



## UPDATE – MT STUART IRON ORE JV

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

### KEY POINTS

- Cullen recognises that the successful \$1.4B takeover of Aquila Resources Limited by Baosteel (85%) and Aurizon (15%) in July 2014 progresses the proposed West Pilbara Iron Ore Project – Stage 1 (**WPIOP**) to a new level with all parties aligned toward development of this major resource project.
- On 11 September 2014, Aurizon announced an update to its Infrastructure Framework Agreement with Baosteel, AMCI and POSCO for a port and rail solution to support the development of the WPIOP’s multiple iron ore deposits (Attachment 1 – copy of Aurizon ASX announcement).
- Cullen is encouraged by Aurizon announcement which states that exports are “targeted for 2017/18.” However, this will be dependent upon the outcomes of the various feasibility studies and successful project funding.
- Cullen believes this presents an exciting opportunity for real progress toward mine development of the MSIOJV’s Catho Well channel iron ore deposit (Cullen 30%) as part of the broader WPIOP.
- Over the past six years, Cullen has contributed ~\$4.5M to maintain its 30% participating interest in the MSIOJV in anticipation of development of the Catho Well deposit.
- A revised MSIOJV programme and budget of \$3.3 M (Cullen’s share 30%) for the 2014 -15 financial year has been proposed by the Manager and approved by the MSIOJV Management Committee.
- API, the Manager of the MSIOJV, has provided a project timeline targeting completion of a new Resource Estimate in January 2015 and completion of a Feasibility Study by November 2015 (Attachment 2).

- The key objectives (detailed in Attachment 2 and 3) for the remainder of the 2014-15 financial year budget are as follows :
  - An RC drilling programme of ~15,000m (~500 holes) - to be completed by the end of November
  - Undertake beneficiation test-work on diamond drill core
  - Update Mineral Resource and Reserve estimates for Catho Well
  - Update mine plans targeting a 16 year mine life at Catho Well (in conjunction with the WPIOP)
  - Draft Feasibility Study by May/June 2015

**Chris Ringrose, Managing Director**

**23 October 2014**

**ABOUT CULLEN:** Cullen is a Perth-based minerals explorer with a multi-commodity portfolio including projects managed through a number of JVs with key partners (Fortescue, APIJV (Baosteel/Aurizon-AMCI/Posco), Hannans Reward, Northern Star, Matsa and Thundelarra/Lion One Metals), and a number of projects in its own right. The Company's strategy is to identify and build targets based on data compilation, field reconnaissance and early-stage exploration (particularly geochemistry), and to pursue further testing of targets itself or farm-out opportunities to larger companies. Projects are sought for most commodities mainly in Australia but with selected consideration of overseas opportunities, currently in Scandinavia.

**ATTRIBUTION: Competent Person Statements**

*The information in this report that relates to exploration activities is based on information compiled by Dr. Chris Ringrose, Managing Director, Cullen Resources Limited who is a Member of the Australasian Institute of Mining and Metallurgy. Dr. Ringrose is a full-time employee of Cullen Resources Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr. Ringrose consents to the report being issued in the form and context in which it appears.*

*The information in this report that relates to the Exploration Target is based on information compiled by Mr Stuart Tuckey who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tuckey is a full-time employee of API Management Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which has been undertaken, to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

Information in this report may also reflect past exploration results, and Cullen's assessment of exploration completed by past explorers, which has not been updated to comply with the JORC 2012 Code. The Company confirms it is not aware of any new information or data which materially affects the information included in this announcement.

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## **Attachment 1**

### **Infrastructure Framework Agreement for the WPIOP**

Aurizon's media announcement of 11 September 2014:



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Vice President & Company Secretary

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ASX Market Announcements  
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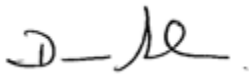
11 September 2014

**BY ELECTRONIC LODGEMENT**

**Project Update – West Pilbara Infrastructure Project**

Please find attached announcements on West Pilbara Infrastructure Project for release to the market.

Yours faithfully



**Dominic D Smith**  
VP & Company Secretary

**11 September 2014**

## **PROJECT UPDATE – WEST PILBARA INFRASTRUCTURE PROJECT**

Aurizon refers to the market update and project timeline on the West Pilbara Infrastructure Project provided at the FY2014 Results Presentation on 18 August 2014. Below is a further update on the status of negotiation of terms for American Metals & Coal International (AMCI) and POSCO to become parties to the existing Infrastructure Framework Agreement (IFA) between Baosteel Resources and Aurizon.

AMCI and POSCO have acceded to the IFA for rail and port infrastructure to support the Australian Premium Iron Joint Venture's (APIJV) West Pilbara Iron Ore Project (WPIOP). The IFA has been amended to address a number of project development process matters and also to revise some of the key milestones as described below.

Under the terms of the IFA, Baosteel, AMCI and POSCO have provided Aurizon with a period of exclusivity to develop an infrastructure solution for WPIOP. The existing minimum 12-month period of exclusivity has been extended until up to January 2016, subject to Aurizon delivering an acceptable base tariff (+/- 15%) by the applicable milestone date.

The parties' immediate priority is to work together to finalise an integrated rail, port and mine schedule for the project based on a set of revised development assumptions, which will include tonnage profiles and other details of the mine developments, to be provided by the APIJV in September 2014. Subsequent key milestones under the terms of the IFA include delivery of an initial base tariff (+/-25%) for integrated rail and port services (with an anticipated milestone date of March 2015) and delivery of a refined tariff (+/-15%) for integrated rail and port services (with an anticipated milestone date of October 2015), in each case extendable in certain circumstances.

These revised dates recognise the importance of developing the integrated schedule that will allow the parties to progress their respective components of the project but, at the same time, ensure that critical project deliverables are aligned.

Any infrastructure development will be subject to agreement by the parties and (among other things) a Final Investment Decision by Aurizon will only occur following detailed planning and feasibility studies, concurrent development of WPIOP mines and entry into appropriate take or pay contracts to support the tonnage profile for viable rail and port infrastructure. If Aurizon does not deliver an acceptable base tariff (+/- 15%) by the applicable milestone date or a commercial agreement cannot be finalised by the expiry of the exclusivity period, then Baosteel, AMCI and POSCO have the right to terminate the IFA and seek other options to progress the WPIOP.

It remains Aurizon's intention, following the successful development of the WPIOP rail and port infrastructure, to divest its shareholding in Aquila.

Aurizon has mobilised a project team in Perth supported by Parsons Brinckerhoff, Calibre and AECOM to deliver the work in required timeframes.

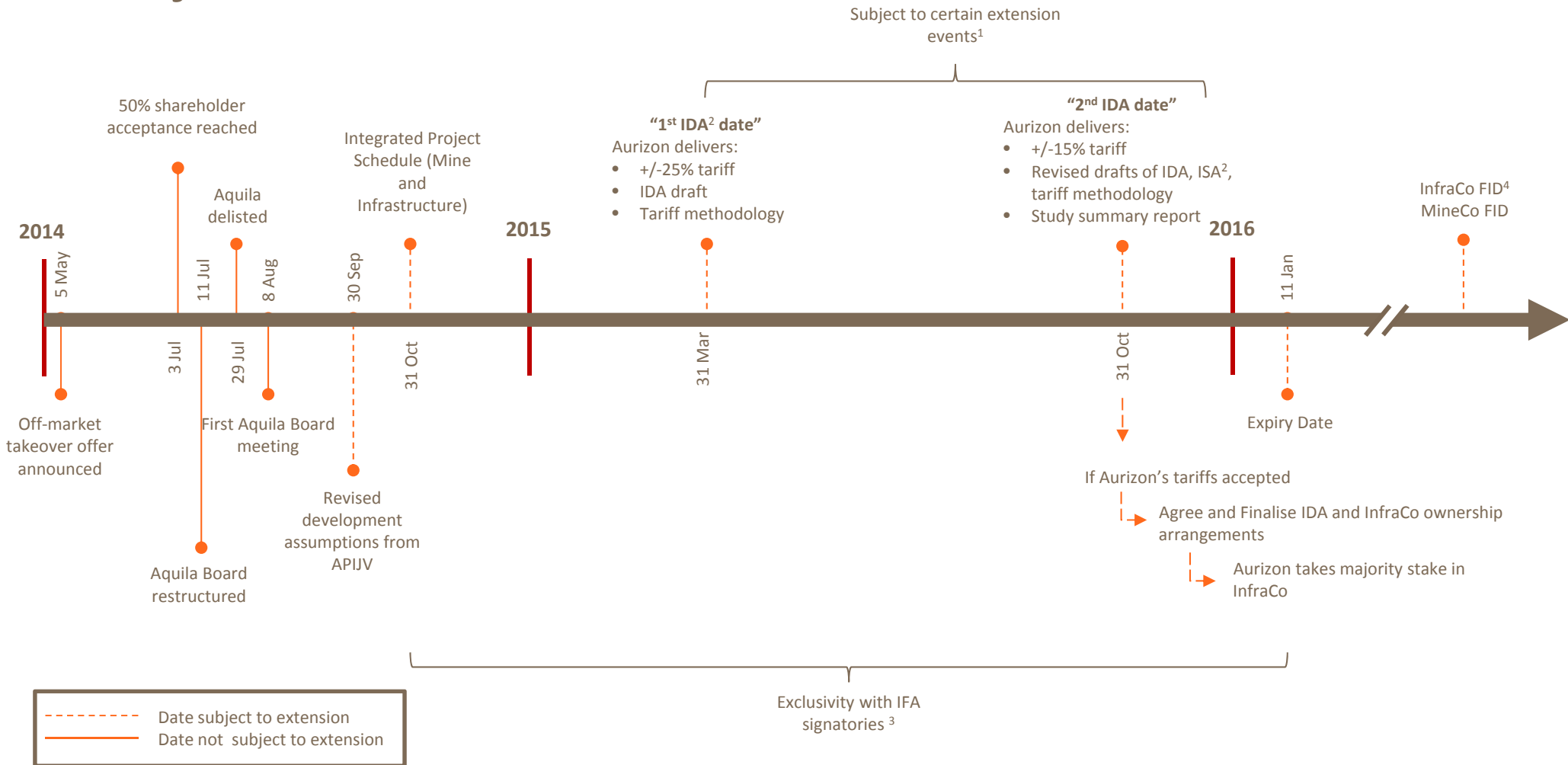
Refer also attached timeline and a media statement also being issued today.

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# Aquila Resources and West Pilbara Infrastructure Project timeline



**Notes:**

- Certain extension events apply to the deliverables during this period
- IDA = Infrastructure Development Agreement, ISA = Infrastructure Services Agreement,
- IFA signatories are Aurizon, Baosteel Resources, Fortune BS Company, Aquila Resources, Aquila Steel, AMCI (IO), API Management, AMCI Investments and POSCO WA
- FID = Final Investment Decision



**11 September 2014**

**MEDIA STATEMENT**

**AMCI and POSCO join Baosteel in infrastructure agreement with Aurizon for West Pilbara project**

American Metals & Coal International (AMCI) and POSCO have joined Baosteel Resources in an infrastructure agreement with Australian transport & logistics company, Aurizon for rail and port infrastructure to support the West Pilbara Iron Ore Project (WPIOP) in Western Australia.

The finalisation of the Infrastructure Framework Agreement (IFA) between AMCI, POSCO and Baosteel with Aurizon creates a pathway to constructing world-class rail and port infrastructure for a new iron ore province in the Pilbara, with exports targeted for 2017/18.

It represents the first major milestone for the WPIOP since the \$1.4 billion acquisition of Aquila Resources by Baosteel and Aurizon was completed in July this year.

The first stage of the project involves development of a new deep-water port at Anketell and a 280 kilometre railway to support at least 40 million tonnes per annum throughput from eight mining areas.

The infrastructure could be expanded in the future to accommodate additional tonnage from both foundation customers and other miners without access to rail and port infrastructure. The Western Australian Government estimates that Anketell has a potential export capacity of up to 350 million tonnes per annum.

“AMCI has been invested in this project since its inception a decade ago and we’re pleased past issues are behind us,” said Mr Hans Mende, President of AMCI. “The agreement brings together parties that can genuinely underpin delivery of one of the most exciting resource projects on the globe. We’re committed to making this greenfield iron ore project a commercial reality and helping establish a new phase of economic investment in Australia.”

Mr Kimok Yun, Senior Vice President of Raw Materials department of POSCO said: “POSCO considers the delivery of rail and port infrastructure is a key component of facilitating the development of the Pilbara project. We are pleased to discuss the development of the rail and port infrastructure with such capable companies. All four parties are heading in the same direction and we look forward to working together to progress the project.”

The WPIOP is being developed by the Australian Premium Iron Joint Venture (APIJV), a 50/50 joint venture between Aquila (Baosteel 85%, Aurizon 15%) and AMCI (IO), which in turn is 51/49 owned by AMCI and POSCO.

The project remains well positioned with key Western Australian State and Federal environmental approvals granted for the mine, rail and port elements of the project. Aurizon, Baosteel, AMCI and POSCO will continue to work closely with government and regulatory agencies to finalise remaining approvals and regulatory requirements including a Rail State Agreement and Port Lease.

“Aurizon is delighted to have secured the agreement of Baosteel, AMCI and POSCO in the IFA to support the infrastructure requirements for the West Pilbara project,” Aurizon Managing Director and CEO Lance Hockridge said. “These companies are global leaders in the resources and the steel sector, bringing the demand and scale required to sustain such a major infrastructure investment.

“Aurizon’s job now is to deliver a commercially-attractive and scalable infrastructure solution for Baosteel, AMCI and POSCO. We know that the creation of world-class rail and port export infrastructure is critical to driving globally-competitive exports and economic wealth for the country.”

Under the terms of the IFA, Baosteel, AMCI and POSCO have provided Aurizon with a period of exclusivity to develop an infrastructure solution for WPIOP. The existing minimum 12-month period of exclusivity has been extended until up to January 2016, subject to Aurizon delivering an acceptable base tariff (+/- 15%) by the applicable milestone date (currently anticipated at October 2015). If Aurizon does not deliver an acceptable base tariff by the applicable milestone date, or a commercial agreement cannot be finalised by the expiry of the exclusivity period, then Baosteel, AMCI and POSCO have the right to terminate the IFA and seek other options to progress the WPIOP.

Ends

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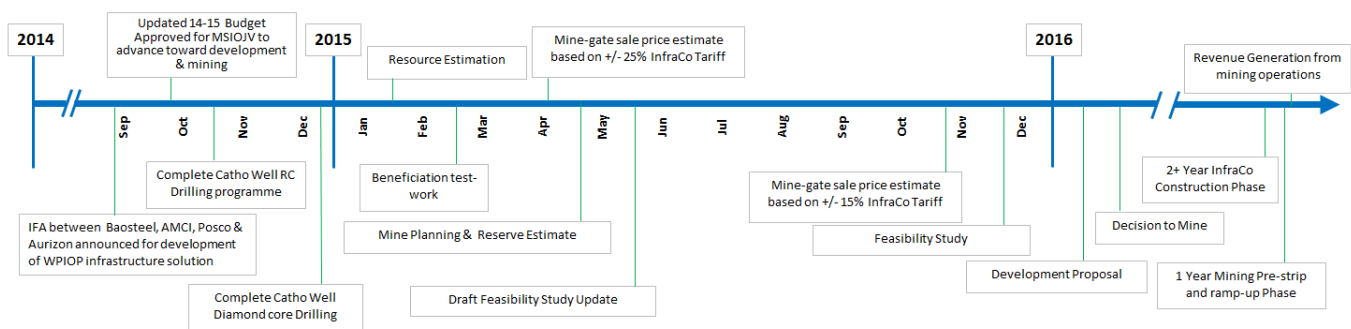


## Attachment 2

The updated MSIOJV Feasibility Study, to be completed by November 2015, would:

- “be in such form and contain such information as is necessary to enable it to be submitted to a reputable lending institution and acceptable to it for the purposes of raising finance sufficient to establish and bring into production an economically viable commercial Mining operation either on the Mining Area alone or in conjunction with proven reserves of Iron Ore on land the subject of other mining tenements”, to comply with the MSIOJV Agreement.
- will include standard mine planning and production scheduling to facilitate calculation of tariffs for port, rail, processing, blending and other services, by others, but which are also key inputs into MSIOP Feasibility Study financial models (including for estimates of mine-gate revenues). The MSIOP, at this stage, is to be advanced on the basis of a mine gate sale with revenues determined on a “net back” basis.

Mount Stuart Iron Ore Joint Venture - Feasibility Study & Project Timeline



## Attachment 3

### Drilling program to include:

1. **Infill** drilling of the existing Catho Well resource (JORC 2004) for conversion of Inferred Resource to a higher (Indicated and Measured) JORC 2012 category. The current Mineral Resource estimate for the Catho Well deposit, within the MSIOJV, totals 98 Mt @ 55.0% Fe - as announced to the ASX by Cullen on 29 October 2010 (JORC 2004), and the maiden Catho Well Reserve is 70Mt @ 54.81% (JORC 2004) - as announced to the ASX on 14 December 2010. Approximately 23.5% of the resource is classified as Inferred and does not form part of the current 70 Mt Reserve. Infill drilling will reduce drill spacing to 100 x 100 metre centres and closer where mineralised zones are currently unconstrained, and there is potential for a proportion of Inferred Resource to be included in an updated Reserve. In the current Reserve, there is a very high (93%) conversion of Measured and Indicated Resource tonnes (75 Mt) to Reserve (70 Mt).
2. **“Drill out” an Extension to Estimated Resource Area** - Previous mapping has identified an area of approximately 350 by 1200 metres of mineralised CID located to the west and adjoining the central area of the existing Catho Well deposit. This **Exploration Target<sup>1</sup>** has potential to host a CID resource within the range of **5 to 15 Mt grading 53-55% Fe**. The anticipated grade is based on assay results returned from reverse circulation drilling, immediately east of the exploration target, completed within the existing Catho Well Mineral Resource. Refer to the following figure.

<sup>1</sup> **Exploration Target** as used here, is an estimate of the exploration potential of a mineral deposit in a defined geological setting where the estimate is quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.



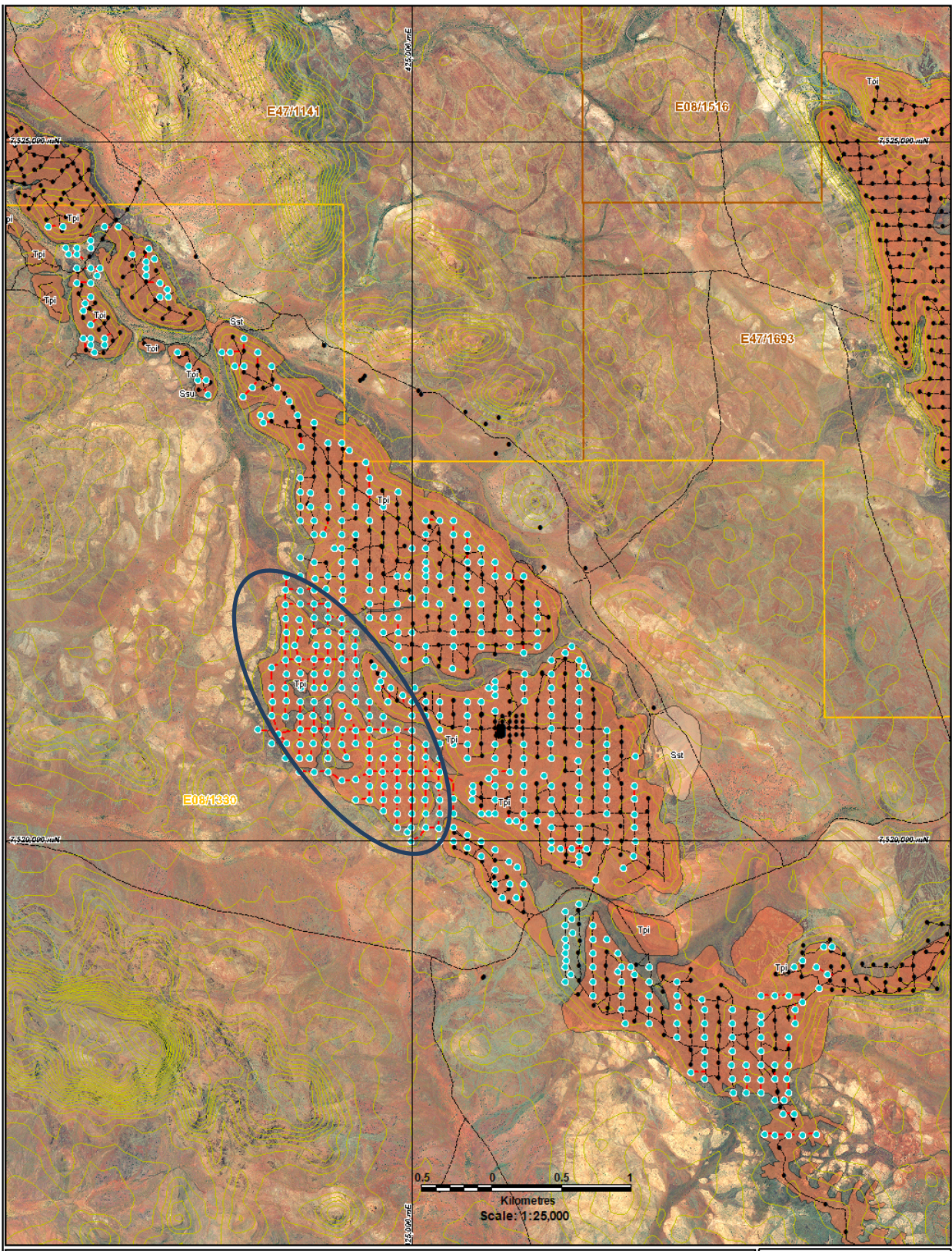


Figure shows location of planned drillholes at Catho Well (E08/1330), blue dots, and completed holes (black dots). Boundary of Cullen's E08/1330 in yellow. Blue oval outlines approximate area of <sup>1</sup>Exploration Target. E47/1693 and 1141 – no Cullen interest.

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