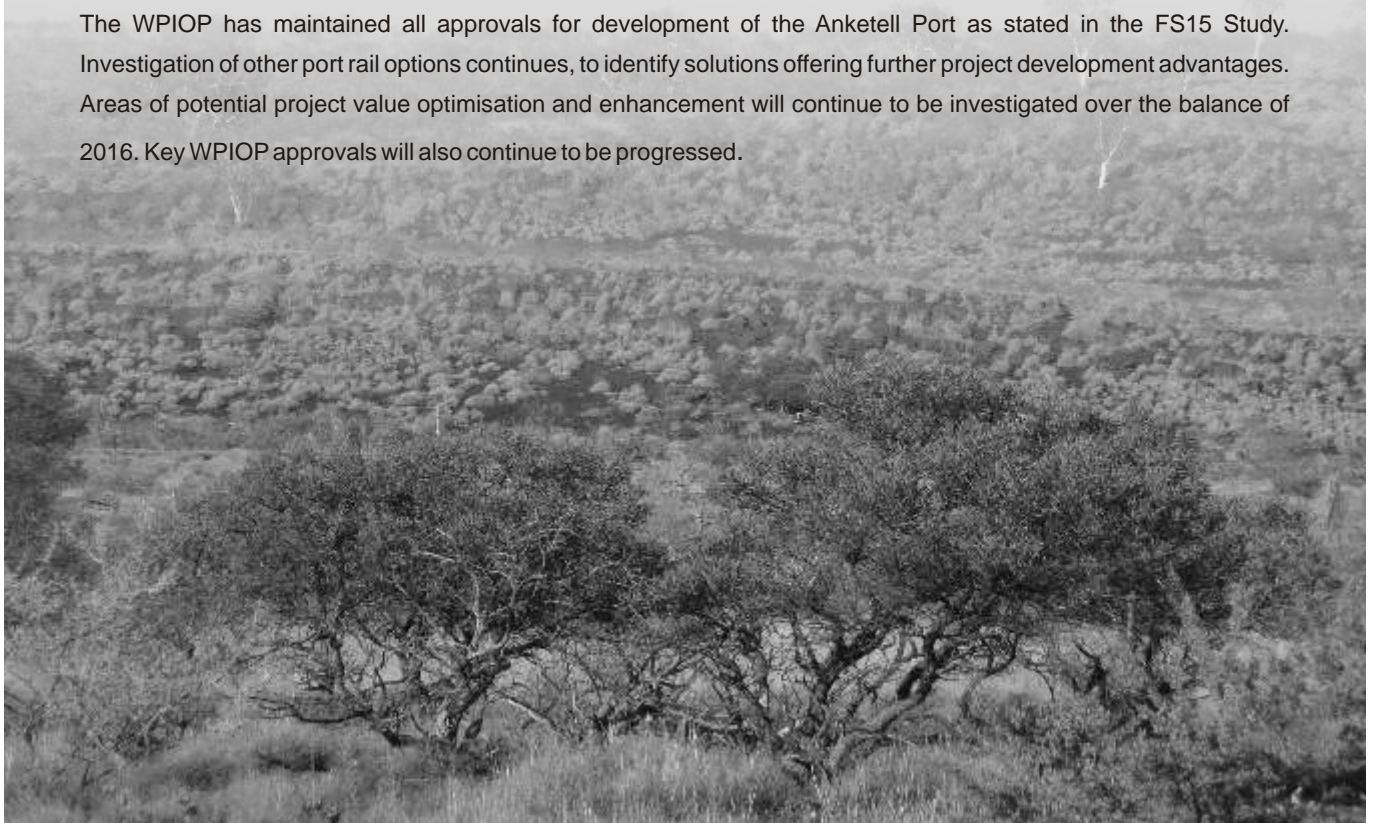


## ASHBURTON/PILBARA, WA | IRON WEST PILBARA MT STUART JV

The **Mt Stuart Iron Ore Joint Venture** (ELs 08/1135, 1292, 1330, 1341 and MLs 08/481,482) is between Cullen Exploration Pty Ltd - 30% and contributing, and API Management Pty Ltd ("API") - 70%. The shareholders of API are the parties to the unincorporated joint venture known as the Australian Premium Iron Joint Venture (APIJV). The participants in the APIJV are: Aquila Steel Pty Ltd 50% (the ultimate owners of which are Baosteel Resources Australia Pty Ltd (85%) and Aurizon Operations Limited (15%)); and AMCI (IO) Pty Ltd 50% (the ultimate owners of which are AMCI Investments Pty Ltd (51%) and Posco WA Pty Ltd (49%)). Baosteel and Posco are subsidiaries of major steel producers in China and Korea respectively. API is managing the proposed development of the West Pilbara Iron Ore Project (WPIOP) – Stage 1 (40 Mtpa).

The MSIOJV owns the Catho Well channel iron deposit (CID) with an Ore Reserve estimate of 83 Mt @ 55.1% Fe (JORC 2012 compliant). The general intention has been that the MSIOJV would be developed as part of the larger WPIOP – Stage 1. Up until December 2015, APIM had been conducting mine and market feasibility studies for the potential development of the WPIOP, with project partner Aurizon conducting a feasibility study relating to rail and port components of the WPIOP. However, in late December 2015, the Manager was advised by the APIJV Participants that due largely to the current iron ore market conditions, they decided to discontinue the previously targeted completion of a definitive feasibility study on the WPIOP by mid-2016.

The WPIOP has maintained all approvals for development of the Anketell Port as stated in the FS15 Study. Investigation of other port rail options continues, to identify solutions offering further project development advantages. Areas of potential project value optimisation and enhancement will continue to be investigated over the balance of 2016. Key WPIOP approvals will also continue to be progressed.

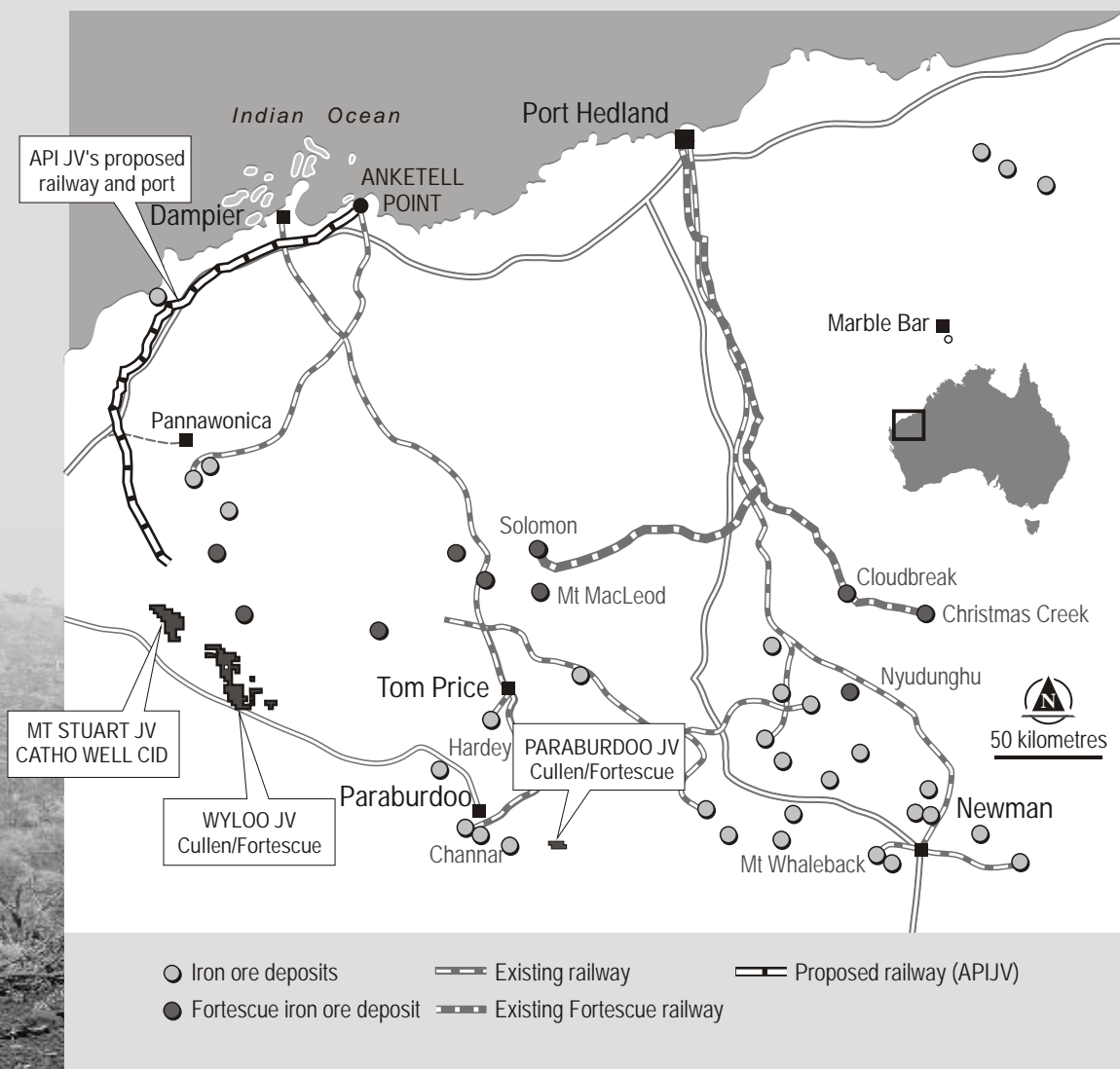


# Exploration Review

## WYLOO AND PARABURDOO JVs | IRON

The Wyloo JV project lies just south east of the MSIOJV's Catho Well Channel Iron Deposit. Towards the end of the 2015 financial year, Cullen Exploration Pty Limited ("Cullen") a wholly-owned subsidiary of Cullen Resources Limited sold its 100% interest in the Wyloo JV to Fortescue for \$50,000 cash plus a further \$900,000 cash, if and when a decision to mine is made, and a Royalty of 1.5% Gross Revenue on up to 15Mt - as detailed in Cullen's 2015 Annual Report.

Fortescue can earn up to an 80% interest in the iron ore rights on Cullen's E52/1667 (Paraburdoo JV), located ~25km south east of Paraburdoo in the Pilbara Region of Western Australia. The tenement includes potential for bedded iron deposits within the Brockman Iron Formation, along strike from the Paraburdoo and Channar Groups of iron deposits.



# Exploration Review

## MT EUREKA | GOLD

Cullen holds 100% of ~450km<sup>2</sup> of approved tenure and applications in the Mt Eureka Greenstone Belt in the North Eastern Goldfields of Western Australia which includes multiple targets for gold and nickel sulphides. In October 2015, Cullen drilled an intersection of 5m at 12.43 g/t Au to the end of hole (45 - 50m) at the **Galway prospect**, part of the large Galway-Southern mineralisation zone, where historical drill holes with maximum values greater than 0.5 g/t Au occur across an area of approximately 1200 x 200-400m (from air core and RC drill traverses at 50-100m along strike).

In late June 2016, Cullen completed a programme of RC drilling (9 holes for 960m) at the Galway prospect to test beneath and along strike from this air core anomaly and to better understand the controls to gold mineralisation. Assay data (see following table) includes best of : **5m @ 7.84 g/t Au (from 95m)** and **10m @ 4.74 g/t Au (from 50m)** - 5m composite samples. Several intervals of 5 to 15m down-hole length of low grade ( > **0.1 g/t Au** to < **1.58 g/t Au** in 5 composite samples) were also reported.

This gold mineralisation at Galway appears to be related to both supergene zones and sheared contacts of felsic volcanics with mafics or ultramafics. However there is no extension of good gold grade along north-south strike from the 100m spaced drill traverses completed in June 2016. This suggests that gold mineralisation may be localised in NE-SW oriented, high-angle shear corridors with superimposed moderate to low angle, east to north - east dipping supergene zones. Local structural complexity/late faulting also occurs, which suggests that the optimal drill hole orientation across the target area may remain to be resolved. The interpretation of a previous detailed ground magnetics survey by Cullen, centred on the adjoining **Southern gold prospect**, support the suggested structural controls at Galway. The latest interpretation of regional geophysical data also highlights the presence of a strike persistent, NE-SW structural corridor including Galway and Southern prospects.

At the **Taipan prospect**, historical drilling has defined a strike extensive, strata parallel, gold anomalous shear zone. This target has not been adequately explored down plunge or to the west across interpreted dolerites, which may be differentiated. New interpretation of geophysical data (see following figure) also suggests that a major contact of mafics with sediments lies just east of the limit of historical drilling at Taipan and may be an important focus of shearing and possibly gold mineralisation. This target and trend will be a focus for further work. The Taipan soil anomaly and drilling is limited to the north east by palaeochannel sediments and is only lightly explored further north.

Cullen also completed a review and re-interpretation of its geophysical databases for the Mt Eureka greenstone belt (gravity, VTEM and aeromagnetics) leading to a renewed focus on the eastern granite-greenstone contact for gold exploration.

## MT EUREKA | NICKEL

The Mt Eureka project area includes a wide variety of targets for massive nickel sulphide deposits. Some targets have been 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 for further evaluation.



# Exploration Review

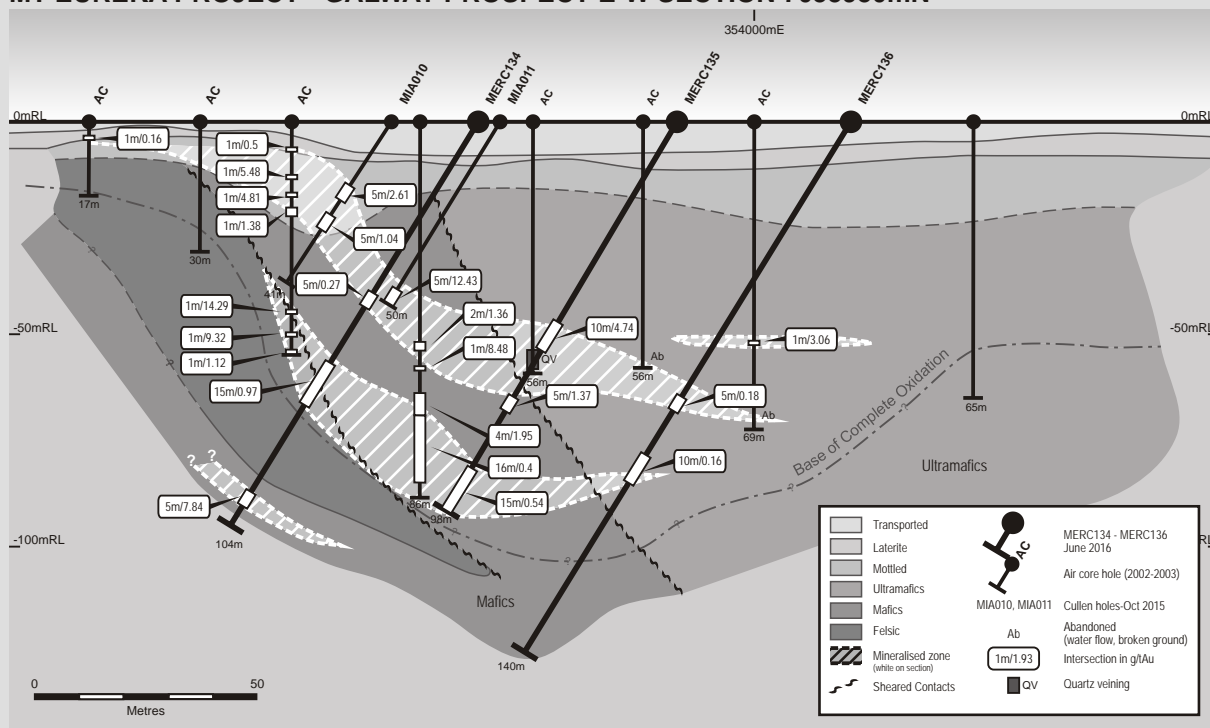
**Mt Eureka Project:**  
**Significant Results / Details of RC Drilling, Galway prospect (>0.1g/t Au) in 5m composite samples (June 2016)**

Hole ID	Easting (m)	Northing (m)	EOH Depth (m)	Dip (degrees)	Azimuth (degrees)	From (m)	To (m)	Thickness (m)	Au (g/t)
MERC 134	353940	7055946	104	-60	267	40	50	10	0.27
						60	75	15	0.97
						95	100	5	7.84
MERC 135	353983	7055947	98*	-60	268	50	60	10	4.74
						70	75	5	1.37
						85	98	13 (EOH)	0.54
MERC 136	354021	7055946	140	-60	262	70	75	5	0.18
						85	95	10	0.16
MERC 137	353940	7056061	86	-60	268	NSR	NSR	NSR	NSR
MERC 138	354000	7056057	44*	-60	268	30	35	5	0.20
MERC 139	354023	7056058	98	-60	262	20	25	5	0.13
MERC 140	354119	7056067	134	-60	264	NSR	NSR	NSR	NSR
MERC 141	353960	7055856	110	-60	265	35	40	5	1.58
MERC 142	354000	7055856	146	-60	270	NSR	NSR	NSR	NSR

**Notes:** Gold assays by Aqua Regia digest, 10g charge, to detection limit of 1ppb, or by fire assay, 50g charge for samples reading >4 g/t Au from Aqua Regia; coordinates are GDA Z51, down hole lengths reported – true width not known at this stage. NSR = No significant result. EOH = End of Hole.

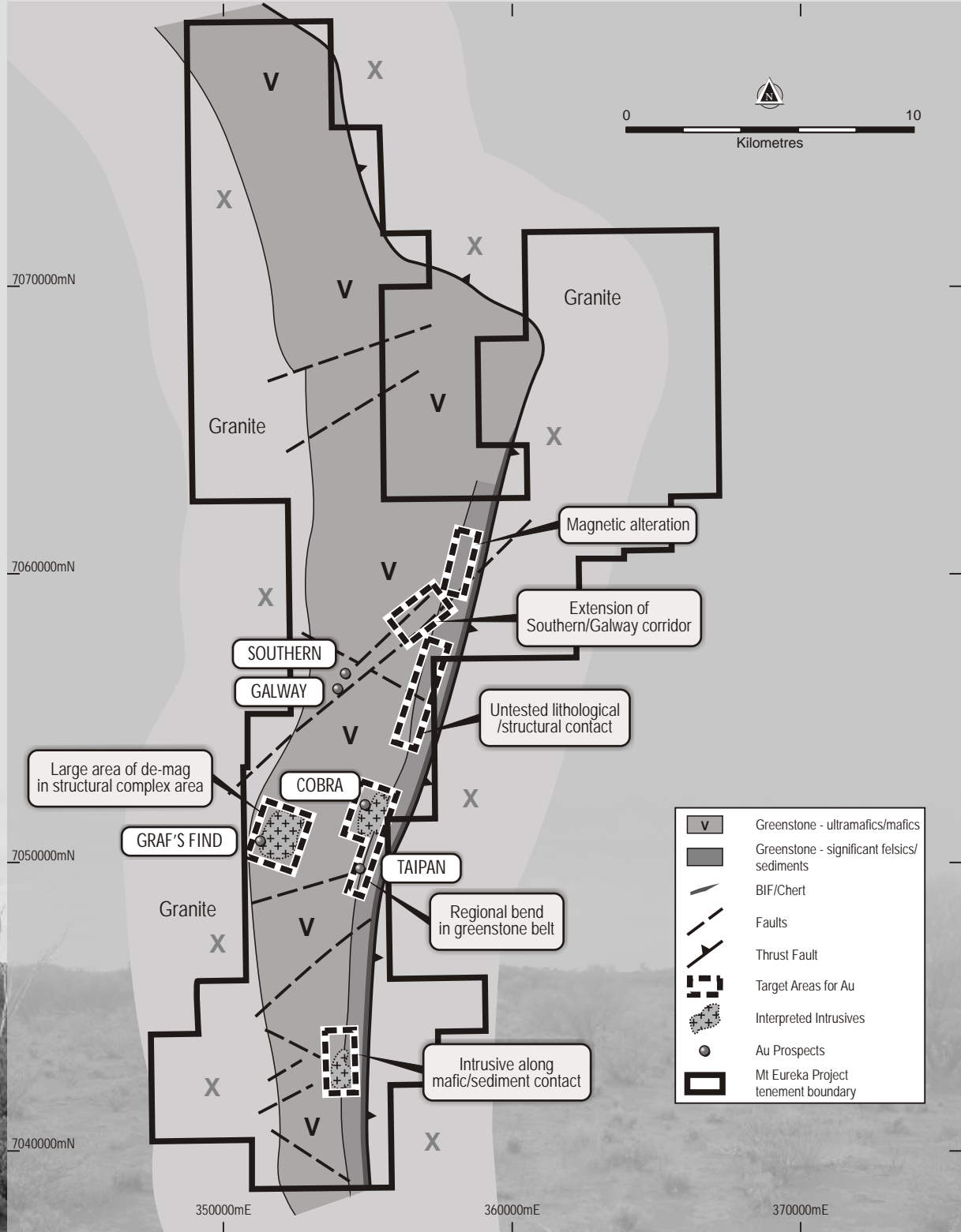
\* two holes abandoned before target depth due to loss of air

## MT EUREKA PROJECT - GALWAY PROSPECT E-W SECTION 7055950mN



# Exploration Review

## MT EUREKA PROJECT - GOLD TARGET AREAS AND PROSPECTS





# Exploration Review

## WESTERN AUSTRALIA | LITHIUM EXPLORATION

In May-June 2016, Cullen Resources Limited (“Cullen” or the “Company”) completed a preliminary field review of its Pilbara tenement applications for lithium pegmatite mineralisation. Numerous pegmatites were observed and sampled in both the Pilgangoora North East (ELA 45/4626) and Wodgina West (ELA 45/4682) prospect areas in the Pilbara - fieldwork guided by mineral occurrences from published maps (MINEDEX database) and historical information but pegmatites sampled by Cullen were generally more widespread than existing data indicated.

**(ELA 45/4626)** is centred ~ 30km north east of the Pilgangoora Lithium deposits\* where the world's second largest deposits of spodumene (lithium-bearing pyroxene) has recently been defined; and the second, **(ELA 45/4682)**, lies in part immediately west of the Wodgina Mine\*\*, one of the world's largest hard rock tantalum resources. This tenement application also lies on- strike to the north of the Stannum Prospect (of Metalcity - ASX: MCT).

(\*Pilbara Minerals Ltd: ASX-PLS/Altura Mining Ltd: ASX-AJM \*\*Global Advanced Metals)

The results of rock chip sample assaying confirm the north eastern sector of the ELA 45/4626, characterised by magnetic anomalies, includes samples with lithium mineralisation with two samples (from the one site) reporting 1.21% Li<sub>2</sub>O and 1.12% Li<sub>2</sub>O in a “muscovite schist”. These two samples also have high Rb (to 0.52%), high Ta<sub>2</sub>O<sub>5</sub> (to 240ppm) and high Sn (to 264ppm). Another two samples from this north-eastern target area reported 0.2% and 0.18% Li<sub>2</sub>O in pegmatites. Each of these three samples is close to a discrete unit of monzonitic granite, as shown on the 1:250,000 geological map.

Field review of targets areas for lithium pegmatite mineralisation within Cullen's ELA 70/4803 in May 2006, south west of the Greenbushes Mine, found just two pegmatitic granite outcrops, and four reconnaissance pisolites samples were collected from ELA 70/4802 – access is very limited in these areas due to areas of jarrah dieback control.



# Exploration Review

## CULLEN'S STRATEGY IN FINLAND

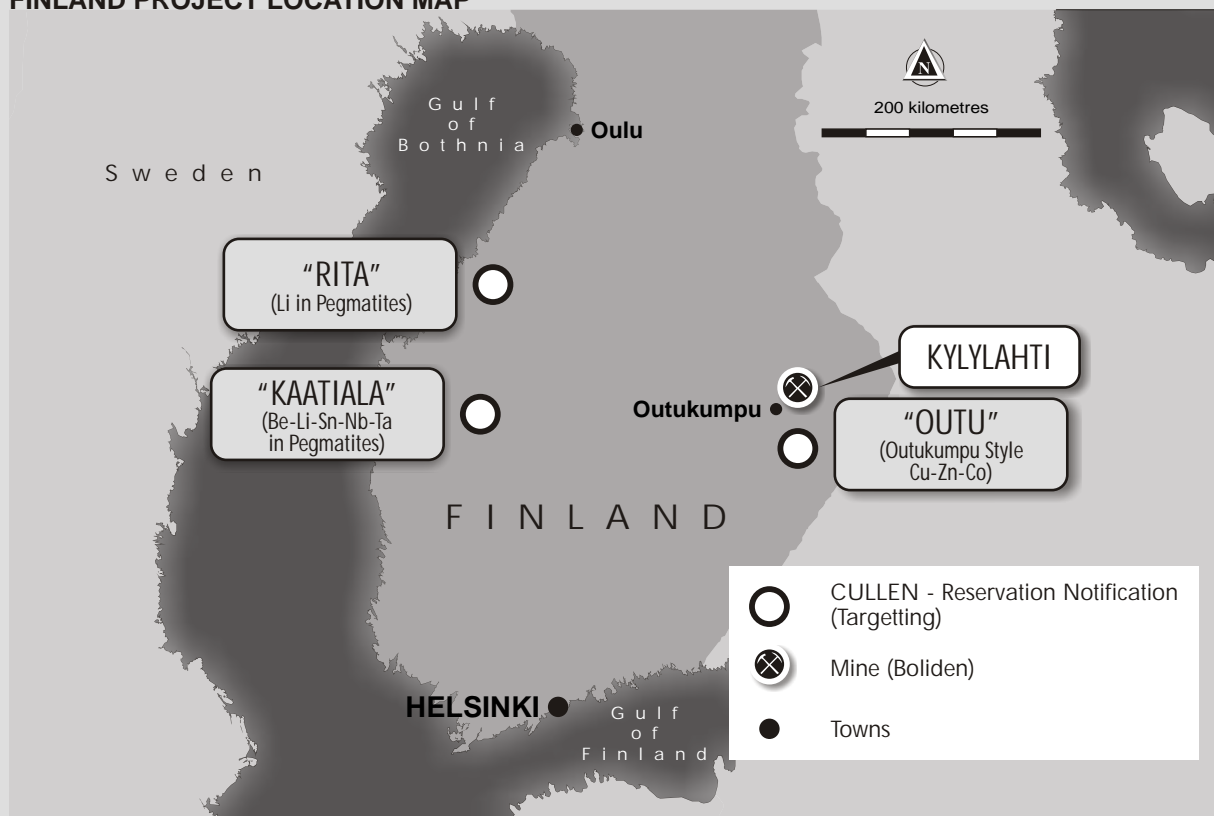
In Finland, Cullen will follow a prospect generator/farm-out business model as practised by the company over the past several years in Australia. This is an appropriate and prudent approach which utilises the excellent public geological databases in Finland and the low tenure costs in the early stages of exploration. Cullen will focus on exploration for lithium, gold, copper and cobalt. Cullen has had significant previous experience prospecting and exploring in Finland and has good contacts with well-regarded geological consulting groups based in Scandinavia to facilitate efficient operations.

Cullen's initial work will proceed from a review and compilation of available geological, geophysical, geochemical and previous exploration data to field mapping and sampling, to be undertaken mainly by Finnish consulting geologists. Reservation Notification applications once registered give Cullen the priority, within a four month to two year period from lodgement (actual reservation time period to be determined by Finnish Mining authorities), to make applications for Exploration Permits (required for any ground disturbing exploration programs).

The Geological Survey of Finland (GTK) has re-assayed its regional till geochemical samples from the **Kaustinen, Central Ostrobothnia** area (collected in the 1970's) for lithium\*. The resulting distribution of Lithium (Li) in till, in Cullen's opinion suggests good prospectivity for new discoveries of lithium-bearing pegmatites surrounding the known deposits owned by Keliber Oy and within Cullen's Reservation Notification area ("Rita"). Only the Rita reservation has been registered as at 30 June 2016.

*\*(Timo Ahtola (ed.), Janne Kuusela, Asko Kapyaho and Olavi Kontoniemi, Geological Survey of Finland, Report of Investigation, 220, 2015: "Overview of lithium pegmatite exploration in the Kaustinen area in 2003-2012").*

## FINLAND PROJECT LOCATION MAP





# Exploration Review



## **NORTH WEST YILGARN, WA NORTH TUCKABIANNA | GOLD AND BASE METALS**

The felsic Eelya Complex, ~30km east of Cue, hosts the high-grade Holladaire 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. Musgrave Minerals Ltd (ASX: MGV) has recently had further success exploring base metal prospects in JV on this project area.

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.

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 Aircore and/or RAB drilling.

## **EASTERN GOLDFIELDS, WA KILLALOE JV | GOLD AND NICKEL**

Matsa Resources Limited (Matsa) has earned a 70% interest in the Killaloe Project and Cullen exercised its option to convert its 30% participating interest into a 20% Free Carried Interest (FCI) to a Decision to Mine. Matsa, has previously reported that the corridor of gold mineralisation which includes the gold discoveries of S2 Resources Ltd at Baloo, Monsoon and Nanook, (ASX : S2R , 25 July 2016) within S2R's Polar Bear project, is interpreted to extend to the SE into the Killaloe JV project area, and over a distance of ~20km. The Polar Bear gold corridor within the Killaloe JV ground may be indicated by extensive soil gold anomalism and gold intersections in previous drilling (including 2m @ 6 g/t in hole KRC023 at the Cashel prospect). IP anomalies have also been delineated within the Killaloe JV project area, as announced recently by Matsa (ASX:MAT 27 June and 5 July 2016).

# 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 (from 131.45m) and 4.05m @ 0.58% WO 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.





# Exploration Review

## SCHEDULE OF TENEMENTS (as at 30 June 2016)

REGION	TENEMENTS	TENEMENT APPLICATIONS	CULLEN INTEREST	COMMENTS
<b>WESTERN AUSTRALIA</b>				
Mt Stuart JV	E08/1135, E08/1330, E08/1341, E08/1292 ML08/481, ML08/482		30% - 100%	API has earned 70% of iron ore rights; Cullen 100% other mineral rights
Wyloo North		ELA47/3342		
Paraburdoo JV	E52/1667			Fortescue can earn up to 80% of iron ore rights; Cullen 100% other mineral rights
North Pilbara		ELA45/4626, ELA45/4682		
Gunbarrel	E52/1299 E53/1300 +/* E53/1635	ELA53/1892, ELA53/1893	100%	+2.5% NPI Royalty to Pegasus on Cullen's interest (parts of E1299); *1.5% NSR Royalty to Aurora (other parts of E1299 and parts of 1300)
Irwin Well	E53/1637		100%	
Irwin Bore	E53/1209		100%	
Cue	E20/714		100%	
Ravensthorpe		ELA74/575		
Yinnetharra		ELA09/2179		
Greenbushes		ELA70/4802, ELA70/4803		
Killaloe JV	E63/1018, E63/1199, P63/1672		20%	Matsa Resources Limited 80%
Forrestania JV	M77/544		20%	Hannans Reward Ltd 80% Gold rights only
<b>NEW SOUTH WALES</b>				
Minter	EL6572		100%	

## JOINT VENTURES - SUMMARY TABLE (as at 30 June 2016)

Joint Venture (farm out)	Commodity Focus	JV Partner	JV Partner Earning (Earned)	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% by defining Indicated Resource.
Mt. Stuart	Iron Ore	API JV	(70%)	-	-	Cullen contributing at 30% in Mt Stuart JV, 50 cents/tonne royalty on all JV production
Forrestania	Gold	Hannans Reward Ltd	(80%)	20%	2.5%	Gold Rights on M77/544 only
Killaloe	Nickel, Gold	Matsa Resources Limited	(80%)	20%	2%	

DTM = Decision to Mine    FOB = Free on Board    FCI = Free Carried Interest  
NSR = Net Smelter Return    = Iron ore rights only

# Exploration Review

## MINERAL RESOURCES AND ORE RESERVES (MROR) STATEMENT

### MSIOJV RESOURCE

The Mineral Resource estimate for the MSIOJV, comprising the Catho Well Deposit, is contained in Table 1 below. The supporting details for that estimate are contained in the Company's release to the ASX on 10 March 2015.

**Table 1: MSIOJV - Stage 1 Mineral Resource Estimate (100% JV Basis)**

Deposit	Classification (JORC 2012)	Tonnage Mt	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	Mn %	LOI %	MgO %	P %	S %
Catho Well MSIOJV	Measured	3	55.3	6.45	3.56	0.06	9.98	0.19	0.042	0.022
	Indicated	140	54.4	7.60	3.42	0.08	10.36	0.19	0.036	0.016
	Inferred	19	54.5	7.70	3.18	0.10	10.28	0.20	0.039	0.016
	<b>TOTAL</b>	<b>162</b>	<b>54.4</b>	<b>7.59</b>	<b>3.40</b>	<b>0.08</b>	<b>10.35</b>	<b>0.19</b>	<b>0.037</b>	<b>0.016</b>

### MSIOJV ORE RESERVES

The updated WPIOP – Stage 1 Ore Reserve estimate of 780 million tonnes, with a grade of 57.2% Fe, is provided in Table 2. The Ore Reserve is reported as the estimated saleable product. The estimate has been prepared on the basis that two CID blended fines ore products are produced: a primary higher grade product (Product 1 – WPF1 – 82% of total), and a lower grade product (Product 2 – WPF2) that is produced and sold in the latter years of the mine life. Target product specifications were set following market studies and discussions with customers, including the stakeholders in the WPIOP. The MSIOJV owns the Catho Well channel iron deposit (CID) with an Ore Reserve estimate of 83 Mt @ 55.1% Fe, one of the ten deposits comprising the WPIOP – Stage 1 Ore Reserve (Table 3).

By comparison, the 2010 Ore Reserve was 445 Mt with a grade of 57.1% Fe.

**Table 2: WPIOP - Stage 1 Ore Reserve Estimate (100% Project Basis)**

Ore Reserve	Product	Tonnes Mt (Dry)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Product 1 (WPF1)	Proved	200	58.0	5.2	3.5	0.08	7.8
	Probable	444	57.6	5.5	3.1	0.08	8.4
	<b>TOTAL ORE</b>	<b>643</b>	<b>57.7</b>	<b>5.4</b>	<b>3.2</b>	<b>0.08</b>	<b>8.2</b>
Product 2 (WPF2)	Proved	20	54.3	7.9	4.6	0.08	9.0
	Probable	117	54.6	8.2	3.7	0.08	9.2
	<b>TOTAL ORE</b>	<b>137</b>	<b>54.5</b>	<b>8.1</b>	<b>3.8</b>	<b>0.08</b>	<b>9.2</b>
Total (WPF1 + WPF2)	Proved	220	57.6	5.5	3.6	0.08	7.9
	Probable	560	57.0	6.1	3.2	0.08	8.5
	<b>TOTAL ORE</b>	<b>780</b>	<b>57.2</b>	<b>5.9</b>	<b>3.3</b>	<b>0.08</b>	<b>8.4</b>
Waste (dmt)	Mt (dry)	601					
Strip Ration <sup>1</sup>	Waste : Ore	0.75					

<sup>1</sup> Strip ratio is the ratio of mined waste to mined ore (which is slightly higher than product ore due to recovery losses)

# Exploration Review

The Ore Reserve estimate was prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012) by AMC Consultants Pty Ltd (AMC), an independent mining consultancy, as part of a Mining and Ore Reserve Study (AMC Mining Study) for APIJV.

The Ore Reserve estimate covered ten CID deposits in the WPIOP – Stage 1 area, being the:

- Buckland Hills and Red Hill Creek deposits - held by the APIJV;
- Cochrane, Jewel, Kens Bore, Cardo Bore North, Cardo Bore East, Upper Cane, Trinity Bore, Red Hill Creek (west portion) Catho Well (north portion) deposits – held by the RHIOJV; and
- Catho Well (south portion) deposit – held by the MSIOJV.

The Ore Reserve has been estimated by incorporating all WPIOP – Stage 1 deposits in order to achieve the target blended product grade specifications and to optimise overall project economics. The Ore Reserves that are attributable to each of the APIJV, RHIOJV and MSIOJV and contribute to the total WPIOP – Stage 1 Ore Reserves are detailed in Table 3 below.

**Table 3: Ore Reserve Estimate as at 16th September 2015 - Total by Joint Venture**

Joint Venture	Product	Proved						Probable						Total Proved and Probable					
		dmt (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)	dmt (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)	dmt (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
APIJV	Product 1	8	57.7	5.3	3.0	0.11	7.6	119	58.8	5.2	2.1	0.13	7.9	127	58.7	5.2	2.1	0.13	7.9
	Product 2	1	53.8	9.0	4.4	0.09	7.5	32	55.5	9.0	2.6	0.13	8.2	33	55.4	9.0	2.7	0.13	8.2
	<b>Total Ore</b>	<b>10</b>	<b>57.2</b>	<b>5.8</b>	<b>3.2</b>	<b>0.11</b>	<b>7.5</b>	<b>151</b>	<b>58.1</b>	<b>6.0</b>	<b>2.2</b>	<b>0.13</b>	<b>8.0</b>	<b>161</b>	<b>58.0</b>	<b>6.0</b>	<b>2.2</b>	<b>0.13</b>	<b>8.0</b>
MSIOJV	Product 1	2	55.7	6.3	3.4	0.04	9.9	59	55.4	6.8	3.0	0.04	10.2	61	55.4	6.8	3.0	0.04	10.2
	Product 2	0	54.1	7.1	4.5	0.04	10.1	21	54.1	7.7	3.6	0.04	10.4	22	54.1	7.7	3.7	0.04	10.4
	<b>Total Ore</b>	<b>3</b>	<b>55.4</b>	<b>6.4</b>	<b>3.5</b>	<b>0.04</b>	<b>9.9</b>	<b>80</b>	<b>55.1</b>	<b>7.1</b>	<b>3.2</b>	<b>0.04</b>	<b>10.2</b>	<b>83</b>	<b>55.1</b>	<b>7.0</b>	<b>3.2</b>	<b>0.04</b>	<b>10.2</b>
RHIOJV	Product 1	189	58.0	5.2	3.5	0.08	7.8	266	57.6	5.4	3.5	0.07	8.2	455	57.8	5.3	3.5	0.08	8.0
	Product 2	19	54.3	7.8	4.6	0.08	9.1	63	54.3	7.9	4.3	0.06	9.4	82	54.3	7.9	4.4	0.07	9.3
	<b>Total Ore</b>	<b>208</b>	<b>57.7</b>	<b>5.5</b>	<b>3.6</b>	<b>0.08</b>	<b>7.9</b>	<b>329</b>	<b>57.0</b>	<b>5.9</b>	<b>3.7</b>	<b>0.07</b>	<b>8.4</b>	<b>537</b>	<b>57.2</b>	<b>5.7</b>	<b>3.6</b>	<b>0.07</b>	<b>8.2</b>
<b>WPIOP</b>	<b>Total Ore</b>	<b>220</b>	<b>57.6</b>	<b>5.5</b>	<b>3.6</b>	<b>0.08</b>	<b>7.9</b>	<b>560</b>	<b>57.0</b>	<b>6.1</b>	<b>3.2</b>	<b>0.08</b>	<b>8.5</b>	<b>780</b>	<b>57.2</b>	<b>5.9</b>	<b>3.3</b>	<b>0.08</b>	<b>8.4</b>

The Ore Reserve is the part of the Mineral Resource which can be economically mined by open cut mining methods. Dilution of the Mineral Resource model and an allowance for ore loss was included in the Ore Reserve estimate.

Probable Ore Reserves for Catho Well were based on Mineral Resources classified as Indicated, intersected by the open pit mine designs. Proved Ore Reserves were based on Mineral Resources classified as Measured, intersected by the open pit mine designs. Ore Reserves were estimated after consideration of all mining, metallurgical, infrastructure, social, environmental, marketing, legal, governmental and economic modifying factors of the WPIOP.

The above modifying factors were summarized in Appendix A of the September 2015 Cullen ASX announcement in the form required by the JORC Code 2012 (referred to within the JORC Code as “Table 1”) as a checklist or reference when preparing Public Reports on Exploration Results, Mineral Resources and Ore Reserves.

The WPIOP - Stage 1 Ore Reserves are based on information compiled under the direction of Ms Kate Sommerville. Ms Sommerville is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Ms Sommerville has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code 2012.

This Ore Reserve estimate replaces the previous Ore Reserve estimate released in 2010. The difference in the estimates is an increase of 276 Mt (dry) of saleable product for the WPIOP (including an increase of 17 Mt (dry) for the MSIOJV) and results from revised mine planning and the inclusion of additional Mineral Resources.



# Exploration Review

## **Competent Person Statement (mineral resource)**

*The information in this report that relates to the Catho Well Mineral Resource was prepared under the supervision of Mr Stuart Tuckey and Mr Richard Gaze who are members of the Australasian Institute of Mining and Metallurgy. Mr Tuckey was previously a full-time employee of the API Management Pty Ltd. Mr Gaze is a full-time employee of Golder Associates Pty Ltd. Mr Tuckey and Mr 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 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*

## **Competent Persons Statement**

*The information in this report that relates to the WPIOP - Stage 1 Ore Reserve estimate is based on information compiled and reviewed by Ms Kate Sommerville, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Sommerville is a full time employee of AMC Consultants Pty Ltd. Ms Sommerville has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Sommerville consents to the report being issued in the form and context in which it appears.*

## **Statement of No Conflict of Interest**

*In undertaking the assignments referred to in this report, AMC acted as an independent party, has no interest in the outcome of the WPIOP - Stage 1, and has no business relationship with APIM or any of the joint venture companies other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC and the Competent Person believe that there is no conflict of interest in undertaking the assignments which are the subject of this report.*

## **Competent Person Statement**

*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 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr. Ringrose consents to the report being issued in the form and context in which it appears. The information in this report may also include review and interpretation of historical and previous exploration by Cullen. The Company confirms that it is not aware of any new information or data which materially affects the information included in this report.*



## DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2016.

### 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 19 January 2016)
- Signature Metals Limited (from 14 September 2012 to present)

- **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.

- **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 to present)
- South American Ferro Metals Limited (from 26 June 2013 to 24 April 2015)

### **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 \$955,336 [2015: loss \$1,414,969]. No income tax was attributable to this result [2015: 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, cobalt, lithium 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, geochemical surveying, and drilling programmes. Company exploration activities, including joint operations, were focused in Western Australia with additional activities in New South Wales as follows:

- Ashburton Province, WA (Mt Stuart JV and Paraburdoo JV iron ore projects)
- North Eastern Goldfields, WA (Gunbarrel/Mt Eureka and Irwin Bore, gold and nickel projects)
- Eastern Goldfields, WA (Killaloe JV, gold and nickel project)
- Murchison, WA (North Tuckabianna, copper and gold project)
- Forrestania, WA (Forrestania JV, gold project)
- Central Lachlan Fold Belt, NSW (Minter tungsten project)

Drilling by Cullen during the year to 30 June 2016 focussed on programmes for gold deposits in the Mt Eureka project area, and for iron ore in the Mt Stuart Iron Ore JV. Other exploration field work has included: field reconnaissance, geological mapping and drilling in the Mt Eureka project, and evaluations of new project opportunities and project generation. The Company continued to market projects as potential farm-out opportunities. The Company also initiated the development of a portfolio of exploration projects for lithium in Western Australia and Finland.

A total of \$986,422 (2015: \$1,490,268) 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" opportunities 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 2016 available cash totalled \$531,471 (2015: \$867,152).

### **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 26,000,000 (2015: 26,000,000) options which were outstanding. During the year nil (2015: 20,000,000) options were issued and nil (2015: nil) options expired. 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 (2015: Nil). Since the end of the financial year no shares have been issued by virtue of the exercise of options (2015: Nil).

#### Directors' Interest

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

2016	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
D. Clarke	-	2,500,000	17,428,513	-
C. Ringrose	11,835,342	10,000,000	-	-
G. Hamilton	228,571	2,500,000	30,289,143	-
J. Horsburgh	8	2,500,000	33,437,149	-
W. Kernaghan	3,428,574	2,500,000	14,275,417	-

#### Directors' Meetings

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

	No. of meetings attended	Maximum possible eligible to attend
D. Clarke	10	10
C. Ringrose	10	10
G. Hamilton	9	10
J. Horsburgh	10	10
W. Kernaghan	10	10

#### Indemnification and insurance of Directors and Officers

The Company has entered into deeds of indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law. The Company has paid premiums totalling \$9,811 (2015: \$10,892) 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.

**Indemnification of Auditors**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

**Employees**

The Consolidated Entity employed two employees as at 30 June 2016 (2015: two).

**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 28.

**Auditor Independence**

The directors have received the auditor's independence declaration for the year ended 30 June 2016 which is on page 27 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 \$4,294 (2015: \$10,872).

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 options when issued to the directors and executives are 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 2012	2,649,846	(0.41)	1.8
30 June 2013	2,078,566	(0.28)	0.8
30 June 2014	1,880,593	(0.21)	1.7
30 June 2015	1,414,969	(0.13)	0.4
30 June 2016	955,336	(0.06)	0.3

**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 10,000,000 options on 1 December 2014 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 2017 ("the Expiry Date") with an exercise price of \$0.016. This is contained in the notice of meeting which was approved by shareholders.

During the year the Board paid a discretionary bonus of Nil (2015: Nil) to Dr Ringrose.

**Non Executive Directors**

The non executive directors have been issued with 2,500,000 options each on 1 December 2014 with an exercise price of \$0.016 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 2017 ("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 for the year ended 30 June 2016 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	-	-	-	3,325	-	-	38,325	-
C. Ringrose	-	265,000	-	* 5,417	25,175	5,088	-	300,680	-
G. Hamilton	30,000	-	-	-	2,850	-	-	32,850	-
J. Horsburgh	30,000	-	-	-	2,850	-	-	32,850	-
W. Kernaghan	30,000	38,875**	-	-	2,850	-	-	71,725	-
<b>Total</b>	<b>125,000</b>	<b>303,875</b>	-	<b>5,417</b>	<b>37,050</b>	<b>5,088</b>	-	<b>476,430</b>	-

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

\*\*Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$38,875 which is a company controlled by Mr W Kernaghan. There was \$2,000 outstanding at 30 June 2016.

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Details of remuneration provided to directors for the year ended 30 June 2015 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	-	-	-	3,325	-	15,250	53,575	-
C. Ringrose	-	265,000	-	* 5,417	25,175	5,097	61,000	361,689	-
G. Hamilton	30,000	-	-	-	2,850	-	15,250	48,100	-
J. Horsburgh	30,000	-	-	-	2,850	-	15,250	48,100	-
W. Kernaghan	30,000	42,875**	-	-	2,850	-	15,250	90,975	-
<b>Total</b>	<b>125,000</b>	<b>307,875</b>	<b>-</b>	<b>5,417</b>	<b>37,050</b>	<b>5,097</b>	<b>122,000</b>	<b>602,439</b>	<b>-</b>

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

\*\*Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$42,875 which is a company controlled by Mr W Kernaghan. There was \$3,125 outstanding at 30 June 2015.

**Shares issued on exercise of remunerated options**

During the financial year nil (2015: Nil) remunerated options were exercised. During the financial year nil (2015: nil) options expired. The directors exercised nil (2015: Nil) options during the year.

**Options granted as part of remuneration for the year ended 30 June 2016**

There were no options granted as a part of remuneration for the year ended 30 June 2016.

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	-	-	-	-

**Options granted as part of remuneration for the year ended 30 June 2015**

There were 20,000,000 options granted as a part of remuneration for the year ended 30 June 2015.

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	15,250	-	-	15,250
C. Ringrose	61,000	-	-	61,000
G. Hamilton	15,250	-	-	15,250
J. Horsburgh	15,250	-	-	15,250
W. Kernaghan	15,250	-	-	15,250

**Option holdings of directors**

Directors	Balance at beginning of year 1 July 2015 Number	Options issued Number	Options lapsed Number	Balance at end of year 30 June 2016 Number	Total Number	Vested and exercisable at 30 June 2016 Number
D Clarke	2,500,000	-	-	2,500,000	2,500,000	2,500,000
C Ringrose	10,000,000	-	-	10,000,000	10,000,000	10,000,000
G Hamilton	2,500,000	-	-	2,500,000	2,500,000	2,500,000
J Horsburgh	2,500,000	-	-	2,500,000	2,500,000	2,500,000
W Kernaghan	2,500,000	-	-	2,500,000	2,500,000	2,500,000
<b>Total</b>	<b>20,000,000</b>	<b>-</b>	<b>-</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>

The outstanding options are exercisable at \$0.016 and have an expiry date of 30 November 2017. These options had a weighted average exercise price of \$0.016 and a weighted average remaining contractual life of 1.42 years.

Directors	Balance at beginning of year 1 July 2014 Number	Options issued Number	Options lapsed Number	Balance at end of year 30 June 2015 Number	Total Number	Vested and exercisable at 30 June 2015 Number
D Clarke	-	2,500,000	-	2,500,000	2,500,000	2,500,000
C Ringrose	-	10,000,000	-	10,000,000	10,000,000	10,000,000
G Hamilton	-	2,500,000	-	2,500,000	2,500,000	2,500,000
J Horsburgh	-	2,500,000	-	2,500,000	2,500,000	2,500,000
W Kernaghan	-	2,500,000	-	2,500,000	2,500,000	2,500,000
<b>Total</b>	<b>-</b>	<b>20,000,000</b>	<b>-</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>

The outstanding options were exercisable at \$0.016 and have an expiry date of 30 November 2017. These options had a weighted average exercise price of \$0.016 and a weighted average remaining contractual life of 2.42 years.

**Shareholdings of directors**

Directors	Balance 1 July 2015 Number	Options Exercised Number	Net Change Purchase Number	Balance 30 June 2016 Number
D Clarke	11,619,008	-	5,809,505	17,428,513
C Ringrose	7,890,227	-	3,945,115	11,835,342
G Hamilton	23,684,374	-	6,833,340	30,517,714
J Horsburgh	25,337,147	-	8,100,010	33,437,157
W Kernaghan	11,802,656	-	5,901,335	17,703,991
<b>Total</b>	<b>80,333,412</b>	<b>-</b>	<b>30,589,305</b>	<b>110,922,717</b>

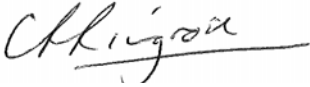
Directors	Balance 1 July 2014 Number	Options Exercised Number	Net Change Purchase Number	Balance 30 June 2015 Number
D Clarke	7,864,000	-	3,755,008	11,619,008
C Ringrose	3,450,000	-	4,440,227	7,890,227
G Hamilton	18,391,004	-	5,293,370	23,684,374
J Horsburgh	19,952,126	-	5,385,021	25,337,147
W Kernaghan	6,873,376	-	4,929,280	11,802,656
<b>Total</b>	<b>56,530,506</b>	<b>-</b>	<b>23,802,906</b>	<b>80,333,412</b>

The directors' shareholdings are held directly and indirectly.



End of Remuneration Report

Signed in accordance with a resolution of the directors

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

**C. Ringrose**  
**Director**  
**Perth, WA**  
**16 September 2016**

## Auditor's Independence Declaration to the Directors of Cullen Resources Limited

As lead auditor for the audit of Cullen Resources Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cullen Resources Limited and the entities it controlled during the financial year.



Ernst & Young



V L Hoang  
Partner  
16 September 2016

## 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 27 March 2014. 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, four of the current Board of five directors are considered to be independent directors. Dr Ringrose is the executive director and under the ASX guidelines deemed not to be independent by virtue of his position. 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 having regard to the size of the company and the nature of its business.

As at 30 June 2016, 50 % (2015: 50%) of the workforce is female with no females at board or senior management level. There are only two employees, one female and one male.

**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](http://www.cullenresources.com.au).

**Consolidated Statement of Financial Position  
as at 30 June 2016**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	21(i)	531,471	867,152
Receivables	5	43,971	93,804
<b>Total Current Assets</b>		575,442	960,956
<b>Non Current Assets</b>			
Other financial assets	6	10,000	10,000
Plant & equipment	7	5,606	-
Exploration & evaluation	8	5,811,317	5,329,287
<b>Total Non Current Assets</b>		5,826,923	5,339,287
<b>Total Assets</b>		6,402,365	6,300,243
<b>Current Liabilities</b>			
Trade and other payables	9	153,734	299,480
Provisions	10	107,999	111,171
<b>Total Current Liabilities</b>		261,733	410,651
<b>Total Liabilities</b>		261,733	410,651
<b>Net Assets</b>		6,140,632	5,889,592
<b>Equity</b>			
Issued capital	11	43,482,463	42,276,087
Share based payment reserve	12	1,459,725	1,459,725
Accumulated losses	13	(38,801,556)	(37,846,220)
<b>Total Equity</b>		6,140,632	5,889,592

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

**Consolidated Statement of Changes in Equity  
for the year ended 30 June 2016**

	<b>Note</b>	<b>Issued Capital</b>	<b>Share Based Payment Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2014</b>		40,521,766	1,301,725	(36,431,251)	5,392,240
Loss for the year		-	-	(1,414,969)	(1,414,969)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		-	-	(1,414,969)	(1,414,969)
Issue of share capital		1,793,201	-	-	1,793,201
Share issue costs		(38,880)	-	-	(38,880)
Share based payments	12	-	158,000	-	158,000
<b>At 30 June 2015</b>		42,276,087	1,459,725	(37,846,220)	5,889,592

	<b>Note</b>	<b>Issued Capital</b>	<b>Share Based Payment Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2015</b>		42,276,087	1,459,725	(37,846,220)	5,889,592
Loss for the year		-	-	(955,336)	(955,336)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		-	-	(955,336)	(955,336)
Issue of share capital		1,246,181	-	-	1,246,181
Share issue costs		(39,805)	-	-	(39,805)
Share based payments	12	-	-	-	-
<b>At 30 June 2016</b>		43,482,463	1,459,725	(38,801,556)	6,140,632

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

**Consolidated Statement of Comprehensive Income  
for the year ended 30 June 2016**

	Note	Consolidated	
		2016 \$	2015 \$
Revenues	3	122,906	130,816
Rent		(36,741)	(37,359)
Salaries and consultants' fees		(307,114)	(409,590)
Compliance expenses		(135,197)	(156,633)
Impairment of exploration expenditure	8	(504,392)	(644,867)
Share based payments	12	-	(158,000)
Depreciation		(1,844)	(963)
Other expenses		(92,954)	(138,373)
Loss before income tax		(955,336)	(1,414,969)
Income tax	4	-	-
Net loss attributable to members of Cullen Resources Limited after tax		<u>(955,336)</u>	<u>(1,414,969)</u>
<u>Other Comprehensive Income:</u>		-	-
Total comprehensive loss for the period		<u>(955,336)</u>	<u>(1,414,969)</u>
Basic (loss) per share (cents per share)	22	(0.06)	(0.13)
Diluted (loss) per share (cents per share)	22	(0.06)	(0.13)

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



**Consolidated Statement of Cash Flows  
for the year ended 30 June 2016**

		Consolidated	
	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Sale of tenements		75,000	-
Research and development grant		42,942	99,529
Cash payments in the course of operations		(1,220,002)	(1,327,651)
GST refunded		44,519	81,328
Interest received		4,964	8,560
<b>Net operating cash flows</b>	21(ii)	<u>(1,052,577)</u>	<u>(1,138,234)</u>
<b>Cash flows from investing activities</b>			
Payments for plant & equipment		(7,450)	-
Proceeds from sale plant & equipment		-	22,727
Payments for exploration & evaluation		(482,030)	(845,401)
<b>Net investing cash flows</b>		<u>(489,480)</u>	<u>(822,674)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,246,181	1,793,201
Share issue costs		(39,805)	(38,880)
<b>Net financing cash flows</b>		<u>1,206,376</u>	<u>1,754,321</u>
Net decrease in cash and cash equivalents		(335,681)	(206,587)
Cash and cash equivalents at the beginning of the financial year		867,152	1,073,739
<b>Cash and cash equivalents at the end of the financial year</b>	21(i)	<u>531,471</u>	<u>867,152</u>

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.

#### (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 (IASB).

#### (c) Accounting policies and disclosures

The Consolidated Entity has adopted all new and amended Australian Accounting Standards and AASB interpretations which were applicable as of 1 July 2015. Adoption of other new and amended Australian Accounting Standards and AASB interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity 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 Entity had cash and cash equivalents of \$531,471 at 30 June 2016. The directors acknowledge that continued exploration and development of the consolidated group's mineral exploration projects will necessitate further capital raisings.

The Consolidated Entity 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 Entity is appropriate as the Company and Consolidated Entity have successfully completed capital raisings during the year to 30 June 2016, 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 Entity 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 Entity 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 Entity 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

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- 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.

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.

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.

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 Australian corporate 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 (or in the process of being re-applied for) 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.

Refundable research and development tax offset is brought to account when the funds are received.

### **(l) Joint Operations**

The Consolidated Entity recognises in relation to its joint operations:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

### **(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 two 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 assets not at fair value through profit or loss, directly attributable transactions costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

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

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

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 2016. These are outlined in the table below.

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new standard <b>which replaces AASB 139</b>. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and <b>includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</b></p> <p><b>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</b></p> <p><b>Classification and measurement</b></p> <p><b>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</b></p> <p>The main changes are described below.</p> <p><b>Financial assets</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> <p><b>Financial liabilities</b></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>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"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p>	1 January 2018	1 July 2018

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 9 (continued)	<i>Financial Instruments</i>	<p><b>Impairment</b></p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p><b>Hedge accounting</b></p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <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, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after <b>1 January 2015</b>.</p>	1 January 2018	1 July 2018
AASB 14	<i>Regulatory deferral accounts</i>	<p>AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. However, to enhance comparability with entities that already apply Australian Accounting Standards and do not recognise such amounts, AASB 14 requires that the effect of rate regulation must be presented separately from other items. An entity that is not a first-time adopter of Australian Accounting Standards will not be able to apply AASB 14.</p> <p>AASB 2014-1 Part D makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>, which arise from the issuance of AASB 14 <i>Regulatory Deferral Accounts</i> in June 2014.</p>	1 January 2016	1 July 2016

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 &amp; AASB 11]</i>	<p>AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations</p> <p>This Standard also makes an editorial correction to AASB 11.</p>	1 January 2016	1 July 2016
AASB 2014-4	<i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i>	<p><b>AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets</b> both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016



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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 15	<i>Revenue from Contracts with Customers</i>	<p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (<b>Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry</b>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). <b>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</b></p> <ul style="list-style-type: none"> <li>(a) <b>Step 1: Identify the contract(s) with a customer</b></li> <li>(b) <b>Step 2: Identify the performance obligations in the contract</b></li> <li>(c) <b>Step 3: Determine the transaction price</b></li> <li>(d) <b>Step 4: Allocate the transaction price to the performance obligations in the contract</b></li> <li>(e) <b>Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</b></li> </ul> <p>AASB 2015-8 amended the <b>AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</b></p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>	1 January 2018	1 July 2018
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i>, and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p> <p>AASB 2014-9 also makes editorial corrections to AASB 127.</p> <p>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	1 July 2016

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <ul style="list-style-type: none"> <li>(a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)</li> <li>(b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</li> </ul> <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.</p>	1 January 2018	1 July 2018

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p><i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i></p> <ul style="list-style-type: none"> <li>• Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</li> </ul> <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <ul style="list-style-type: none"> <li>• Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.</li> <li>• Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to <i>AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with <i>AASB 134 Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.</li> </ul> <p><i>AASB 119 Employee Benefits:</i></p> <ul style="list-style-type: none"> <li>• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</li> </ul> <p><i>AASB 134 Interim Financial Reporting:</i></p> <p>Disclosure of information ‘elsewhere in the interim financial report’ - amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</p>	1 January 2016	1 July 2016

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 <i>Disclosure of Interests in Other Entities</i> and AASB 128 arising from the IASB’s narrow scope amendments associated with Investment Entities.	1 January 2016	1 July 2016
AASB 2015-7	Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]	This Standard makes amendments to AASB 13 <i>Fair Value Measurement</i> to exempt not-for-profit public sector entities from certain requirements of the Standard.	1 July 2016	1 July 2016
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016

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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p><b>Lessee accounting</b></p> <ul style="list-style-type: none"> <li>Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</li> <li>Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> <li>AASB 16 contains disclosure requirements for lessees.</li> </ul> <p><b>Lessor accounting</b></p> <ul style="list-style-type: none"> <li>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</li> <li>AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</li> </ul> <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases  (b) Interpretation 4 Determining whether an Arrangement contains a Lease  (c) SIC-15 Operating Leases—Incentives  (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>	1 January 2019	1 July 2019
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	<p>This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.</p>	1 January 2017	1 July 2017



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Accounting Standard	Title	Summary	Application date of standard	Application date for Group
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	<p>This standard amends to IFRS 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a net settlement feature for withholding tax obligations</li> </ul> <p>A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</p>	1 January 2018	1 July 2018

Management is in the process of currently estimating the impact of these Standards.

## 2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

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

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either a binomial or Black-Scholes model, with the assumptions detailed in Note 16. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>3. REVENUE AND EXPENSES</b>		
(Loss) after crediting the following revenues:		
Other Revenues		
Interest received	4,964	8,560
Research and development grant	42,942	99,529
Sale of plant and equipment	-	22,727
Sale of tenements	75,000	-
	122,906	130,816
Loss after charging the following expenses:		
Auditors remuneration in respect of the Audit of the financial statements	33,928	45,731
Operating lease payments	36,741	37,359
Superannuation	38,384	49,482
<b>4. INCOME TAX</b>		
The major components of income tax expenses are:		
<b>Income Statement</b>		
<i>Current Income Tax</i>		
Current income tax charge/(benefit)	-	-
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	-	-
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
Operating loss before income tax	(955,336)	(1,414,969)
Prima facie income tax (benefit) calculated at 28.5% (2015: 30%)	(272,271)	(424,491)
Non-deductible expenses	8,850	57,240
Non-assessable income	(12,239)	(29,859)
Income tax losses carried forward/(utilised)	275,660	397,110
Total income tax (expense)/benefit	-	-

Cullen Resources Limited and its 100% owned Australian 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Deferred Tax Liabilities</b>				
Exploration	(1,656,225)	(1,598,786)	137,375	253,620
<b>Deferred Tax Assets</b>				
Provisions	30,780	33,351	(904)	(3,198)
Accruals	6,327	9,150	(2,365)	(1,350)
Deferred tax assets used to offset deferred tax liabilities (i)	1,619,118	1,556,285	(140,644)	(258,168)
Net Deferred Tax Recognised in the Statement of Financial Position	-	-	-	-

(i) As at 30 June 2016 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 2016 in respect of tax losses not brought to account is \$9,784,922 (2015: \$9,509,262) 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:

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

	Consolidated	
	2016	2015
	\$	\$

**5. RECEIVABLES**

Current		
Other debtors	43,971	93,804

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

**6. OTHER FINANCIAL ASSETS**

Non current		
Security deposits	10,000	10,000

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7. PLANT &amp; EQUIPMENT</b>		
Plant & Equipment at cost		
Opening balance	108,362	164,153
Additions	7,450	-
Disposals	-	(55,791)
Closing balance	<u>115,812</u>	<u>108,362</u>
Plant & Equipment – Accumulated depreciation		
Opening balance	(108,362)	(163,190)
Depreciation	(1,844)	(963)
Disposals	-	55,791
Closing balance	<u>(110,206)</u>	<u>(108,362)</u>
Total written down amount	<u>5,606</u>	=
(a) Reconciliation		
Plant & Equipment		
Carrying amount at beginning	-	963
Additions	7,450	-
Disposals	-	-
Depreciation expense	(1,844)	(963)
	<u>5,606</u>	-

**8. EXPLORATION & EVALUATION**

Costs carried forward in respect of areas of interest in the exploration and evaluation phase

Opening balance	5,329,287	4,483,886
Expenditure incurred during the year	986,422	1,490,268
	<u>6,315,709</u>	<u>5,974,154</u>
Less		
Impairment (a)	(504,392)	(644,867)
Closing balance net of impairment	<u>5,811,317</u>	<u>5,329,287</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 dispose. In determining fair value less cost of disposal 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	153,734	299,480
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Trade creditors are non-interest bearing and are normally settled on 30 day terms.

Consolidated	
2016	2015
\$	\$

**10. PROVISIONS**

Current

Employee benefits	107,999	111,171
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**11. CONTRIBUTED EQUITY**

**Issued capital**

1,901,560,131 ordinary shares (2015: 1,378,469,841)	43,482,463	42,276,087
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Movement in issued shares for the year:

	2016		2015	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year:	1,378,469,841	42,276,087	1,038,472,843	40,521,766
Issued at 0.2 cents each (i)	283,090,290	566,181	-	-
Issued at 0.2 cents each(ii)	40,000,000	80,000	-	-
Issued at 0.003 cents each (ii)	200,000,000	600,000	-	-
Issued at 1.2 cents each (i)	-	-	44,891,671	538,701
Issued at 0.6 cents each (ii)	-	-	60,500,000	363,000
Issued at 0.38 cents each(ii)	-	-	75,000,000	285,000
Issued at 0.38 cents each(iii)	-	-	159,605,327	606,500
Less share issue expenses	-	(39,805)	-	(38,880)
End of financial year:	<u>1,901,560,131</u>	<u>43,482,463</u>	<u>1,378,469,841</u>	<u>42,276,087</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 rights issue to shareholders
- (ii) Issued under a placement
- (ii) Issued under a Share Purchase Plan to shareholders.

**Options**

As at 30 June 2016 there are 26,000,000 (2015: 26,000,000) unissued shares in respect of which options were outstanding and the details of these are as follows:

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Number	Grant Date	Vesting Date	Exercise Price	Expiry Date
6,000,000	9/06/14	Various	0.023	31 May 2017
20,000,000	1/12/14	Nil	0.016	30 November 2017
26,000,000				

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

During the year Nil (2015: nil) options lapsed.

During the year nil (2015:20,000,000) options were issued to Directors to align their interest with shareholders.

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	
	2016	2015
	\$	\$
Beginning of the year	1,459,725	1,301,725
Share based payments	-	158,000
End of the year	1,459,725	1,459,725

## 13. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	(37,846,220)	(36,431,251)
Net loss	(955,336)	(1,414,969)
Accumulated losses at the end of the year	(38,801,556)	(37,846,220)

## 14. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2016 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 2016	June 2015	June 2016	June 2015
Cullen Minerals Pty Limited	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-
Montrose Resources Pty Limited#	Australia	-	-	-	-
Bearmark Investments Pty Ltd	Botswana	100	100	-	-
Cullen Resources Namibia Pty Ltd	Namibia	100	100	15	15
Cullen Finland OY	Finland	100	-	-	-
Cullen Exploration Inc#	Canada	-	-	-	-
ARCTEX OY*	Finland	-	100	-	4,072
ARCTEX AB*	Sweden	-	100	-	7,975

\*During the year this company was de-registered.

# During the prior year this company was de-registered.



	Consolidated	
	2016	2015
	\$	\$
<b>15. KEY MANAGEMENT PERSONNEL</b>		
<b>Compensation for key management personnel</b>		
Short-term employee benefits	434,292	438,292
Post-employment benefits	37,050	37,050
Other long-term benefits	5,088	5,097
Termination benefits	-	-
Share-based payments	-	122,000
Total compensation	476,430	602,439

**16. SHARE BASED PAYMENTS**

	2016	2015
	\$	\$
<b>(a) Recognised share based payment expenses</b>		
Director options	-	122,000
Employee options	-	36,000
	-	158,000

**(b) Employee Options**

For details/movements around the director options, please refer to the Remuneration Report.

**(i) Options held at the beginning of the reporting period – 1 July 2015**

Number	Grant Date	Vest Date	Expiry Date	Weighted Average Exercise Price
6,000,000	9/6/14	Various*	31/5/17	\$0.023

**(ii)(a) Options lapsed during the year - 2016**

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

**(ii)(b) Options lapsed during the previous year - 2015**

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

**(iii)(a) Options issued during the year - 2016**

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

**(iii)(b) Options issued during the previous year - 2015**

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 -30 June 2016**

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value of Options
6,000,000	9/6/14	Various*	31/5/17	\$0.023	\$0.0096

\*All these options have vested.

These options had a weighted average exercise price of \$0.023 and a weighted average remaining contractual life of 0.92 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.

<b>(c) Weighted average remaining contractual life</b>	<b>2016</b>	<b>2015</b>
	<b>Years</b>	<b>Years</b>
Options - Employee	0.92	1.92
Options - Directors	1.42	2.42
<b>(d) Range of exercise prices</b>	<b>2016</b>	<b>2015</b>
	<b>cents</b>	<b>cents</b>
Options - Employee	2.3	2.3
Options - Directors	1.6	1.6
<b>(e) Weighted average fair value at date of issue</b>	<b>2016</b>	<b>2015</b>
	<b>cents</b>	<b>cents</b>
Options - Employee	-	-
Options - Directors	-	0.61

**(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 and directors' options:

	<b>2016</b>	<b>2015</b>
Expected volatility	-	155.19%
Risk free interest rate	-	2.135%
Exercise price	-	0.016
Share price at measurement date	-	0.008

**17. JOINT OPERATIONS**

The Consolidated Entity has interests in the following joint operations:

	<b>Principal Activity</b>	<b>Other Participant</b>
(a) Mt Stuart	Exploration	Australian Premium Iron Management Pty Limited (API)
(b) Paraburdoo	Exploration	Fortescue Mining Group Limited (Fortescue)
(c) Forresteria	Exploration	Hannans Reward Limited (Hannans)
(d) Killaloe	Exploration	Matsa Resources Limited (Matsa)

- a) API has earned a 70% interest in the iron ore rights and Cullen is contributing at 30% for its interest.
- b) Fortescue can earn up to 80% in the iron ore rights, Cullen has a 100% interest.
- c) Hannans has an 80% interest; Cullen is 20% free carried.
- d) Matsa has an 80% interest; Cullen is 20% free carried.

The joint operations 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 jointly controlled assets to the operating profit before income tax is \$Nil (2015: \$Nil). The Consolidated Entity's assets employed in the jointly controlled assets, are included in the balance sheet of the Consolidated Entity as follows:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Receivables	28,536	75,610
<b>Non-Current Assets</b>		
Exploration and expenditure	5,775,245	5,329,287
<b>Current Liabilities</b>		
Trade and other payables	55,786	85,132

**18. COMMITMENTS**

**(a) Minimum exploration work**

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts of money on mineral exploration tenements. The Consolidated Entity has committed to expend a minimum of \$1,462,100 (2015: \$1,569,260) over the next year to keep its current tenements in good standing. Approximately 56% (2015: 61%) of this expenditure will be met by our joint operations partners.

**(b) Joint Operation commitment**

The Consolidated Entity has certain obligations in respect to the Mt Stuart joint operation and maybe required to expend further funds over the next year being its share of the joint operation's expenditure. The Consolidated Entity's share of the joint operation's total budgeted expenditure over the next year is \$345,000.

**(c) Lease expenditure commitments**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
Lease expenditure commitment		
Operating leases (non-cancellable) for premises		
Minimum lease payments		
- not later than one year	-	30,969
- later than one year and not later than five years	-	-
	<hr/>	<hr/>
Aggregate lease expenditure contracted for at reporting date but not provided for	-	30,969
	<hr/>	<hr/>

A lease for the premises was entered into for the period 1 May 2014 to 30 April 2016 with an option for a further two years. The lease was not renewed when it expired and is now on a month by month basis. There are no contingent rentals or restrictions imposed by the lease arrangements.

**19. 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. Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$38,875(2015:\$42,875) which is a company controlled by Mr W Kernaghan. There was \$2,000 (2015: \$3,125) outstanding at 30 June 2016.

**20. OPERATING SEGMENTS**

**Identification of Reportable Segments**

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

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

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Non Current Assets by Geographical regions:</b>		
Australia	5,826,923	5,339,287
	<hr/>	<hr/>
	5,826,923	5,339,287
	<hr/>	<hr/>

**21. 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:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
Cash on hand	531,471	867,152
	<hr/>	<hr/>

**(ii) Reconciliation of operating (loss)**

**after income tax to net cash used in operating activities**

Operating (loss) after income tax	(955,336)	(1,414,969)
Add/(less) non cash items		

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Profit on sale of plant & equipment	-	(22,727)
Depreciation	1,844	963
Security deposit written off	-	2,400
Share based payments	-	158,000
(Decrease) / Increase in provisions for employee benefits	(3,172)	(10,658)
(Decrease) / Increase in trade and other payables	(145,746)	153,541
Decrease / (Increase) in receivables	49,833	(4,784)
Net operating cashflows	(1,052,577)	(1,138,234)

**Share based payments**

During the year the Consolidated Entity made share based payments of \$Nil (2015:\$158,000) to directors and an employee of the Consolidated Entity.

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
<b>22. EARNINGS/(LOSS)PER SHARE</b>		
Basic (loss) per share (cents per share)	(0.06)	(0.13)
Diluted (loss) per share (cents per share)	(0.06)	(0.13)
The following reflects the income and share data used in the calculations of basic and diluted (loss) per share		
Net (loss)	(955,336)	(1,414,969)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	1,577,754,627	1,111,569,227
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS	26,000,000	26,000,000

**23. FINANCIAL INSTRUMENTS**

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

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

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

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

**(a) Interest Rate Risk**

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

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

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<b>Financial Instruments</b>	<b>Consolidated</b>	
	<b>Floating interest rate</b>	<b>Floating interest rate</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	531,471	867,152
<b>Total Financial Assets</b>	<b>531,471</b>	<b>867,152</b>

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

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

	<b>Consolidated</b>	
	<b>(Decrease)/Increase in loss/equity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest rate +1%	(5,314)	(8,671)
Interest rate -1%	5,314	8,671

The selection of 1% sensitivity check was based on recent interest rate adjustments. The same basis was adopted in 2015.

**(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. Receivables are due from the Australian Taxation Office and other government bodies which have very low default risk.

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.



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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.

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Shareholders equity	6,140,632	5,889,592

### 24. AUDITOR'S REMUNERATION

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Amounts received or due and receivable by Ernst and Young		
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity	33,928	45,731
- taxation services provided to the Consolidated Entity	4,294	10,872
	38,222	56,603

### 25. PARENT ENTITY INFORMATION

Information relating to Cullen Resources Limited:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current assets	516,458	794,431
Total assets	5,683,560	5,956,773
Current liabilities	59,386	55,119
Total liabilities	59,386	55,119
Issued capital	43,482,463	42,276,087
Accumulated losses	38,801,556	37,834,148
Share based payment reserve	<u>1,459,725</u>	<u>1,459,725</u>
Total shareholders' equity	<u>6,140,632</u>	<u>5,901,654</u>
Loss of the parent entity	<u>967,398</u>	<u>1,414,969</u>
Total comprehensive income of the parent entity	<u>967,398</u>	<u>1,414,969</u>

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

### 26. 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.

### 27. CORPORATE INFORMATION

The financial report of Cullen Resources Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 16 September 2016.

Cullen Resources Limited is a for profit 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 2016 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) subject to the achievement of the matters in Note 1(c), there are reasonable grounds to believe that the Company 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 ended 30 June 2016.

On behalf of the Board



**C. Ringrose**  
**Director**  
**Perth, WA**  
**16 September 2016**

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

## Report on the financial report

We have audited the accompanying financial report of Cullen Resources Limited which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 1, 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 2016 and of its performance for the year ended on that date;
  - 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.

## Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

## Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



V L Hoang  
Partner  
Perth  
16 September 2016

## SHAREHOLDER INFORMATION

### CAPITAL STRUCTURE

As at 14 September 2016, the company had the following securities on issue:

	Fully paid Ordinary shares
Issued Capital	1,901,560,131
<b>Top 20 Shareholders</b>	
Total holding of twenty largest shareholders	832,906,420
% of total shares on issue	43.8%
<b>Distribution of shareholders</b>	
1 - 1,000 shares	165
1,001 - 5,000 shares	171
5,001 - 10,000 shares	326
10,001 - 100,000 shares	1,438
100,001 and over	1,038
<b>Total</b>	<b>3,138</b>
Unmarketable Parcels as at 14 September 2016 Minimum \$500.00	2,298

### OPTIONS

As at 14 September 2016, 26,000,000 unissued shares in respect of options were outstanding. These are as follows:

Number	Exercise Price	Expiry Date
6,000,000	\$0.023	31 May 2017
20,000,000	\$0.016	30 November 2017

### SUBSTANTIAL SHAREHOLDERS

The company has two Substantial Shareholders as at 14 September 2016

Name	%	No. of shares
Perth Capital Pty Ltd, Wythenshawe Pty Ltd & Associates	22.19	421,996,207
Baosteel Group Corporation & Aurizon Holdings Limited	5.38	102,343,426

**TWENTY LARGEST SHAREHOLDERS**

The names of the twenty holders of the fully paid shares at 14 September 2016 are listed below:

<b>Name</b>	<b>No. of Shares</b>	<b>% Held</b>	<b>Rank</b>
Perth Capital Pty Ltd	225,000,000	11.83	1
Penoir Pty Ltd	72,000,000	3.79	2
Warramboos Holdings Pty Ltd	58,433,080	3.07	3
Perth Capital Pty Ltd	50,000,000	2.63	4
Bellarine Gold Pty Ltd	45,446,950	2.39	5
Glyde Street Nominees Pty Ltd	41,661,655	2.19	6
Chiatta Pty Ltd	40,000,000	2.10	7
Warramboos Holdings Pty Ltd	32,409,595	1.70	8
Mr Nan Ze Xu	30,395,377	1.60	9
Kitchsmith Pty Ltd	29,999,998	1.58	10
Innerleithen Pty Ltd	29,662,499	1.56	11
Brisbane Investments I Ltd	25,411,350	1.34	12
Brisbane Investments II Ltd	25,411,349	1.34	13
A N Superannuation Pty Ltd	22,447,370	1.18	14
Mr Andrew Granton Brown	20,000,000	1.05	15
Ms Carol Mccoll	20,000,000	1.05	16
W L Houghton Pty Ltd	20,000,000	1.05	17
Lindglade Enterprises Pty Ltd	17,428,513	0.92	18
WJK Investments Pty Ltd	13,777,629	0.72	19
Denkey Pty Ltd	13,421,055	0.71	20
<b>Total</b>	<b>832,906,420</b>	<b>43.80</b>	

**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.





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