



# ANNUAL REPORT 2018





## CORPORATE DIRECTORY

**ABN: 46 006 045 790**

### Directors

John Horsburgh (Non-executive Chairman)  
Chris Ringrose (Managing Director)  
Wayne Kernaghan (Non-executive)

### Secretary

Wayne Kernaghan

### Registered and Principal Office

Unit 4  
7 Hardy Street  
South Perth WA 6151  
Telephone +61 (8) 9474 5511  
Facsimile +61 (8) 9474 5588

### Solicitors

HWL Ebsworth  
level 11 Westralia Plaza  
167 St Georges Terrace  
Perth WA 6000

### Auditors

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

### Bankers

Westpac  
Sydney NSW 2000

### Securities Quoted

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

### Share Registry

Computershare Investor  
Services  
Level 3, 60 Carrington Street  
Sydney NSW 2000  
Telephone (02) 8234 5000  
www.computershare.com

### Email

cringrose@cullenresources.com.au

### Company Website

www.cullenresources.com.au

## CONTENTS

## PAGE

Chairman's Report	2
Company Assets and Key Projects	3
Exploration Review	4
Directors' Report	12
Auditor's Independence Declaration	21
Corporate Governance Statement	22
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Comprehensive Income	27
Consolidated Statement of Cash Flows	28
Notes to the Financial Statements	29
Directors' Declaration	50
Independent Audit Report	51
Shareholder Information	55

# Chairman's Report

## ▶ DEAR FELLOW SHAREHOLDER

I am pleased to report that Cullen's exploration for volcanic-hosted base metals (VHMS) deposits of the Golden Grove-type at the new 90% owned Wongan Hills project in Western Australia, is showing promise and has become a focus for the Company. Exploration during 2017-2018 culminated in the completion of an airborne geophysical survey with very encouraging results. Preliminary interpretation shows a number of VTEM bedrock conductors, coincident with multiple geochemical anomalies. We look forward to our first drill tests in this project area towards the end of the calendar year, after wheat cropping, and once compensation and access agreements have been finalised with landowners.

Another key exploration project targeting gold and nickel sulphide deposits, is our wholly-owned Mt Eureka Project in the North Eastern Goldfields of WA. A detailed review of the extensive geological, geochemical and geophysical database, mostly derived from exploration by Cullen and partners over the years, has identified several new targets. As a consequence, Cullen is well-positioned to benefit from renewed investor and other companies' interest in greenfield exploration areas such as Mt Eureka, which we believe will inevitably flow after years of inattention. It is encouraging to see that the resurgence in exploration of previously explored greenstone belts in the NE Goldfields is bearing fruit at a number of prospects thanks to new approaches and committed exploration.

The essence of Cullen under the stewardship of Managing Director Chris Ringrose is back to being one of a project generator, and I would mention the Company's activities in this direction in some of Western Australia's key exploration belts and in Finland where we continue to review opportunities on a low-cost basis. For example, utilizing the Geological Survey of Finland's on-line data bases, we are currently targeting gold, cobalt, zinc and copper prospects in Central Western Finland, a region which has seen a high level of activities by competitor companies for gold and cobalt in particular.

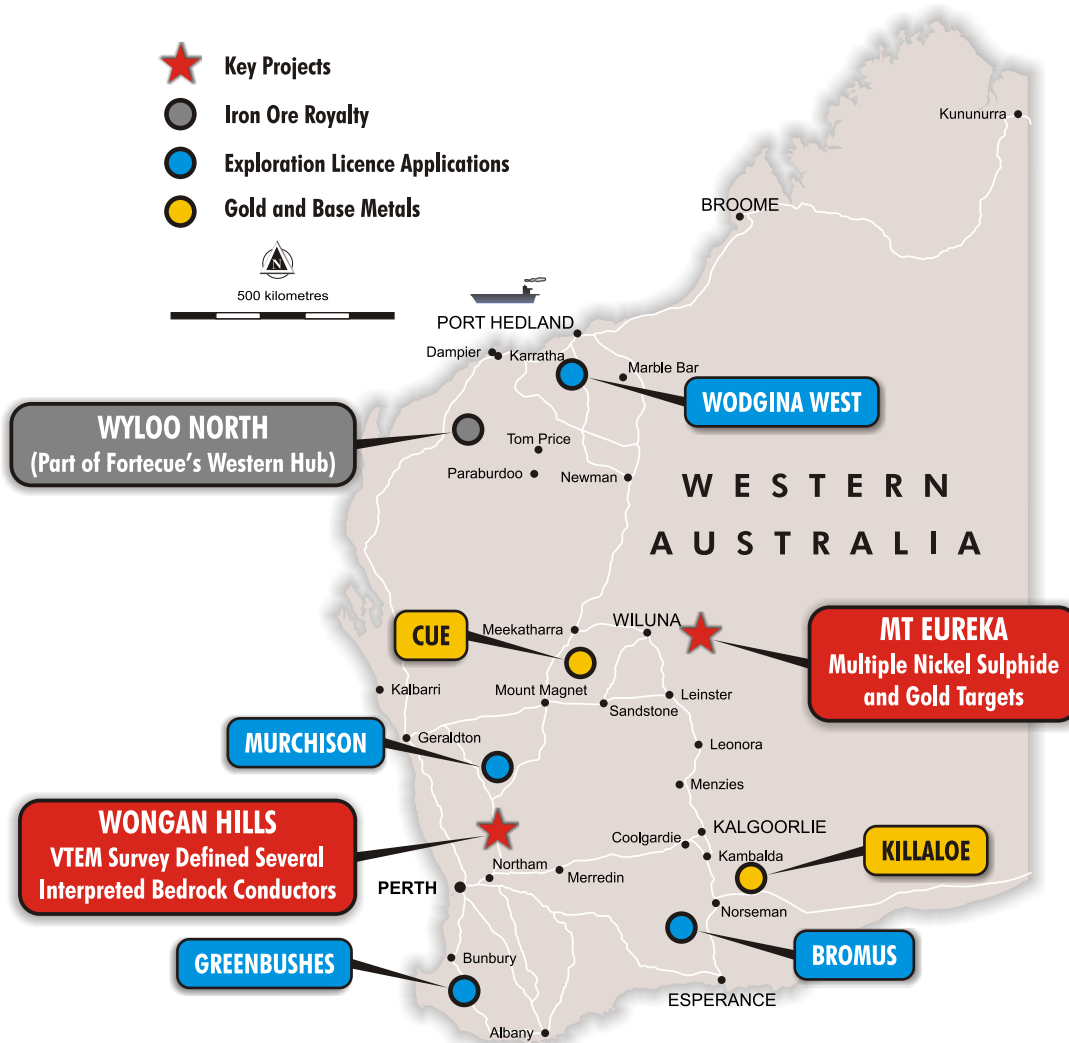
On the iron ore front, I am pleased to highlight that Fortescue Metals Group Ltd (Fortescue) announced in May 2018 that it had approved the Eliwana mine and rail development in the West Pilbara of W.A. This is of particular significance as Cullen holds a 1.5% F.O.B. Royalty (to 15Mt) on a group of tenements held by Fortescue at Wyloo North which is part of the Eliwana/Western Hub Mineral Resources Inventory (Fortescue ASX release, August 2017). In fact, iron ore at Wyloo North comprises 101Mt at 60.4% Fe and is the highest grade of the nine separate deposits in the Inventory. Cullen considers this royalty to be a valuable asset as it potentially offers substantial future cash flow, depending on timing of any new iron mine development by Fortescue on these tenements. This is in addition to the 1% FOB Royalty on all iron ore produced from tenements that formed part of the Mt Stuart Iron Ore JV now owned by Baosteel.

In closing, I thank all shareholders for their 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. Denis Clarke and Mr. Grahame Hamilton both who retired in 2017 after many years of invaluable service to Cullen.

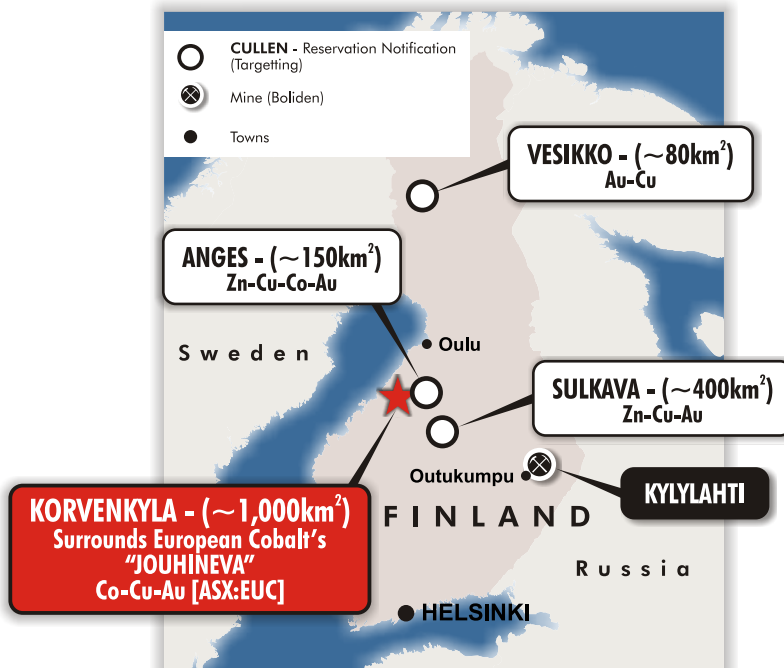
John Horsburgh, Chairman

# Company Assets and Key Projects

## WESTERN AUSTRALIA | Project Location Map



## FINLAND | Project Location Map



## WONGAN HILLS WA | GOLD AND BASE METALS

Cullen, together with Tregor Pty Ltd (10%), holds E70/4882 in the Wongan Hills area where Cullen has completed further laterite sampling programmes and an airborne VTEM geophysical survey with highly encouraging results. In Cullen's opinion, the geochemical anomalies in laterite at Wongan Hills, closely resemble the geochemical signature in laterite on the Golden Grove volcanic-hosted massive sulphide (VHMS) deposit. Moreover, there are interpreted bedrock conductors clustered within Cullen's geochemical anomalies.

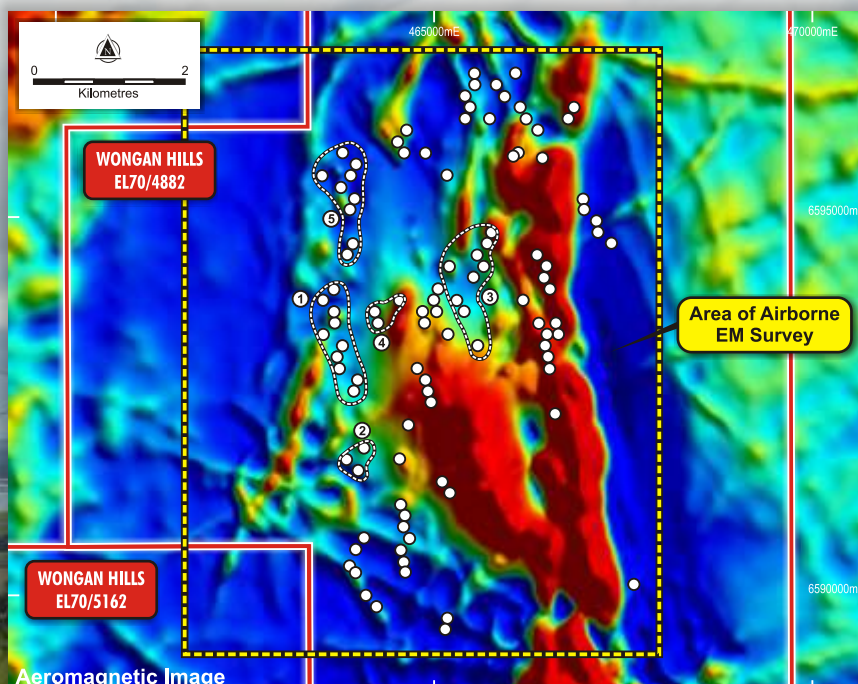
Cullen concludes that the Wongan Hills project presents:

- A favourable geological setting for VHMS deposits an Archaean greenstone belt with known Cu-Au mineralisation with several VHMS targets now defined by significant, coincident geochemical anomalies and interpreted bedrock conductors;
- Compelling laterite geochemistry with some similarities to that of the 50Mt Golden Grove VHMS system (as shown herein by CHI - 3 geochemical index e.g.);
- Five clusters of bedrock conductors, over strike lengths of ~0.4 -1.5km are entirely coincident with significant CHI-3 geochemical index anomalies; and,
- The geochemical anomalies with interpreted bedrock conductors are untested by any previous drilling.

## NEXT STEPS

Modelling of the VTEM conductors, together with a field review will further prioritise targets planned for ground EM surveys. However, it is envisaged that several of the targets within E70/4882 warrant drill-testing and as most of these are located on freehold, arable farm land, a compensation agreement with the landowner(s) is required to permit further exploration. Cullen plans to negotiate the required agreements to permit access and/or drilling as soon as possible.

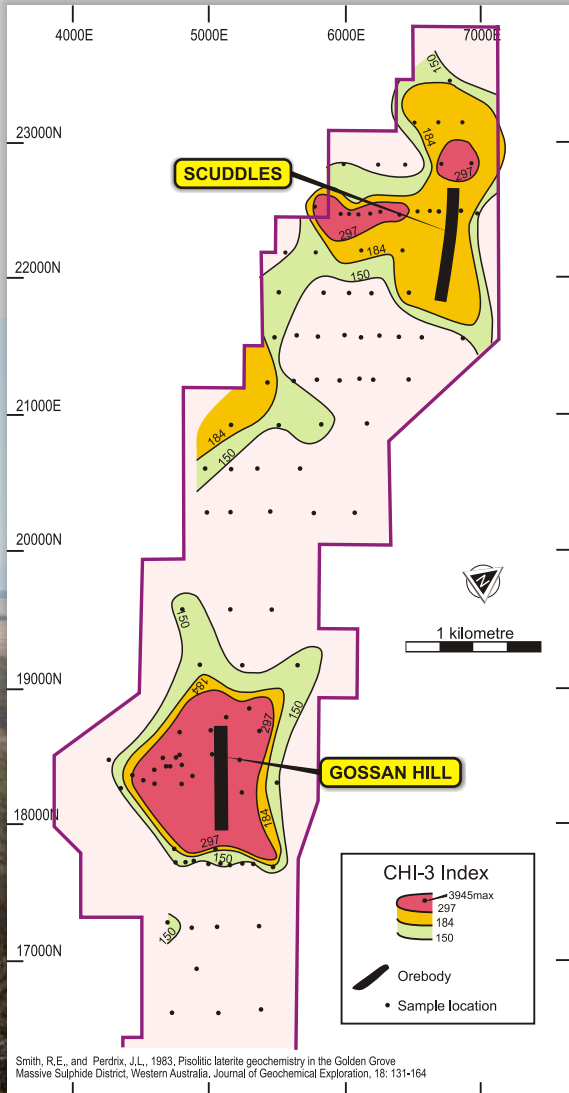
## WONGAN HILLS | Clusters of Interpreted Bedrock Conductors (1-6)



# Exploration Review

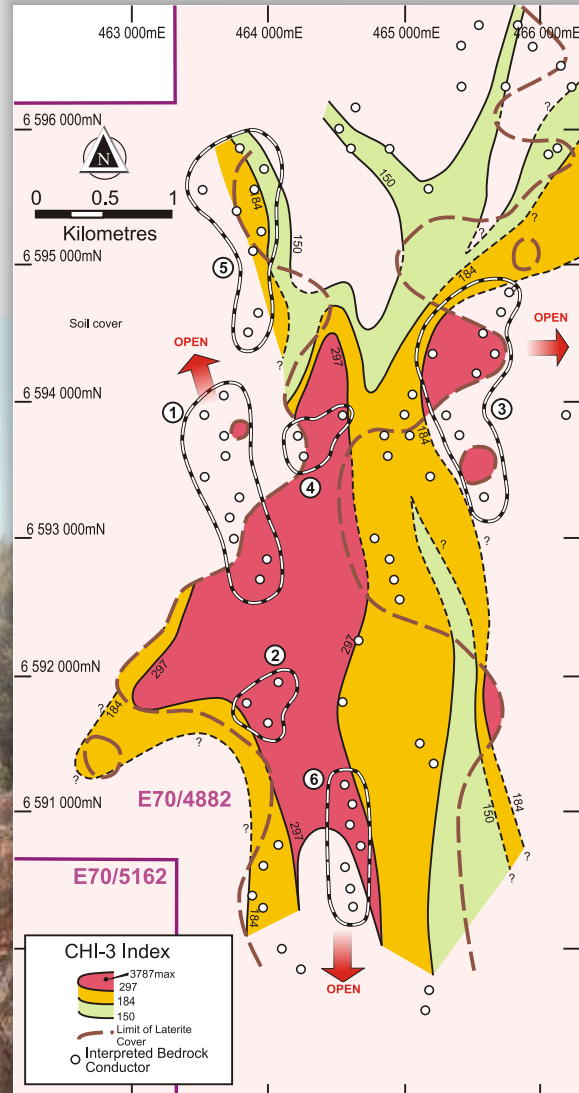
## WONGAN HILLS WA | GEOCHEMICAL DATA COMPARISON

### GOLDEN GROVE | CHI3 Index

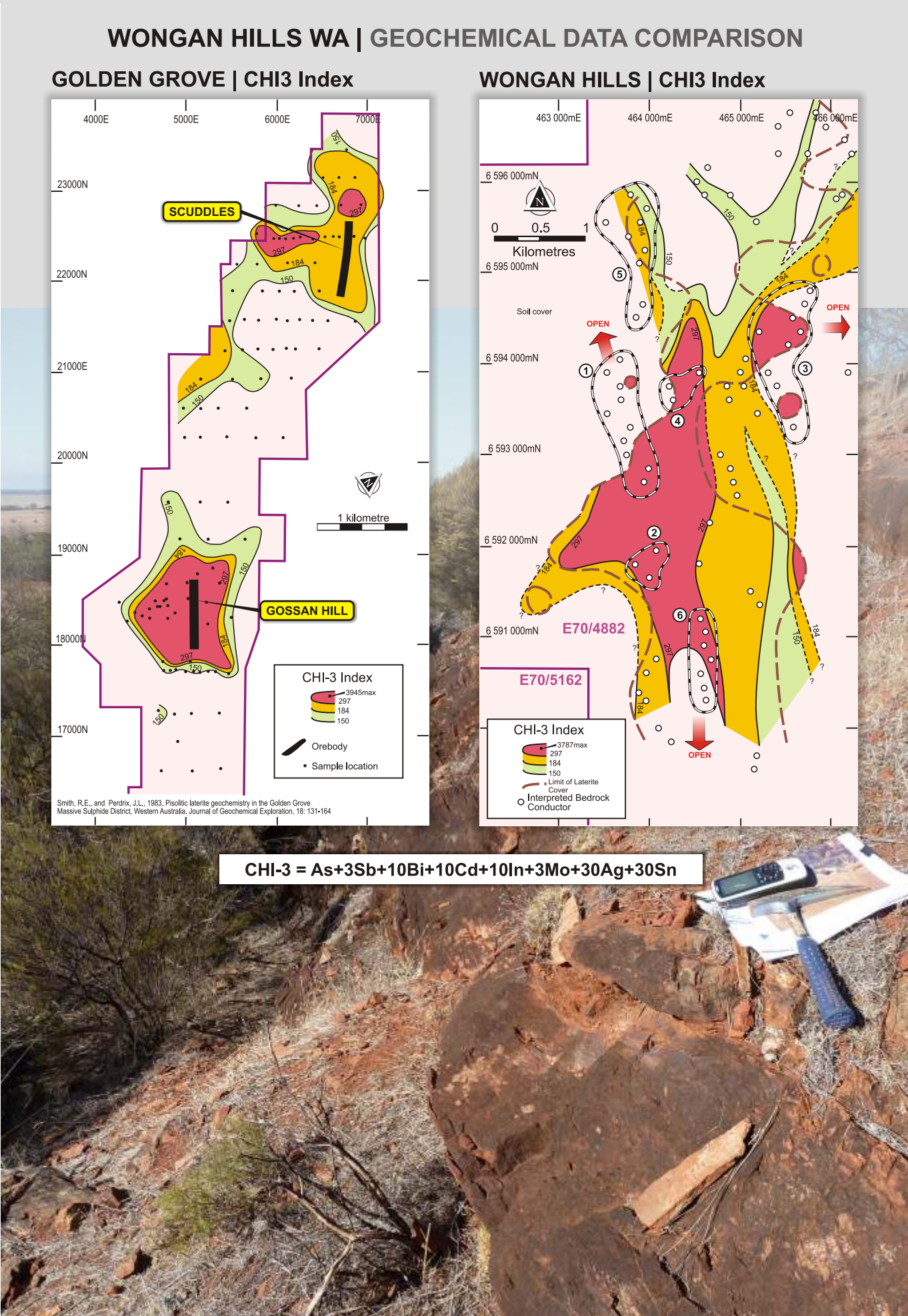


Smith, R.E., and Perdrix, J.L., 1983. Plisaltic laterite geochemistry in the Golden Grove Massive Sulphide District, Western Australia. *Journal of Geochemical Exploration*, 18: 131-164

### WONGAN HILLS | CHI3 Index



$$\text{CHI-3} = \text{As} + 3\text{Sb} + 10\text{Bi} + 10\text{Cd} + 10\text{In} + 3\text{Mo} + 30\text{Ag} + 30\text{Sn}$$



## MT EUREKA WA | GOLD AND NICKEL

Several of Western Australia's Archaean greenstone belts have a long history of exploration and orebody discoveries built upon very careful data analysis, target selection and multiple campaigns of drilling and data iteration. These terranes are generally characterised by structural complexity and areas of thick transported cover where persistence and knowledge accretion is critical for exploration success. Cullen regards its Mt Eureka greenstone belt as typical in all aspects to such gold-producing greenstone belts, and is highly prospective for gold and nickel sulphide mineralisation.

Cullen has an improved understanding of the structural architecture of its Mt Eureka greenstone belt project from interpretation of the various geophysical data sets and drilling data to produce a well-developed bedrock geology map as a foundation for target selection.

Historical drillhole data clearly identifies four, strike-persistent gold anomalous trends including: Southern-Galway; Graf's Find; Taipan; and Eureka North-West for further exploration. Although each of these trends contain some economic-grade gold intersections, drilling has been insufficient to date to complete an understanding of the geological control to the mineralisation along strike and at depth. Further drilling campaigns are required to fully evaluate the potential of these areas.

In addition, there are geological settings and target types which remain largely untested. These are areas where models of gold deposits in adjacent greenstone belts can be applied. Targets include: banded iron formation and/or chert hosted; felsic metasediment hosted; and dolerite hosted.

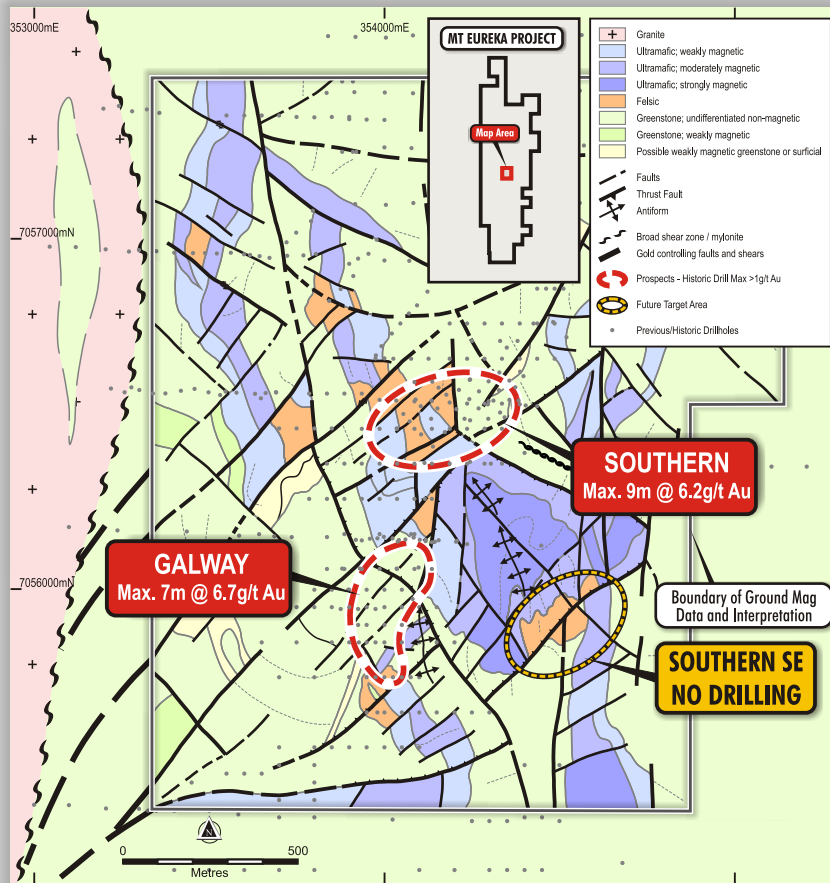
The Mt Eureka project also includes known nickel sulphide occurrences within strike extensive ultramafic horizons and is directly along strike of the Camelwood nickel sulphide deposits owned by Rox Resources Limited.



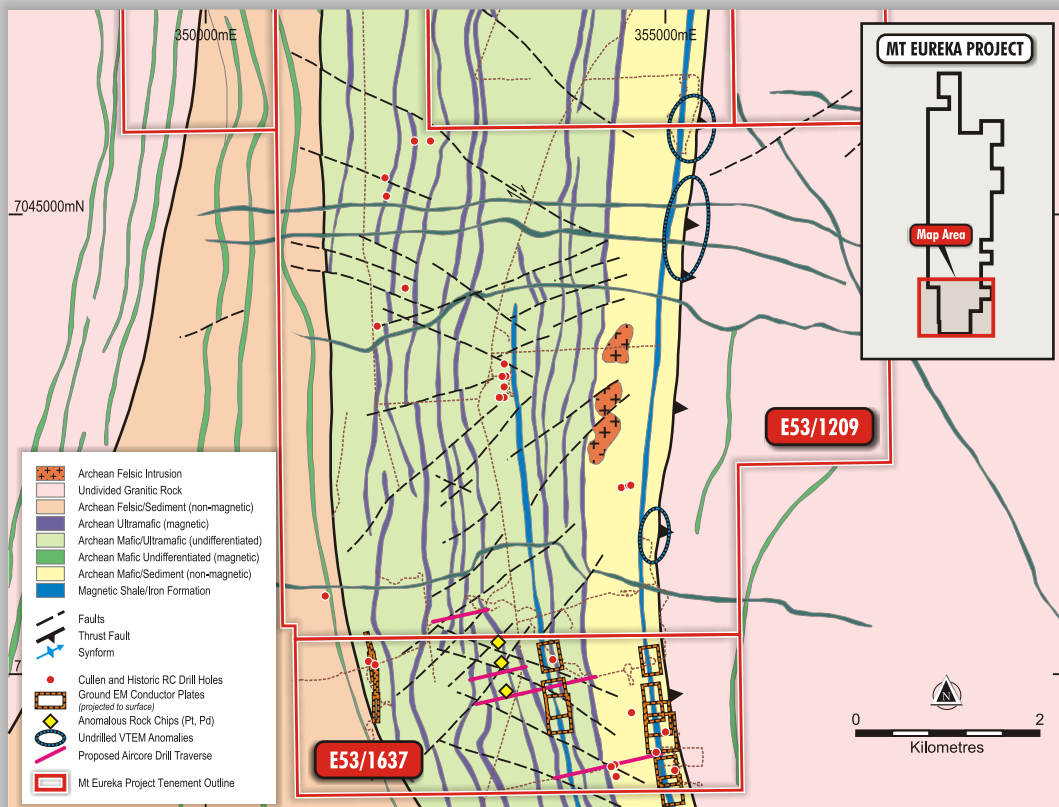
MT EUREKA | DECEMBER 2017, AIRCORE DRILLING AT SOUTHERN GOLD PROSPECT

# Exploration Review

## MT EUREKA | Southern-Galway / Southern SE Gold Prospects



## MT EUREKA | Geological Interpretation and Nickel Sulphide Targets



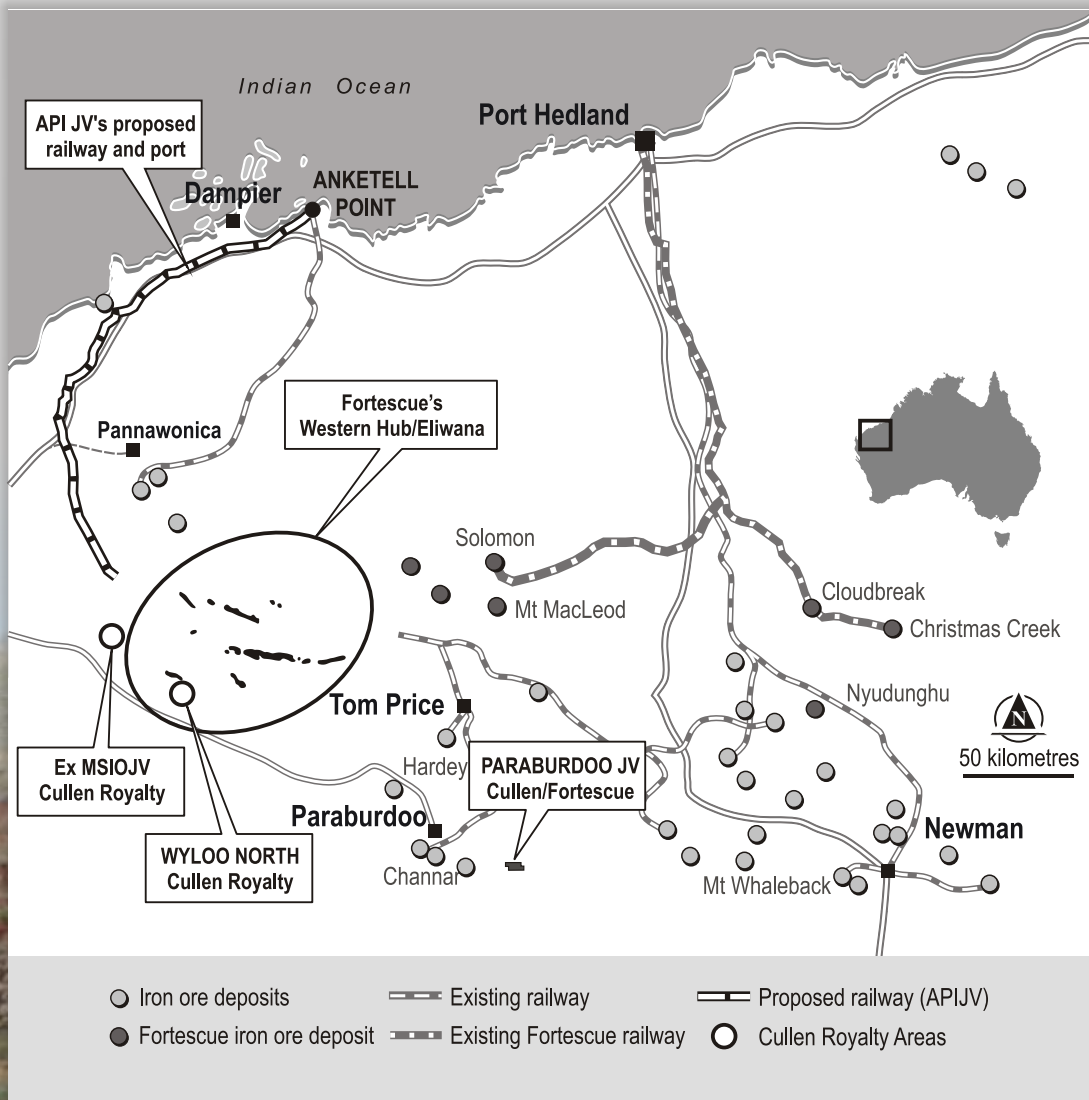


## WEST PILBARA WA | IRON ORE ROYALTIES

During the year Fortescue confirmed development of its Eliwana Project within the Western Hub. Cullen's Wyloo North project is part of Fortescue's Mineral Resource Inventory (ASX: FMG 17/08/2018) for the Western Hub and where Cullen holds a **1.5% F.O.B. royalty** up to 15Mt of iron ore production from the project tenements, and will receive \$900,000 cash if and when a decision is made to commence mining on a commercial basis.

Cullen also holds a **1% F.O.B. royalty** on any iron ore production from the following tenements – E08/1135, E08/1330, E08/1341, E08/1292, ML08/481, and ML08/482 (former Mt Stuart Iron Ore Joint Venture – Baosteel/Aurizon/Posco/AMCI) and will receive \$1M cash upon any Final Investment Decision.

### WEST PILBARA | Cullen Iron Ore JV and Royalties



# Exploration Review

## 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.

## WESTERN AUSTRALIA | LITHIUM

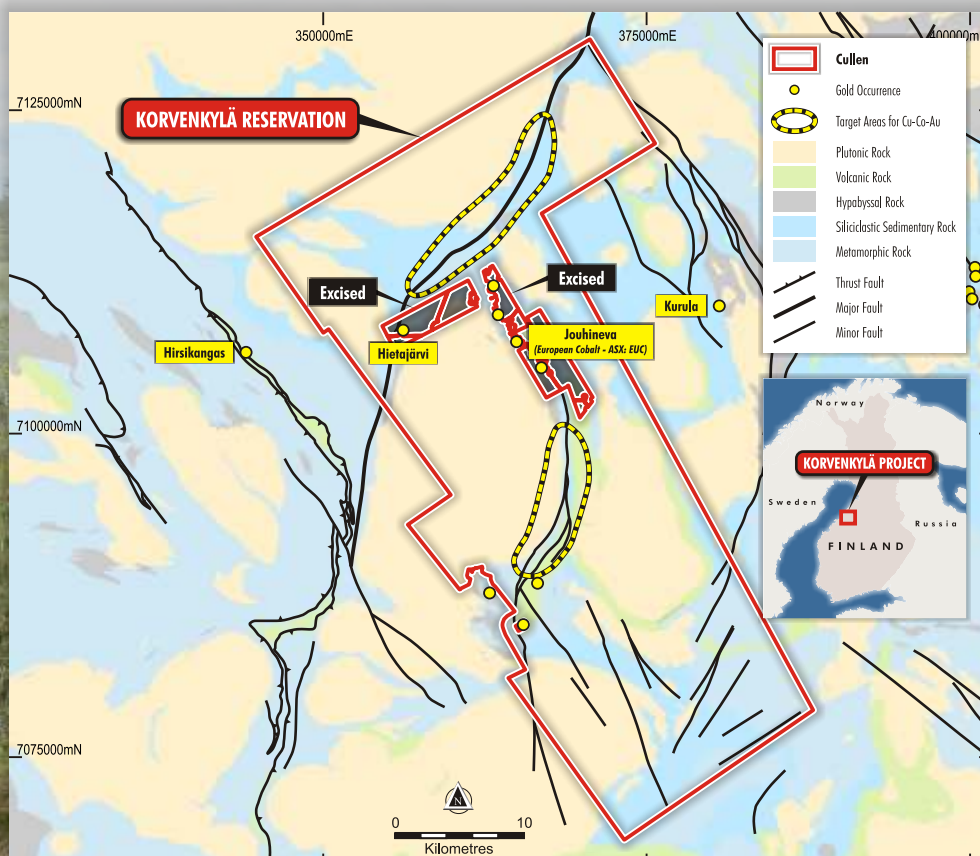
Cullen has continued to review opportunities for lithium-pegmatite mineralisation in the Pilbara and Greenbushes regions. On the basis of these reviews, Cullen has retained an Exploration Licence application (ELA 45/4924) just west of the Wodgina Mine\*\* and an Exploration Licence east of Greensbushes ( ELA 70/4802). Subsequent to the end of the year, Cullen relinquished E 45/4626 and E09/2179.

\*\*Global Advanced Metals

## 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, gold, copper and cobalt and work this year has included a field review, and compilation of available geological, geophysical, geochemical and previous exploration data , initially focusing on the Korvenkyla and Vesikko Reservations in the first instance.

## FINLAND - KORVENKYLÄ PROJECT | Tenement Location Map



# Exploration Review

## SCHEDULE OF TENEMENTS (as at 30 June 2018)

REGION	TENEMENTS	TENEMENT APPLICATIONS	CULLEN INTEREST	COMMENTS
<b>WESTERN AUSTRALIA</b>				
<b>PILBARA</b>				
Wyloo North	E47/3342, E47/2743		100%	
Paraburdoo JV	E52/1667		100%	Fortescue can earn up to 80% of iron ore rights; Cullen 100% other mineral rights
North Pilbara	E45/4626	ELA45/4924		
<b>NE GOLDFIELDS - Mt Eureka</b>				
Gunbarrel	E52/1299 E53/1300 +/* E53/1893, E53/1957 E53/1958*, E53/1959* E53/1960, E53/1961*		100%	+2.5% NPI Royalty to Pegasus on Cullen's interest (parts of E53/1299); *1.5% NSR Royalty to Aurora (other parts of E53/1299 and parts of E53/1300, 1958, 1959 and 1961)
Irwin Well	E53/1637		100%	
Irwin Bore	E53/1209		100%	
<b>MURCHISON/CUE</b>				
	E20/714	ELA59/2305	100%	
<b>YINNETHARRA</b>				
	E09/2179		100%	
<b>WONGAN HILLS</b>				
	E70/4882	ELA70/5162	90%	
<b>GREENBUSHES</b>				
		ELA70/4802	100%	
<b>EASTERN GOLDFIELDS / SW WESTERN AUSTRALIA</b>				
Killaloe*	E63/1018, E63/1199*		20%	* Matsa Resources Limited 80%
Bromus		ELA63/1894		
Lake King		ELA70/5066		
<b>FORRESTANIA</b>				
Forrestania JV	M77/544		20%	Hannans Ltd 80% Gold Rights Only
<b>FINLAND</b>				
	Vesikko, Anges, Sulkava, Korvenkylä		100%	100% - Registered Reservations



# Exploration Review

## JOINT VENTURES - SUMMARY TABLE (as at 30 June 2018)

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% Royalty capped to 20Mt. May earn 51% by defining Inferred Resource, 80% by defining Indicated Resource.
Forrestania	Gold	Hannans Ltd	(80%)	20%	2.5%	Gold Rights on M77/544 only Sale completed July 2018
Killaloe	Nickel, Gold	Matsa Resources Limited	(80%)	20%	2%	

DTM = Decision to Mine    FCI = Free Carried Interest    NSR = Net Smelter Return

### 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.

## WONGAN HILLS | LATERITE SAMPLING



This document may contain certain **forward-looking statements** which have not been based solely on historical facts but rather on Cullen's expectations about future events and on a number of assumptions which are subject to significant risks, uncertainties and contingencies many of which are outside the control of Cullen and its directors, officers and advisers. Forward-looking statements include, but are not necessarily limited to, statements concerning Cullen's planned exploration program, strategies and objectives of management, anticipated dates and expected costs or outputs. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Due care and attention has been taken in the preparation of this document and although Cullen believes that its expectations reflected in any forward looking statements made in this document are reasonable, no assurance can be given that actual results will be consistent with these forward-looking statements. This document should not be relied upon as providing any recommendation or forecast by Cullen or its directors, officers or advisers. To the fullest extent permitted by law, no liability, however arising, will be accepted by Cullen or its directors, officers or advisers, as a result of any reliance upon any forward looking statement contained in this document.

## DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2018.

### 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.

### Current Directors

- **John Horsburgh BSc, MSc, FAIMM (Non-Executive Chairman) (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 was a co-founder and Non-Executive Chairman of AIM and TSX listed public company Mariana Resources Limited, prior to its takeover by Sandstorm Gold Ltd. Mr Horsburgh has had no other directorships of ASX listed companies in the last three years.

- **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.

- **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)

### Former Directors

- **Dr Denis Clarke BSc, BA, PhD, FAIMM (Non-Executive Chairman) (Appointed 1 April 1999) (Resigned 21 November 2017)**

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.

- **Grahame Hamilton BSc, MSc, MAIG (Non-Executive Director) (Appointed 1 April 1999) (resigned 21 November 2017)**

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.

#### **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 \$ 918,006 (2017: loss \$918,042). No income tax was attributable to this result (2017: \$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, zinc and cobalt, 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 Finland as follows:

- Ashburton Province, WA (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)
- Finland (Project generation for copper-cobalt, and gold)
- Wongan Hills (Gold and base metals)

Drilling by Cullen during the year to 30 June 2018 focussed on programmes for gold deposits in the Mt Eureka project area. Other exploration field work has included: field reconnaissance, geochemical sampling and evaluations of new project opportunities and project generation. The Company continued to market projects as potential farm-out opportunities and also progressed the development of a portfolio of exploration projects in Finland.

A total of \$590,873 (2017: \$410,661) was spent on exploration by Cullen during the year, with Joint Venture Partners contributing further exploration funds on Cullen tenements.

On 12 April 2017 the Consolidated Entity sold its 30% contributing interest in the Mt Stuart Iron Ore Joint Venture, and all of the other rights and interests in the Joint Venture tenements for the following consideration:

- a lump sum cash payment of \$1million on the completion of the Sale (received);
- a further lump sum cash payment of \$1million payable on making an unconditional final investment decision to proceed with development of an iron ore mine on the tenements; and
- an uncapped 1% FOB royalty on all iron ore extracted from the area of the Tenements.

The directors have determined the fair value of the consideration received is approximately the same as the carrying value of the exploration assets disposed and have therefore recognised no gain or loss from the sale.

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 2018 available cash totalled \$431,497 (2017: \$770,780). Refer note 1 (c) for discussion on going concern basis of preparation.

### 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 20,000,000 (2017: 20,000,000) options which were outstanding. During the year 20,000,000 (2017: nil) options were issued and 20,000,000 (2017: nil) options expired. Refer to Note 12 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 (2017: Nil). Since the end of the financial year no shares have been issued by virtue of the exercise of options (2017: Nil).

### Directors' Interest

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

2018	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
J. Horsburgh	8	-	61,437,149	-
C. Ringrose	26,835,342	20,000,000	-	-
W. Kernaghan	3,428,574	-	29,275,417	-

**Directors' Meetings**

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

	<b>No. of meetings attended</b>	<b>Maximum possible eligible to attend*</b>
D. Clarke	2	2
C. Ringrose	4	4
G. Hamilton	2	2
J. Horsburgh	4	4
W. Kernaghan	4	4

\*Number of meetings eligible to attend while a director.

**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 \$10,316 (2017: \$7,643) 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 one employee as at 30 June 2018 (2017: 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 22.

**Auditor Independence**

The directors have received the auditor's independence declaration for the year ended 30 June 2018 which is on page 21 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 \$Nil (2017: \$Nil).

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.

**Rounding**

The amounts contained in this report and in the financial report have been rounded to the nearest Australian Dollar (unless otherwise stated) under the option available to the Company under the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the instrument applies.



## 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

J. Horsburgh	Chairman (Non-Executive) from 21 November 2017
C. Ringrose	Managing Director
W. Kernaghan	Director (Non-Executive)
D. Clarke	Chairman (Non-Executive) (Resigned 21 November 2017)
G. Hamilton	Director (Non-Executive) (Resigned 21 November 2017)

### 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. No remuneration consultants have been engaged during the current and prior years.

### 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 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
30 June 2017	918,042	(0.05)	0.1
30 June 2018	918,006	(0.04)	0.1

**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 and from 1 April 2017 this has been reduced to \$180,000 pa. 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 20,000,000 options on 1 December 2017 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 2020 ("the Expiry Date") with an exercise price of \$0.003 which vested on issue. This is contained in the notice of meeting which was approved by shareholders. Dr Ringrose had also been issued with 10,000,000 options on 1 December 2014 with an exercise price of \$0.016 each. These options expired on 30 November 2017.

During the year the Board paid a discretionary bonus of Nil (2017: 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 and a fair value at grant date of \$0.0061. These options all expired on 30 November 2017.

**Directors' and Executives' Remuneration**

Details of remuneration provided to directors for the year ended 30 June 2018 are as follows:

Directors	Director Fees \$	Short Term			Post Employment	Long Term	Share Based Payments	Total \$	Performance Related %
		Salary/ Consulting \$	Bonus \$	Non Monetary Benefits \$	Super-annuation \$	Long Service Leave \$	Options \$		
D. Clarke	9,139	-	-	-	868	-	-	10,007	-
C. Ringrose	-	180,000	-	* 5,417	17,100	3,556	11,200	217,273	5.1
G. Hamilton	7,833	-	-	-	744	-	-	8,577	-
J. Horsburgh	22,028	-	-	-	2,093	-	-	24,121	-
W. Kernaghan	20,000	30,000**	-	-	1,900	-	-	51,900	-
<b>Total</b>	<b>59,000</b>	<b>210,000</b>	<b>-</b>	<b>5,417</b>	<b>22,705</b>	<b>3,556</b>	<b>11,200</b>	<b>311,878</b>	<b>-</b>

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

\*\*Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$30,000 which is a company controlled by Mr W Kernaghan. There was \$1,000 outstanding at 30 June 2018.

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

Details of remuneration provided to directors for the year ended 30 June 2017 are as follows:

Directors	Director Fees \$	Short Term			Post Employment	Long Term	Share Based Payments	Total \$	Performance Related %
		Salary/ Consulting \$	Bonus \$	Non Monetary Benefits \$	Super-annuation \$	Long Service Leave \$	Options \$		
D. Clarke	32,083	-	-	-	3,048	-	-	35,131	-
C. Ringrose	-	256,283	-	* 5,417	28,707	2,063	-	292,470	-
G. Hamilton	27,500	-	-	-	2,613	-	-	30,113	-
J. Horsburgh	27,500	-	-	-	2,613	-	-	30,113	-
W. Kernaghan	27,500	33,250**	-	-	2,613	-	-	63,363	-
Total	114,583	289,533	-	5,417	39,594	2,063	-	451,190	-

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

\*\*Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$33,250 which is a company controlled by Mr W Kernaghan. There was \$1,750 outstanding at 30 June 2017.

**Shares issued on exercise of remunerated options**

During the financial year nil (2017: Nil) remunerated options were exercised. During the financial year 20,000,000 (2017: 6,000,000) options expired. The directors exercised nil (2017: Nil) options during the year.

**Options granted as part of remuneration for the year ended 30 June 2018**

There were no options granted as a part of remuneration for the year ended 30 June 2018 other than the issue of 20 million options to Dr C Ringrose, The options have an exercise price of \$0.003 and an expiry date of 30 November 2020. (2017: Nil)

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	11,200	-	-	11,200
G. Hamilton	-	-	-	-
J. Horsburgh	-	-	-	-
W. Kernaghan	-	-	-	-

**Options granted as part of remuneration for the year ended 30 June 2017**

There were no options granted as a part of remuneration for the year ended 30 June 2017.

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	-	-	-	-

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

**Option holdings of directors**

Directors	Balance at beginning of year 1 July 2017 Number	Options issued Number	Options lapsed Number	Balance at end of year 30 June 2018 Number	Total Number	Vested and exercisable at 30 June 2018 Number
D Clarke	2,500,000	-	(2,500,000)	-	-	-
C Ringrose	10,000,000	20,000,000	(10,000,000)	20,000,000	20,000,000	20,000,000
G Hamilton	2,500,000	-	(2,500,000)	-	-	-
J Horsburgh	2,500,000	-	(2,500,000)	-	-	-
W Kernaghan	2,500,000	-	(2,500,000)	-	-	-
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>(20,000,000)</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>

The outstanding options are exercisable at \$0.003 and have an expiry date of 30 November 2020.

These options had a weighted average exercise price of \$0.003 and a weighted average remaining contractual life of 2.42 years.

20 million options with an exercise price of \$0.016 and an expiry date of 30 November 2017 lapsed during the year.

Directors	Balance at beginning of year 1 July 2016 Number	Options issued Number	Options lapsed Number	Balance at end of year 30 June 2017 Number	Total Number	Vested and exercisable at 30 June 2017 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 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 1.42 years. These options were outstanding as at 30 June 2017.

**Shareholdings of directors**

Directors	Balance 1 July 2017 Number	Options Exercised Number	Net Change Purchase Number	Balance 30 June 2018 Number
D Clarke	17,428,513	-	(17,428,513)*	-
C Ringrose	11,835,342	-	15,000,000	26,835,342
G Hamilton	30,517,714	-	(30,517,714)*	-
J Horsburgh	33,437,157	-	28,000,000	61,437,157
W Kernaghan	17,703,991	-	15,000,000	32,703,991
<b>Total</b>	<b>110,922,717</b>	<b>-</b>	<b>10,053,773</b>	<b>120,976,490</b>

\*Number of shares at date of resignation.

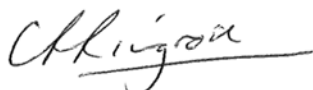
CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

<b>Directors</b>	<b>Balance 1 July 2016 Number</b>	<b>Options Exercised Number</b>	<b>Net Change Purchase Number</b>	<b>Balance 30 June 2017 Number</b>
D Clarke	17,428,513	-	-	17,428,513
C Ringrose	11,835,342	-	-	11,835,342
G Hamilton	30,517,714	-	-	30,517,714
J Horsburgh	33,437,157	-	-	33,437,157
W Kernaghan	17,703,991	-	-	17,703,991
<b>Total</b>	<b>110,922,717</b>	<b>-</b>	<b>-</b>	<b>110,922,717</b>

The directors' shareholdings are held directly and indirectly.

End of Remuneration Report

Signed in accordance with a resolution of the directors



**C. Ringrose**  
**Director**  
**Perth, WA**  
**3 September 2018**

## 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 2018, 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*

Ernst & Young



V L Hoang  
Partner  
3 September 2018

## 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:

John Horsburgh  
Dr Chris Ringrose  
Wayne Kernaghan  
Dr Denis Clarke (Resigned 21 November 2017)  
Grahame Hamilton (Resigned 21 November 2017)

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

### **Independent Directors**

Under ASX guidelines, two of the current Board of three 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 2018, 100 % (2017: 50%) of the workforce is male with no females at board or senior management level. There is only one employee who is 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 2018**

	Note	Consolidated	
		2018 \$	2017 \$
<b>Current Assets</b>			
Cash and cash equivalents	22(i)	431,497	770,780
Receivables	5	19,544	8,456
<b>Total Current Assets</b>		<b>451,041</b>	<b>779,236</b>
<b>Non Current Assets</b>			
Other financial assets	6	-	10,000
Plant & equipment	7	484	3,148
Exploration & evaluation	8	13,349	17,518
Intangible assets	9	4,747,995	4,747,995
<b>Total Non Current Assets</b>		<b>4,761,828</b>	<b>4,778,661</b>
<b>Total Assets</b>		<b>5,212,869</b>	<b>5,557,897</b>
<b>Current Liabilities</b>			
Trade and other payables	10	45,186	80,756
Provisions	11	69,149	68,801
<b>Total Current Liabilities</b>		<b>114,335</b>	<b>149,557</b>
<b>Total Liabilities</b>		<b>114,335</b>	<b>149,557</b>
<b>Net Assets</b>		<b>5,098,534</b>	<b>5,408,340</b>
<b>Equity</b>			
Issued capital	12	44,265,213	43,668,213
Share based payment reserve	13	1,470,925	1,459,725
Accumulated losses	14	(40,637,604)	(39,719,598)
<b>Total Equity</b>		<b>5,098,534</b>	<b>5,408,340</b>

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

**Consolidated Statement of Changes in Equity  
for the year ended 30 June 2018**

	<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 2016</b>		43,482,463	1,459,725	(38,801,556)	6,140,632
Loss for the year		-	-	(918,042)	(918,042)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		-	-	(918,042)	(918,042)
Issue of share capital		200,000	-	-	200,000
Share issue costs		(14,250)	-	-	(14,250)
Share based payments	13	-	-	-	-
<b>At 30 June 2017</b>		43,668,213	1,459,725	(39,719,598)	5,408,340

	<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 2017</b>		43,668,213	1,459,725	(39,719,598)	5,408,340
Loss for the year		-	-	(918,006)	(918,006)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		-	-	(918,006)	(918,006)
Issue of share capital		597,000	-	-	597,000
Share issue costs		-	-	-	-
Share based payments	13	-	11,200	-	11,200
<b>At 30 June 2018</b>		44,265,213	1,470,925	(40,637,604)	5,098,534

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

**Consolidated Statement of Comprehensive Income  
for the year ended 30 June 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
Revenues	3	84,605	126,891
Rent		(37,110)	(38,262)
Salaries and consultants' fees		(191,030)	(339,840)
Compliance expenses		(86,474)	(77,627)
Share based payments		(11,200)	-
Impairment of exploration expenditure	8	(595,042)	(456,465)
Depreciation		(2,664)	(2,458)
Other expenses		(79,091)	(130,281)
Loss before income tax		(918,006)	(918,042)
Income tax	4	-	-
Net loss attributable to members of Cullen Resources Limited after tax		(918,006)	(918,042)
<u>Other Comprehensive Income:</u>		-	-
Total comprehensive loss for the period		(918,006)	(918,042)
Basic (loss) per share (cents per share)	23	(0.04)	(0.05)
Diluted (loss) per share (cents per share)	23	(0.04)	(0.05)

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

**Consolidated Statement of Cash Flows  
for the year ended 30 June 2018**

	Note	Consolidated	
		2018	2017
		\$	\$
<b>Cash flows from operating activities</b>			
Sale of tenements		80,727	120,000
Cash payments in the course of operations		(1,068,844)	(1,126,701)
GST refunded		37,956	53,369
Sundry income		609	4,795
Interest received		3,269	2,096
		<hr/>	<hr/>
<b>Net operating cash flows</b>	22(ii)	(946,283)	(946,441)
<b>Cash flows from investing activities</b>			
Proceeds from sale of Joint Venture		-	1,000,000
Refund of Security Deposit		10,000	-
		<hr/>	<hr/>
<b>Net investing cash flows</b>		10,000	1,000,000
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		597,000	200,000
Share issue costs		-	(14,250)
		<hr/>	<hr/>
<b>Net financing cash flows</b>		597,000	185,750
Net (decrease)/increase in cash and cash equivalents		(339,283)	239,309
Cash and cash equivalents at the beginning of the financial year		770,780	531,471
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	22(i)	431,497	770,780
		<hr/>	<hr/>

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 of Cullen Resources Limited ("Consolidated Entity" or "The Company") 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 2017. 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 \$431,497 at 30 June 2018. 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 Consolidated Entity has successfully completed a capital raising during the year to 30 June 2018, 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:

## CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

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

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

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

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.

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) Intangible Asset**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year-end.

The Consolidate Entity's intangible assets represent the deferred consideration payable by the acquirer on the unconditional final investment decision to proceed and royalties on all iron ore extracted from the area of the tenements of the Mt Stuart Iron Ore Joint Venture.

These, although entitling the Consolidated Entity to cash upon the unconditional final investment decision to proceed and the commencement of production, are not considered to fall within the definition of financial assets in accordance with AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139"). The Consolidated Entity considers, amongst the characteristics listed in AASB 139 that they do not contain an absolute right to receive cash as the Consolidated Entity cannot force the owner to make the investment decision to proceed and to produce and, furthermore, the counterparty can avoid the payment of cash by deciding not to proceed.

The useful life of the intangible assets will be determined by reference to planned development schedule and mine life on commencement of mining and the cost of the royalty contract will be amortised on a systematic basis over the life of the mine. Amortisation rates are adjusted on a prospective basis for all changes to estimates of the life of mine. At 30 June 2018, the decision to proceed has not been made and hence the assets remain unamortised.

#### **(l) Revenue**

Other revenue includes interest revenue on short term deposit received. 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.

**(m) Joint Operations**

The Consolidated Entity undertakes a number of activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. The Consolidated Entity's joint arrangements are in the form of joint operations.

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

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

**(n) 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.

**(o) 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.

**(p) 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.

**(q) 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.

**(r) 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;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares, adjusted for the effects of all dilutive potential ordinary shares.

**(s) Change in accounting policies**

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

**(t) 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.

**(u) 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.

**(v) 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.

## CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

### (w) New accounting standards and interpretations

#### *New accounting standards and interpretations issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2018. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Reference	Title	Summary	Application date of standard	Application date for CUL
AASB 9, and relevant amending standards	<i>Financial Instruments</i>	<p>AASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.</p> <p>Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p> <p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.</p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p> <p>Based on the Company's initial assessment, there will be no significant change from the current measurement of the Company's financial instruments.</p>	1 January 2018	1 July 2018

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

Reference	Title	Summary	Application date of standard	Application date for CUL
AASB 15, and relevant amending standards	<i>Revenue from Contracts with Customers</i>	<p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 <i>Leases</i>, once applied).</p> <p>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 an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> <li>▶ Step 1: Identify the contract(s) with a customer</li> <li>▶ Step 2: Identify the performance obligations in the contract</li> <li>▶ Step 3: Determine the transaction price</li> <li>▶ Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>▶ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ul>	1 January 2018	1 July 2018
AASB 16	<i>Leases</i>	<p>AASB 16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).</p> <p>At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p> <p>The Group is currently reviewing its operating leases and service agreements to assess the impact of IFRS 16 on its financial performance and financial position upon its adoption and the expected impact of adopting IFRS 16 will not be material. As set out in note 18, the Group has operating lease commitments at 30 June 2018 of \$64,281.</p>	1 January 2019	1 July 2019
AASB 2016-5	<i>Amendments to Australian Accounting Standards – Classification and</i>	<p>This Standard amends AASB 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</li> </ul>	1 January 2018	1 July 2018

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

Reference	Title	Summary	Application date of standard	Application date for CUL
	<i>Measurement of Share-based Payment Transactions</i>	<p>feature for withholding tax obligations</p> <ul style="list-style-type: none"> <li>- 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.</li> </ul> <p>Based on the Company's initial assessment, there will be no significant change from the current measurement of the Company's share-based payment transactions.</p>		
Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>	<p>The Interpretation clarifies the application of the recognition and measurement criteria in AASB 12 <i>Income Taxes</i> when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> <li>- Whether an entity considers uncertain tax treatments separately</li> <li>- The assumptions an entity makes about the examination of tax treatments by taxation authorities</li> <li>- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates</li> <li>- How an entity considers changes in facts and circumstances.</li> </ul>	1 January 2019	1 July 2019

The Company is in the process of determining the impact of the above on its financial statements. The Company has not elected to early adopt any new Standards or Interpretations.

## 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 17. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

**(c) Intangibles**

The recoverable amount of intangible assets is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- timing of the unconditional investment decision to proceed;
- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices and exchange rates based on forecasts by a range of recognized economic forecasters as well as recent spot prices and rates;
- construction and production timetable and production rates; and
- the discount rate used.

Refer to notes 1(k) and 9 for more information.

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>3. REVENUE AND EXPENSES</b>		
(Loss) after crediting the following revenues:		
Other Revenues		
Interest received	3,269	2,096
Sundry income	609	4,795
Sale of tenements	80,727	120,000
	<u>84,605</u>	<u>126,891</u>
Included in expenses:		
Auditors remuneration in respect of the Audit or review of the financial statements	26,499	31,944
Operating lease payments	37,110	38,262
Superannuation	26,585	39,343
<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	<u>-</u>	<u>-</u>
Operating loss before income tax	(918,006)	(918,042)
Prima facie income tax (benefit) calculated at 27.5% (2017: 27.5%)	(252,452)	(252,462)
Non-deductible expenses	1,173	12,867
Non-assessable income	-	-
Income tax losses recognised	251,279	239,595
Total income tax (expense)/benefit	<u>-</u>	<u>-</u>

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.

CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

Consolidated	Statement of Financial Position		Statement of Comprehensive Income	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Deferred Tax Liabilities</b>				
Exploration	(3,671)	(4,817)	(1,146)	(12,596)
<b>Deferred Tax Assets</b>				
Provisions	19,016	18,920	96	(10,779)
Accruals	4,744	5,500	(756)	(605)
Deferred tax assets used to offset deferred tax liabilities/(not recognised) (i)	(20,089)	(19,603)	486	1,212
Net Deferred Tax Recognised in the Statement of Financial Position	-	-	-	-

- (i) As at 30 June 2018 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 2018 in respect of tax losses not brought to account is \$9,952,329 (2017: \$9,701,040) and there is no expiry date. The benefit of these losses has only been brought to account to the extent needed to offset deferred tax liabilities. The remaining benefit will only be obtained if:
- the Consolidated Entity derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised.
  - the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and
  - no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

	Consolidated	
	2018	2017
	\$	\$
<b>5. RECEIVABLES</b>		
Current		
Other debtors	19,544	8,456

Other debtors includes GST receivable which is non-interest bearing. All other debtors are not past due and are not impaired.

The carrying amount of other debtors is a reasonable approximation of fair value.

**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>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>7. PLANT &amp; EQUIPMENT</b>		
Plant & Equipment at cost		
Opening balance	115,812	115,812
Additions	-	-
Disposals	-	-
Closing balance	<u>115,812</u>	<u>115,812</u>
Plant & Equipment – Accumulated depreciation		
Opening balance	(112,664)	(110,206)
Depreciation	(2,664)	(2,458)
Disposals	-	-
Closing balance	<u>(115,328)</u>	<u>(112,664)</u>
Total written down amount	<u>484</u>	<u>3,148</u>
(a) Reconciliation		
Plant & Equipment		
Carrying amount at beginning	3,148	5,606
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(2,664)</u>	<u>(2,458)</u>
	<u>484</u>	<u>3,148</u>

**8. EXPLORATION & EVALUATION**

Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	17,518	5,811,317
Expenditure incurred during the year	<u>590,873</u>	<u>410,661</u>
	608,391	6,221,978
Less		
Write off (refer to below)	(595,042)	(456,465)
Sale of 30% interest in Mt Stuart Iron Ore JV (Note 9)	<u>-</u>	<u>(5,747,995)</u>
Closing balance net of write off	<u>13,349</u>	<u>17,518</u>

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

As discussed in the Directors Report, during the financial year, 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 Finland.

A total of \$590,873 (2017: \$410,661) of exploration expenditure was capitalised by Cullen during the year. 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 (Level 3 fair value hierarchy). 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.

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.

## 9. INTANGIBLE ASSETS

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Deferred consideration (a) and royalty stream(b)	4,747,995	4,747,995
	<u>4,747,995</u>	<u>4,747,995</u>

On 12 April 2017, the consolidated entity sold its 30% contributing interest in the Mt Stuart Iron Ore Joint Venture and all of its other rights and interests in the Joint Venture tenements. Part of the consideration includes:

- (a) A deferred consideration of \$1 million payable on the making of an unconditional final investment decision to proceed with the development of an iron ore mine on the tenements which were previously the Mt Stuart Joint Venture.
- (b) An uncapped 1% FOB royalty on all iron ore extracted from the area of the Joint Venture tenements.

At the disposal date, the above consideration was recognised as an intangible asset. Its carrying value was determined based on a Net Present Value calculation using a discounted cash flow model with a number of assumptions including timing of unconditional investment decisions to proceed, future iron ore prices, exchange rate, timing for the development and production, future product volumes and discount rates (Level 3 fair value hierarchy).

As at 30 June 2018, the directors have adopted a similar Net Present Value calculation with the updated key assumptions to reflect changes in the market environment to determine the recoverable amount of the intangible asset as part of their impairment assessment of the carrying value of the asset. In their opinion, this assessment supports the carrying value of the assets and supports the conclusion that no impairment of the intangible asset is required as at 30 June 2018.

In July 2015 the Consolidated Entity sold its interest in the Wyloo project tenements to its partner Fortescue Metals Group Limited and the deferred consideration is a 1.5 % F.O.B. royalty up to 15 Mt of iron ore production from Wyloo project tenements, and will receive \$900,000 cash if and when a decision is made to commence mining on a commercial basis – E47/1649, 1650, ML 47/1490, and ML 08/502.

## 10. TRADE AND OTHER PAYABLES

Current		
Trade creditors - unsecured	45,186	80,756
	<u>45,186</u>	<u>80,756</u>

Trade creditors are non-interest bearing and are normally settled on 30 day terms. The carrying amount of trade creditors is a reasonable approximation of fair value.

**11. PROVISIONS**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current		
Employee benefits	69,149	68,801

**12. CONTRIBUTED EQUITY**

**Issued capital**

2,598,560,131 ordinary shares  
(2017: 2,001,560,131)

44,265,213    43,668,213

Movement in issued shares for the year:

	<b>2018</b>		<b>2017</b>	
	<b>Number of</b>	<b>\$</b>	<b>Number of</b>	<b>\$</b>
	<b>Shares</b>		<b>Shares</b>	
Beginning of the financial year:	2,001,560,131	43,668,213	1,901,560,131	43,482,463
Issued at 0.1 cents each (i)	597,000,000	597,000	-	-
Issued at 0.2 cents each(ii)	-	-	100,000,000	200,000
Less share issue expenses	-	-	-	(14,250)
End of financial year:	<u>2,598,560,131</u>	<u>44,265,213</u>	<u>2,001,560,131</u>	<u>43,668,213</u>

(i) Issued under a shareholder share purchase plan

(ii) Issued under a placement

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

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

**Options**

As at 30 June 2018 there are 20,000,000 (2017: 20,000,000) unissued shares in respect of which options were outstanding and the details of these are as follows:

<b>Number</b>	<b>Grant Date</b>	<b>Vesting Date</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Fair Value at Grant Date</b>
20,000,000	1/12/17	Nil Vesting Conditions	0.003	30 November 2020	0.00056

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

During the year 20,000,000 (2017: nil) options lapsed.

During the year 20,000,000 (2017:nil) options were issued to the Managing Director to align his interest with shareholders.

Since the end of the financial year no shares have been issued by virtue of the exercise of options.

### 13. SHARE BASED PAYMENT RESERVE

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Beginning of the year	1,459,725	1,459,725
Share based payments (Note 17)	11,200	-
End of the year	<u>1,470,925</u>	<u>1,459,725</u>

### 14. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	(39,719,598)	(38,801,556)
Net loss	(918,006)	(918,042)
Accumulated losses at the end of the year	<u>(40,637,604)</u>	<u>(39,719,598)</u>

### 15. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2018 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 2018	June 2017	June 2018	June 2017
Cullen Minerals Pty Limited	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-
Bearmark Investments Pty Ltd	Botswana	100	100	-	-
Cullen Finland OY	Finland	100	100	-	-

### 16. KEY MANAGEMENT PERSONNEL

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Compensation for key management personnel</b>		
Short-term employee benefits	274,417	409,533
Post-employment benefits	22,705	39,594
Other long-term benefits	3,556	2,063
Share-based payments	11,200	-
Total compensation	<u>311,878</u>	<u>451,190</u>

### 17. SHARE BASED PAYMENTS

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Recognised share based payment expenses</b>		
Director options	11,200	-
Employee options	-	-
	<u>11,200</u>	<u>-</u>

**(b) Employee Options**

For details/movements around the director options, please refer to note 12.

No employee options other than director options noted within the Remuneration Report were issued or lapsed during the year. (2017: 6,000,000 lapsed)

<b>(c) Weighted average remaining contractual life</b>	<b>2018</b>	<b>2017</b>
	<b>Years</b>	<b>Years</b>
Options - Employee	-	-
Options - Directors	2.42	0.42
<b>(d) Range of exercise prices</b>	<b>2018</b>	<b>2017</b>
	<b>cents</b>	<b>cents</b>
Options - Employee	-	-
Options - Directors	0.3	1.6
<b>(e) Weighted average fair value at date of issue</b>	<b>2018</b>	<b>2017</b>
	<b>cents</b>	<b>cents</b>
Options - Employee	-	-
Options - Directors	0.056	-

**(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>2018</b>	<b>2017</b>
Expected volatility (i)	125%	-
Risk free interest rate	1.90%	-
Exercise price	\$0.003	-
Share price at measurement date	\$0.001	-
Expected dividend yield	0.00%	-

- (i) The expected volatility was based on the historical volatility of the underlying shares over a period equivalent to the expected life of the option.

**18. JOINT OPERATIONS**

The Consolidated Entity has interests in the following joint operations as at 30 June 2018:

	<b>Principal Activity</b>	<b>Other Participant</b>
(a) Paraburdoo	Exploration	Fortescue Mining Group Limited (Fortescue)
(b) Forrestania	Exploration	Hannans Limited (Hannans)
(c) Killaloe	Exploration	Matsa Resources Limited (Matsa)

- a) Fortescue can earn up to 80% in the iron ore rights, Cullen has a 100% interest.  
 b) Hannans has an 80% interest; Cullen is 20% free carried.  
 c) 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 joint operations to the operating profit before income tax is \$nil (2017: \$nil). The Consolidated Entity's assets employed in the jointly controlled assets, are included in the balance sheet of the Consolidated Entity as follows:

## CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Receivables	-	-
	-	-
<b>Non-Current Assets</b>		
Exploration and expenditure	-	-
	-	-
<b>Current Liabilities</b>		
Trade and other payables	-	-
	-	-

### 19. COMMITMENTS

#### 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 is required to expend a minimum of \$577,000 over the next year to keep its current tenements in good standing.

### 20. RELATED PARTIES

#### Payments to director related companies

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$30,000(2017: \$33,250) which is a company controlled by Mr W Kernaghan. There was \$1,000 (2017: \$1,750) outstanding at 30 June 2018.

### 21. OPERATING SEGMENTS

#### Identification of Reportable Segments

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

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

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

**22. STATEMENT OF CASH FLOWS**

**(i) Reconciliation of cash**

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Cash on hand	<u>431,497</u>	<u>770,780</u>
<b>(ii) Reconciliation of operating (loss) after income tax to net cash used in operating activities</b>		
Operating (loss) after income tax	(918,006)	(918,042)
Add/(less) non cash items		
Impairment of exploration	4,169	45,804
Depreciation	2,664	2,458
Share based payments	11,200	-
(Decrease) / Increase in provisions for employee benefits	348	(39,198)
(Decrease) / Increase in trade and other payables	(35,570)	(72,978)
Decrease / (Increase) in receivables	(11,088)	35,515
Net operating cashflows	<u>(946,283)</u>	<u>(946,441)</u>

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
Basic (loss) per share (cents per share)	(0.04)	(0.05)
Diluted (loss) per share (cents per share)	(0.04)	(0.05)
The following reflects the income and share data used in the calculations of basic and diluted (loss) per share Net (loss)	<u>(918,006)</u>	<u>(918,042)</u>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>2,353,217,665</u>	<u>1,943,751,912</u>
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS	<u>20,000,000</u>	<u>20,000,000</u>

**24. FINANCIAL INSTRUMENTS**

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

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

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

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

## CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

### (a) Interest Rate Risk

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

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

<b>Financial Instruments</b>	<b>Consolidated</b>	
	<b>Floating interest rate</b>	<b>Floating interest rate</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	431,497	770,780
<b>Total Financial Assets</b>	431,497	770,780

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 0.5% movement in interest rates, with all other variables remaining constant.

	<b>Consolidated</b>	
	<b>(Decrease)/Increase in loss/equity</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest rate +0.5%	(2,157)	(3,853)
Interest rate -0.5%	2,157	3,853

The selection of 0.5% sensitivity check was based on recent interest rate adjustments. The same basis was adopted in 2017.

### (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.



## CULLEN RESOURCES LIMITED - ANNUAL REPORT 2018

There are no externally imposed capital requirements.

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

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

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

Capital managed by the Consolidated Entity consists of shareholders equity.

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Shareholders equity	5,098,534	5,408,340

### 25. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Ernst and Young

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity	26,499	31,944
- taxation services provided to the Consolidated Entity	-	-
	26,499	31,944

### 26. PARENT ENTITY INFORMATION

Information relating to Cullen Resources Limited:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current assets	398,314	727,059
Total assets	5,119,394	5,443,193
Current liabilities	20,860	34,853
Total liabilities	20,860	34,853
Issued capital	44,265,213	43,668,213
Accumulated losses	40,637,604	39,719,598
Share based payment reserve	1,470,925	1,459,725
Total shareholders' equity	5,098,534	5,408,340
Loss of the parent entity	918,006	918,042
Total comprehensive income of the parent entity	918,006	918,042

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

### 27. SUBSEQUENT EVENTS

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

**28. CORPORATE INFORMATION**

The financial report of Cullen Resources Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 3 September 2018.

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 2018 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 2018.

On behalf of the Board



**C. Ringrose**  
**Director**  
**Perth, WA**  
**3 September 2018**

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

## Report on the audit of the financial report

### Qualified opinion

We have audited the financial report of Cullen Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for qualified opinion

As detailed in Note 9 to the financial statements, on 12 April 2017, the Group sold its 30% contributing interest in the Mt Stuart Iron Ore Joint Venture ('MSIOJV') and recognised a royalty intangible asset of \$4,747,995 being the estimated fair value of the consideration receivable at the disposal date. In estimating the fair value of the consideration receivable, the Directors used a discounted cash flow model with a number of assumptions as to the timing, quantum and discounting of cash flows. At 30 June 2018, the Directors have adopted a similar net present value calculation with updated market assumptions to determine the recoverable amount of the intangible asset as part of their impairment assessment of the carrying value of the royalty intangible asset. Management have determined that the net present value calculation supports that the recoverable amount of the intangible asset is higher than its carrying value.

For the audit of the Group's financial report for the year ended 30 June 2018, we have been unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the Directors' assumptions adopted in determining the recoverable value of the intangible asset as part of the asset's impairment assessment. Consequently, we are unable to determine the accuracy and appropriateness of the carrying value of the intangible asset and related disclosures as disclosed in the financial report.

Our audit report for the year ended 30 June 2017, dated 18 September 2017, was qualified as we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the Directors' assumptions adopted in determining the fair value of the consideration receivable and therefore the fair value of the royalty intangible asset recognised at the disposal date.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Materiality uncertainty related to going concern**

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. Except for the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections of our report, we have determined that there are no other key audit matters to be communicated in our report.

### **Information other than the financial report and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Cullen Resources Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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.



Ernst & Young



V L Hoang  
Partner  
Perth

3 September 2018

## SHAREHOLDER INFORMATION

### CAPITAL STRUCTURE

As at 31 August 2018, the company had the following securities on issue:

	Fully paid Ordinary shares
Issued Capital	2,598,560,131
<b>Top 20 Shareholders</b>	
Total holding of twenty largest shareholders	1,178,292,841
% of total shares on issue	45.34%
<b>Distribution of shareholders</b>	
1 - 1,000 shares	163
1,001 - 5,000 shares	166
5,001 - 10,000 shares	317
10,001 - 100,000 shares	1,327
100,001 and over	1,011
<b>Total</b>	<b>2,984</b>
Unmarketable Parcels as at 15 September 2018 Minimum \$500.00	2,479

### OPTIONS

As at 31 August 2018, 20,000,000 unissued shares in respect of options were outstanding. These are as follows:

Number	Exercise Price	Expiry Date
20,000,000	\$0.003	30 November 2020

### SUBSTANTIAL SHAREHOLDERS

The company has one Substantial Shareholder as at 31 August 2018

Name	%	No. of shares
Perth Capital Pty Ltd, Wythenshawe Pty Ltd & Associates	22.54	585,763,940



## TWENTY LARGEST SHAREHOLDERS

The names of the twenty holders of the fully paid shares at 31 August 2018 are listed below:

Name	No. of Shares	% Held	Rank
Perth Capital Pty Ltd	240,000,000	9.24	1
Perth Capital Pty Ltd	118,603,398	4.56	2
Aquila Resources Ltd	102,343,426	3.94	3
Warramboos Holdings Pty Ltd	88,433,080	3.40	4
Bellarine Gold Pty Ltd	70,446,950	2.71	5
Innerleithen Pty Ltd	57,662,499	2.22	6
Glyde Street Nominees Pty Ltd	56,661,655	2.18	7
Chiatta Pty Ltd	55,000,000	2.12	8
Dr Mark Anthony Bennett	52,000,000	2.00	9
Kitchsmith Pty Ltd	44,999,998	1.73	10
W L Houghton Pty Ltd	35,000,000	1.35	11
C Y T Investments Pty Ltd	32,750,000	1.26	12
Lindglade Enterprises Pty Ltd	32,428,513	1.25	13
Warramboos Holdings Pty Ltd	32,409,595	1.25	14
Wythenshawe Pty Ltd	30,933,429	1.19	15
WJK Investments Pty Ltd	29,275,417	1.13	16
Mr Christopher Robert Ringrose	26,835,342	1.03	17
Mr Bruce James Forge	26,086,198	1.00	18
327 <sup>TH</sup> P&C Nominees Pty Ltd	23,975,971	0.92	19
A N Superannuation Pty Ltd	22,447,370	0.86	20
Total	1,178,292,841	45.34	

## 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.



**Registered and Principal Office**  
Unit 4  
7 Hardy Street  
South Perth WA 6151  
Telephone (08) 9474 5511  
Facsimile (08) 9474 5588

Website: [www.cullenresources.com.au](http://www.cullenresources.com.au)  
Email: [cullen@cullenresources.com.au](mailto:cullen@cullenresources.com.au)

