



2002 annual report

CORPORATE DIRECTORY

Directors

Denis E. Clarke (Chairman)
John Horsburgh
Grahame Hamilton
Wayne John Kernaghan

Secretary

Wayne John Kernaghan

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CONTENTS

Chairman's Report	1
Exploration Review	2
Directors' Report	13
Corporate Governance Statement	17
Independent Audit Report	18
Directors' Declaration	18
Statement of Financial Position	19
Statement of Financial Performance	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Shareholder Information	32

ANNUAL GENERAL MEETING

The Annual General Meeting of Cullen Resources Limited will be held at the head office, Level 4, 118 Christie Street, St. Leonards NSW 2065 at 10.30am, on Thursday 21 November 2001.

chairman's report



Dear Shareholder

I am particularly pleased to say that in the year under review Cullen Resources Limited reported a profit - a rarity in Cullen's peer group of small mineral explorers.

It is also pleasing to report that Cullen finished the year in a strong financial position with cash and liquid investments totaling \$3.6 million. Given Cullen's success in attracting major explorers to joint venture most properties in its extensive portfolio and to commit substantial expenditure to their exploration, Cullen is now in a position that is the envy of our peers. The foundation is set for a most interesting coming year, which will be the most active in Cullen's exploration history.

Highlights of a successful year included:

- Realisation of substantial profit from the Pokrovskiy Gold Project interest.
- Introduction of Sipa Resources International Limited into a major joint venture on the large Killaloe Project.
- Rapid progress by WMC Resources Limited on nickel exploration at the Gunbarrel Project.
- Completion of successful drilling by Cullen for gold at the Gunbarrel Project
- Introduction of Barrick Gold of Australia Limited into a major joint venture on the Ashburton Projects (September 2002).

Details of operations during the year and plans for future exploration are set out in the Exploration Review section of the Annual Report.

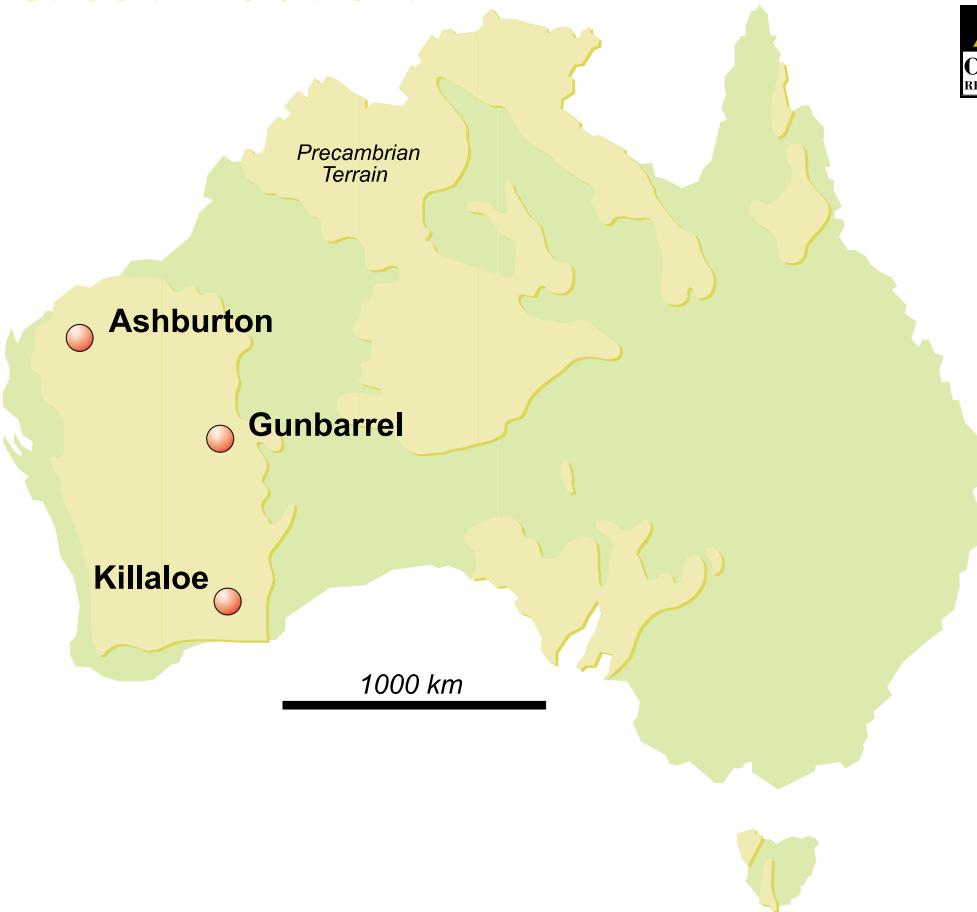
Last year in my Chairman's Report I stated - "The economic fundamentals of the Australian gold mining business remain strong and continue to get stronger, a situation apparently not fully recognized by investors at present. As I write, the gold price is about A\$580 per ounce, the highest for many years. The eventual better recognition of the robust fundamentals of the gold mining business should in time be accompanied by better appreciation of the value of exploration assets generally." In early 2002 we finally saw some recognition by investors leading to a consequential rise in share prices of mineral explorers. The fundamentals remain very strong, but there is still some way to go before there is full recognition of the value of exploration assets. Cullen's shareholders are well positioned to benefit from better recognition in the future of the value of the quality exploration assets assembled by Cullen.

Mineral exploration remains a high-risk business, a situation well recognised by Cullen's committed shareholders. Nevertheless, I have never been more confident than now that the persistent efforts of management, staff, consultants, contractors and joint venturers will bring Cullen substantial exploration success. An opportunity, as never before, exists to add value for shareholders.

Finally, I should like to acknowledge here the outstanding contribution to Cullen of Dr. Alan Marshall who is retiring as Consultant. Alan, one of Australia's foremost exploration geologists, managed Cullen's Western Australian operations for many years. His legacy to Cullen is the portfolio of valuable properties that forms the core of our activities.

Dr Denis Clarke
Chairman

exploration review

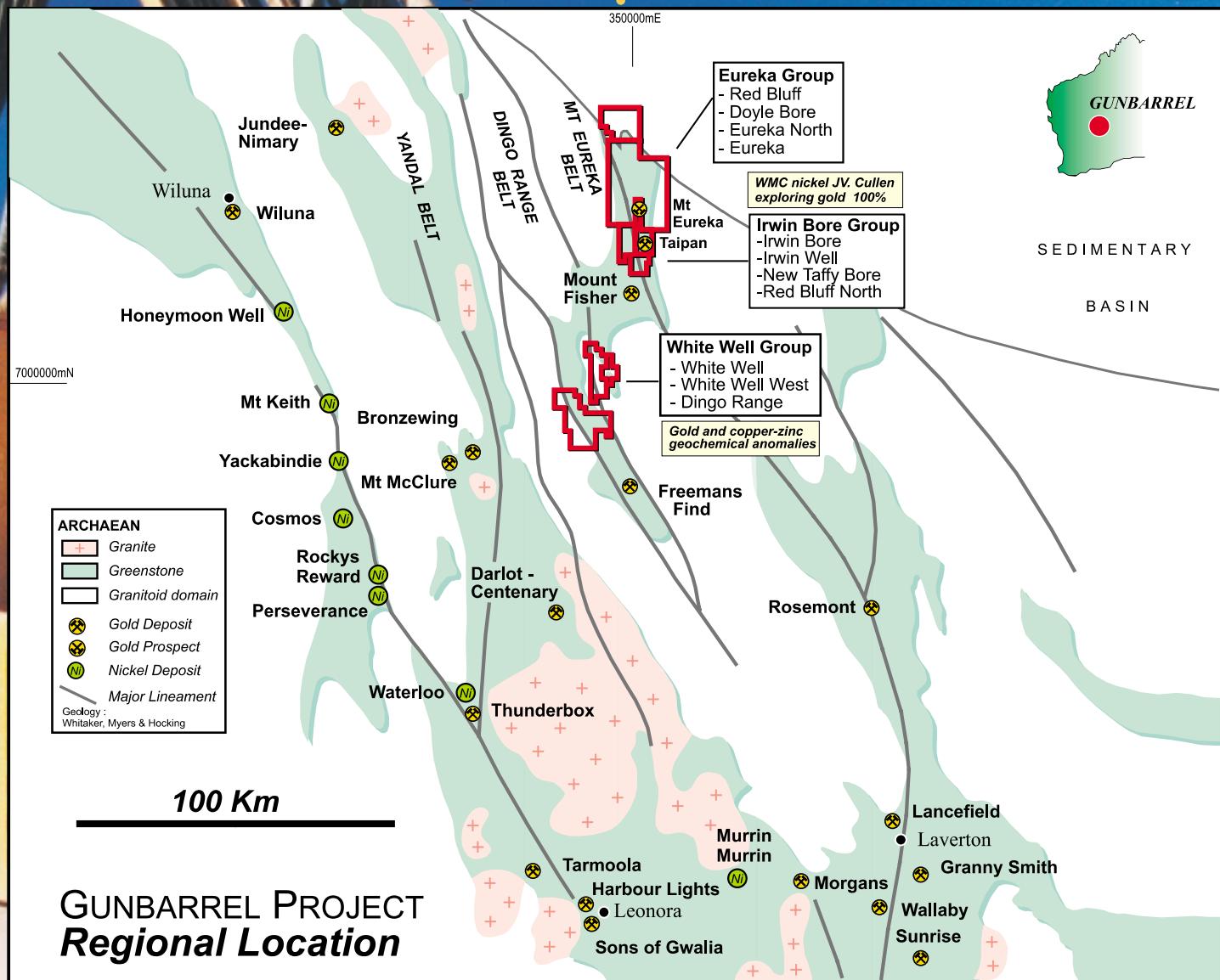


An increased level of exploration was maintained in Cullen's three project centres in world class exploration regions of Western Australia: the NE Goldfields, the Norseman Gold Province and the Ashburton Gold Province.

HIGHLIGHTS

- The successful sale of Cullen's 2% interest in the Pokrovskiy gold project in Eastern Russia for cash and shares in AIM-listed Peter Hambro Mining Plc has enabled the Company to mount vigorous target development and drill testing programmes. This complements exploration efforts on Cullen's behalf by joint venture partners Sipa, WMC and Barrick.
- Cullen's strategy is to focus on well-endowed regions with potential for "company maker" gold and/or nickel deposits. The decision to farmout nickel rights at Gunbarrel and Killaloe has added a significant dimension to the portfolio.
- The year in review has been the Company's most active with 5 drilling campaigns for a total of 9,193m. These include RAB/aircore/vacuum drilling at Gunbarrel Gold, Gunbarrel Nickel, Killaloe Gold and Killaloe Nickel. As a result, several prospects have been upgraded to RC/RAB drill targets.
- Gold exploration: The highlight has been the intersection of strong zones of gold mineralisation in aircore holes at the Southern Prospect at Gunbarrel Gold.
- Nickel exploration: Several conductors in favourable geological positions (possibly massive sulphides) are ready for drill testing at Gunbarrel and Killaloe.
- In the emerging Ashburton Gold Province, Cullen has built up a strategic land position in the NW sector. Barrick Gold Australia Ltd has recently joint ventured with Cullen to explore most of the Company's tenements.

NORTHEASTERN GOLDFIELDS



GUNBARREL PROJECT Regional Location

northeastern goldfields

Gunbarrel Gold Project

(Eureka Group E 53/535, 53/568, 53/818, and 53/837, MLA's 53/868-870, Cullen 100% - Irwin Bore Group E 53/403, ELAs 53/925, 981, Cullen can earn 90%, ELA 53/1040, Cullen 100%)

The year saw further consolidation by Cullen of the Mount Eureka Greenstone Belt (located east of the Yandal Belt) with a joint venture deal with Revesco Group Ltd and the long awaited granting of E53/818 and E53/837. This effectively increased the strike length of the Greenstone Belt under control by Cullen from 36km to over 50km.

2001-2002 Programme

Vacuum (base-of-hardpan) geochemical drilling, RAB and aircore drilling in June 2002 over several broad target areas identified high priority RAB/aircore drill targets for follow up. RAB/aircore

drilling (approximately 5,000m) is underway at Southern, Cobra and Eureka Northwest, the objective being to identify targets for deeper RC drilling.

At Southern (E53/837), the aircore drilling discovered a promising zone of gold mineralisation where earlier wide spaced RAB drilling (YRB88 1m @ 0.9 g/t Au and YRB90 4m @ 0.5g/t Au) had pointed to a broad structural target area beneath transported cover interpreted from aeromagnetics. Best intersections include MEAC 14, 4m @ 25.0g/t Au, MEAC 15, 5m @ 2.4 g/t Au. The gold mineralisation is related to quartz veining in a complex package of sheared mafics, ultramafics and sediments. Follow up aircore drilling of the 800m x 500m target area, generally on 100 x 50m hole spacings was underway in September 2002.

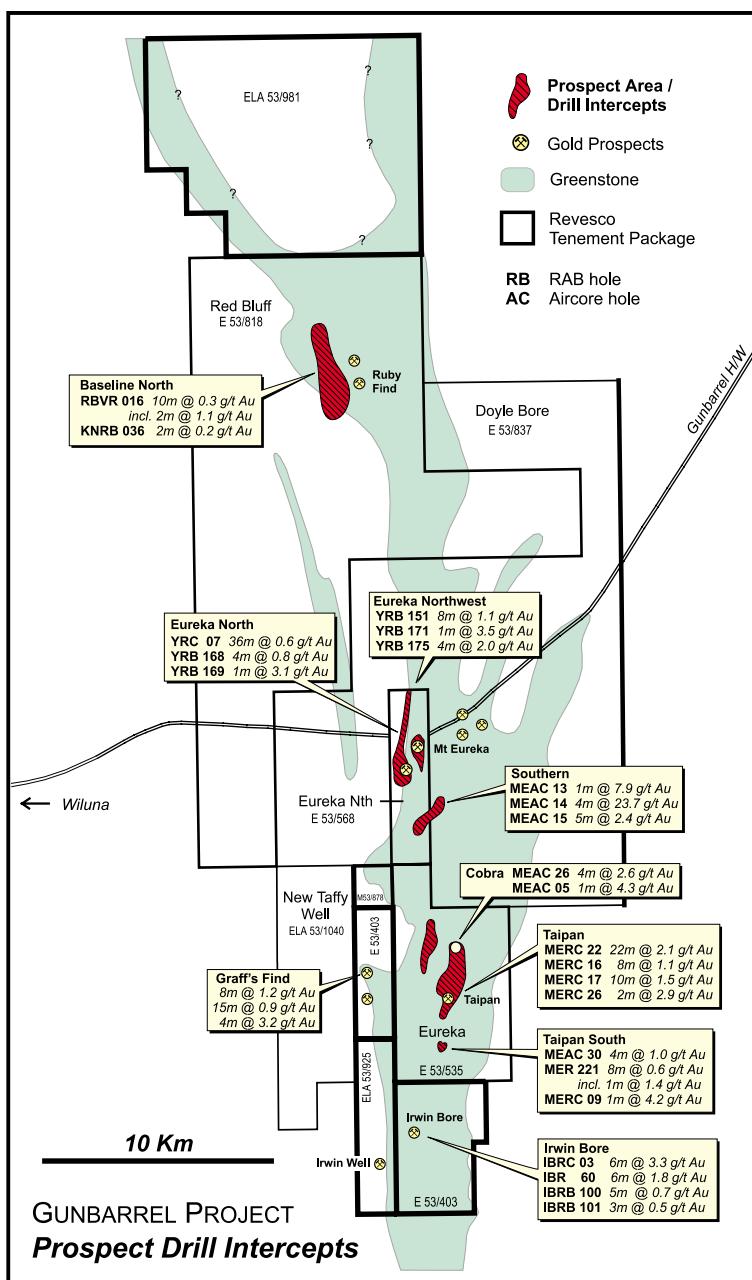
RAB drilling at Eureka Northwest (E53/568) confirmed last year's drill results (YRB 151, 8m @ 1.1g/t Au) with intercepts of gold-bearing quartz up-dip and along strike (eg YRB175, 4m @ 2.0 g/t Au). The prospect was upgraded by base-of-hardpan geochemical sampling which extended the target area a further 1,000m to the north. The gold mineralisation is related to a sheared contact between conglomerates and ultramafics. Follow up aircore drilling was underway in September 2002

An aircore drill intersection at Cobra (MEAC 26, 4m @ 2.6 g/t Au) was also being followed up. The mineralisation is at a contact between felsic and mafic rocks.

RAB drilling at Irwin Bore (E 53/403) partially tested a mineralised chert (previous RC intercept, 6m @ 3.3 g/t Au). Strongly anomalous gold was intersected in the two holes drilled, extending the strike length of the prospect to 350m.

Future Programme

A detailed aeromagnetic survey is planned to map structures and geology in the Mt Eureka, Southern and Irwin Bore areas. A campaign of aircore and RC percussion drilling (2,000m) is scheduled for November 2002 to test targets at Southern, Eureka Northwest, Eureka North, Cobra and Irwin Bore.



northeastern goldfields

Gunbarrel Nickel Project

(Eureka Group E 53/535, 53/568, 53/818, and 53/837, MLAs 53/868-870, WMC can earn 75%)

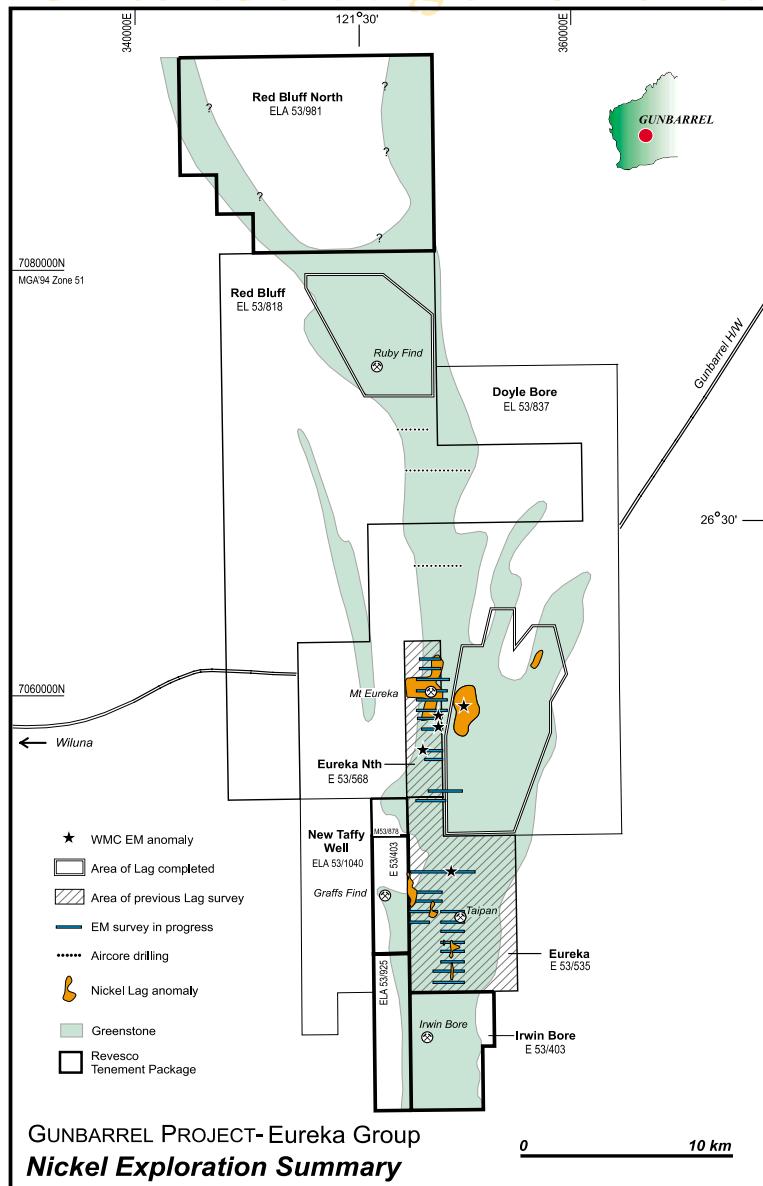
WMC Resources Ltd (WMC) is exploring 36 strike km of ultramafic rocks for nickel sulphide deposits. A six month Evaluation Phase was completed and WMC proceeded to the Earning Phase where it can earn a 75% interest by spending \$1,000,000 over 4 years. Cullen's 25% interest will be free carried by WMC to a Decision to Mine.

2001-2002 Programme

WMC has been actively exploring Gunbarrel for nickel with modelling of magnetic data, extensive lag sampling (surface rock debris), ground EM (electromagnetic) surveys and scout aircore drilling completed. Strong similarities between Gunbarrel geology and geochemistry and the productive Mt Keith-Leinster Nickel Belt to the west are noted by WMC. Coincident aeromagnetic highs (ultramafic rocks) and copper, nickel, platinum and palladium lag anomalies were located in four prospect areas. The ground EM surveying detected conductors which may be caused by massive sulphides at depth in two of the prospect areas. Results are awaited from recently completed aircore drilling.

Future Programme

Testing of selected EM conductors by RC and/or diamond drilling is scheduled for November 2002.



Gunbarrel White Well Project

(White Well Group E 53/645, ELAs 53/1030 and 53/1046, Cullen 100%)

White Well (E 53/645) is on the eastern structural boundary of the Dingo Range Greenstone Belt, 50km south of the Eureka Group tenements. Previous geochemical exploration by Cullen outlined a restricted gold lag anomaly and partly coincident strong copper and zinc anomalies mostly south of the gold anomaly.

Other tenement applications were made during the year to the west of White Well as part of a district study.

2001-2002 Programme

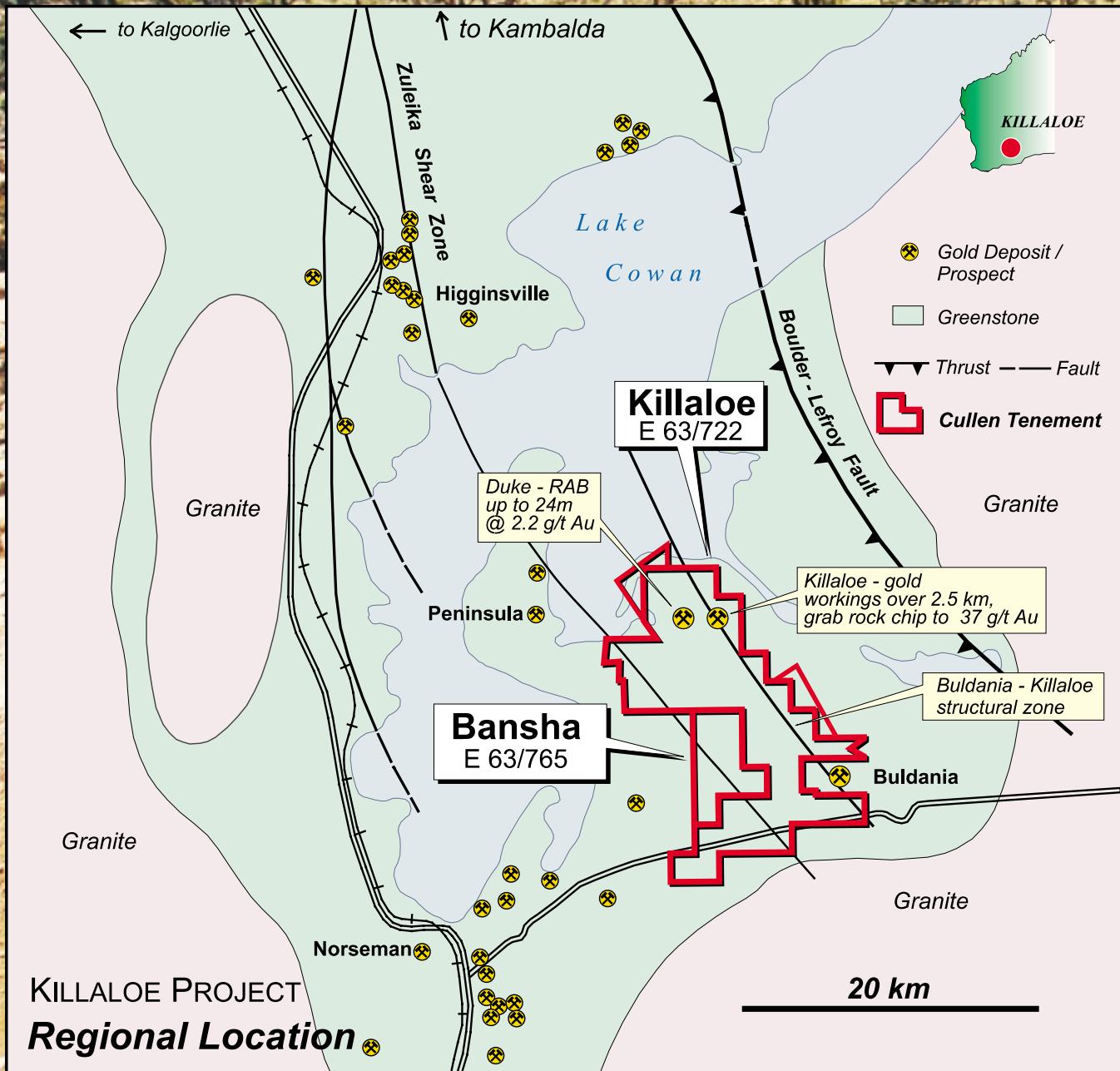
Follow up base-of-hardpan vacuum drilling confirmed a broadly coincident copper-zinc-nickel

anomaly extending for approximately 1000m x 300m on a northeasterly trend. A modest 400m x 50-70m gold anomaly (>10ppb, 47ppb max) was located on the northern flank. The anomalous zone is related to a magnetic high and may reflect hydrothermal mineralisation associated with a mafic intrusive hidden beneath cover. Compilation of application areas E 53/1046 Dingo Range North, E 53/1030 White Well West is continuing.

Future Programme

Scout RAB drilling is planned to establish the geological setting and test the base-of-hardpan anomalies at White Well.

EASTERN GOLDFIELDS



eastern goldfields

Killaloe Nickel Project

(E 63/722, E 63/765, P 63/1131-1133, 1172-1174, Sipa can earn 70% in nickel/base metal rights rights)

Killaloe is located along the Zuleika Shear, 80km south of the Kambalda-Widgiemooltha nickel district and 30km NE of Norseman. It is prospective for Kambalda style nickel deposits. At Killaloe, eastern and western ultramafic sequences have a strike length of over 28km and are considered by Sipa to be very similar to ultramafics in the Kambalda-Widgiemooltha district. In November 2001, Sipa Resources International NL (Sipa) committed to spend \$450,000 in 12 months to explore Kilaloe for nickel and base metals. Sipa can then earn 70% interest in nickel and base metal rights by spending a further \$3.5 million.

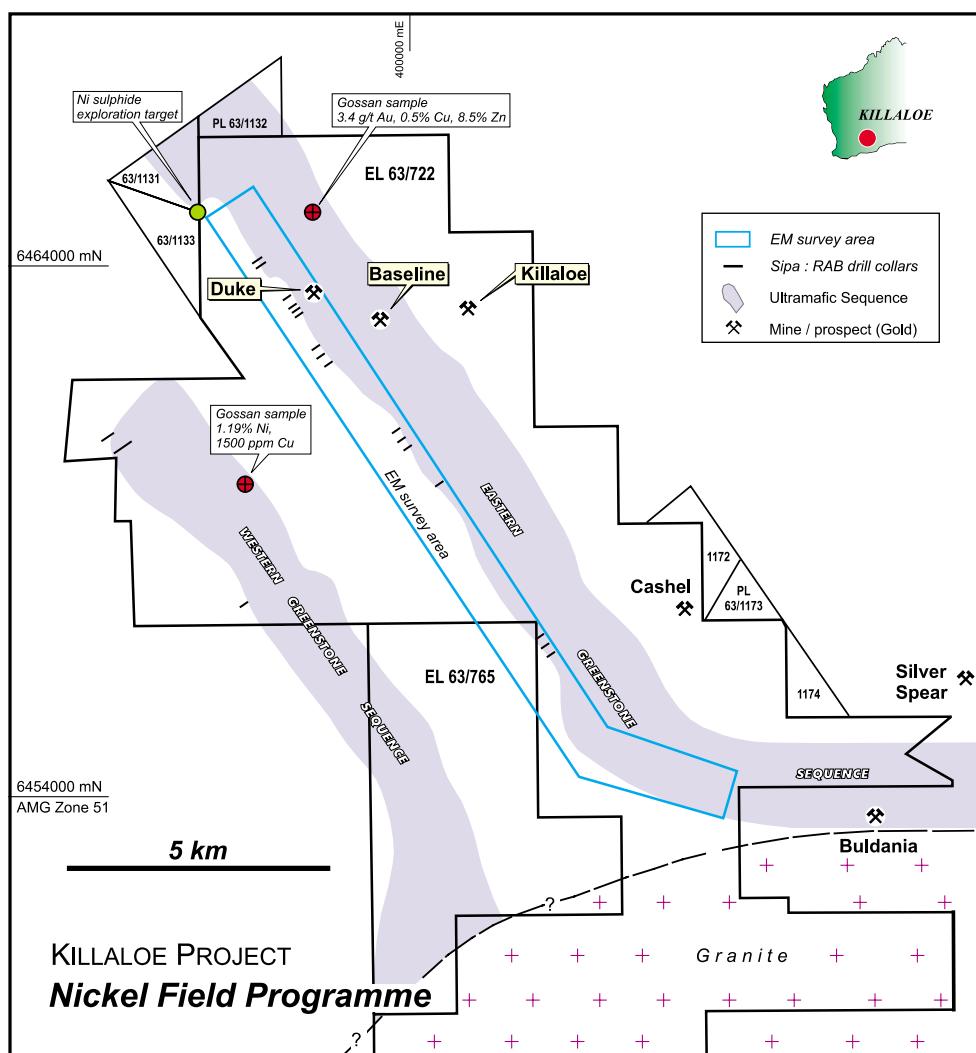
2001-2002 Programme

Sipa has carried out compilation of previous nickel

exploration, geological mapping, RAB drilling (2,360m) and ground EM surveys along the 20km strike of the prospective stratigraphic footwall of the eastern ultramafic sequence. The mapping of the ultramafics confirmed similarities with Kambalda-Widgiemooltha geology, indicated favourable cumulate textures that are permissible for the deposition of massive nickel sulphides and located the prospective footwall contact of the eastern ultramafics. The EM survey has detected several deep conductors along the contact zone.

Future Programme

RC/diamond drilling commenced in September 2002 to test conductors at or near to the basal contact of the eastern ultramafics.



eastern goldfields

Killaloe Gold Project

(E63/722, ELA63/765, PLAs 63/1131-1133, 1172-1174, Cullen 100%)

Killaloe is located on a regional structural gold corridor south of Lake Cowan. The area is prospective for gold deposits in structural settings similar to those found in the Kambalda-St Ives and Norseman gold camps. It contains several gold prospects such as Duke and the historic Killaloe Workings.

2001-2002 Programme

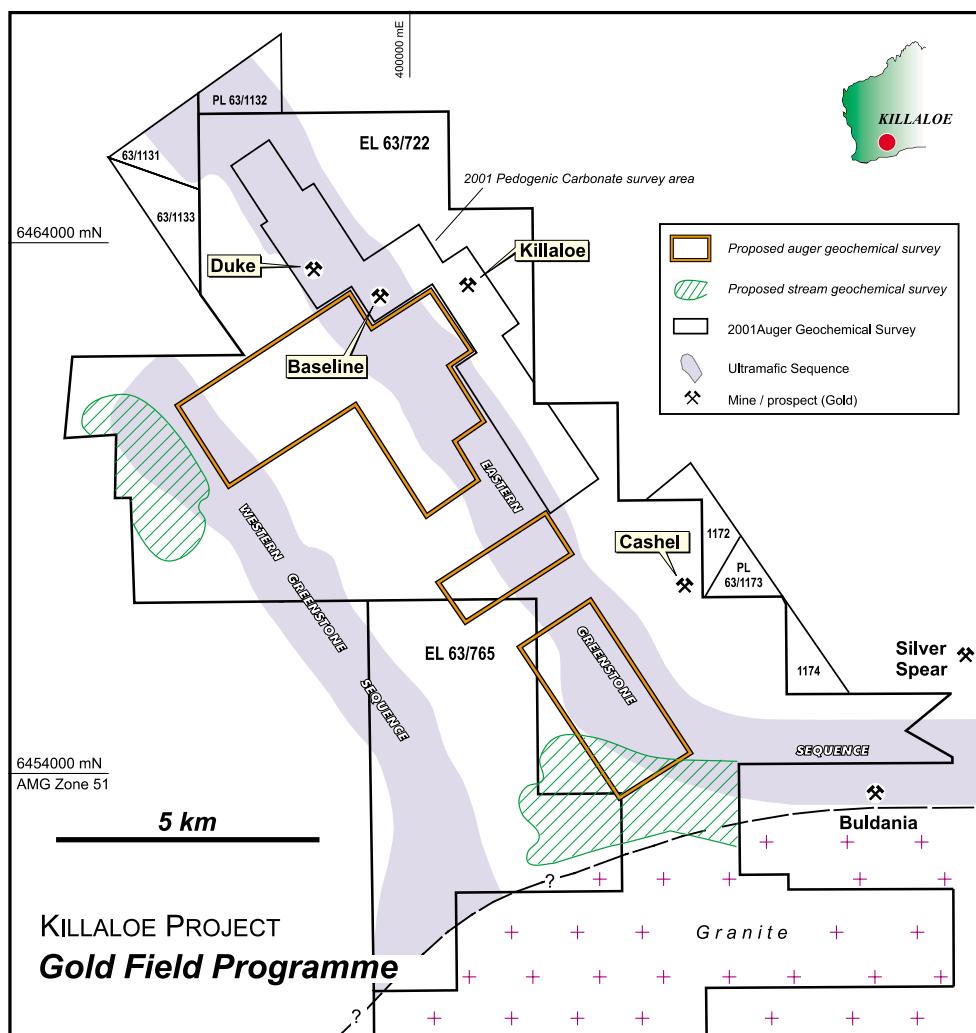
Cullen has carried out interpretation of aeromagnetics, evaluation of prior exploration, pedogenic carbonate auger sampling, stream sediment sampling and RAB drilling of structural/geochemical targets. This has been successful in developing RAB/RC drill targets at Duke, Duke East, Baseline, Cashel and Kilaloe Workings. RAB drilling of pedogenic carbonate gold anomalies at Baseline located strongly anomalous gold up to 21m @ 0.25g/t Au over a 500m strike, related to

silicified structures in ultramafics.

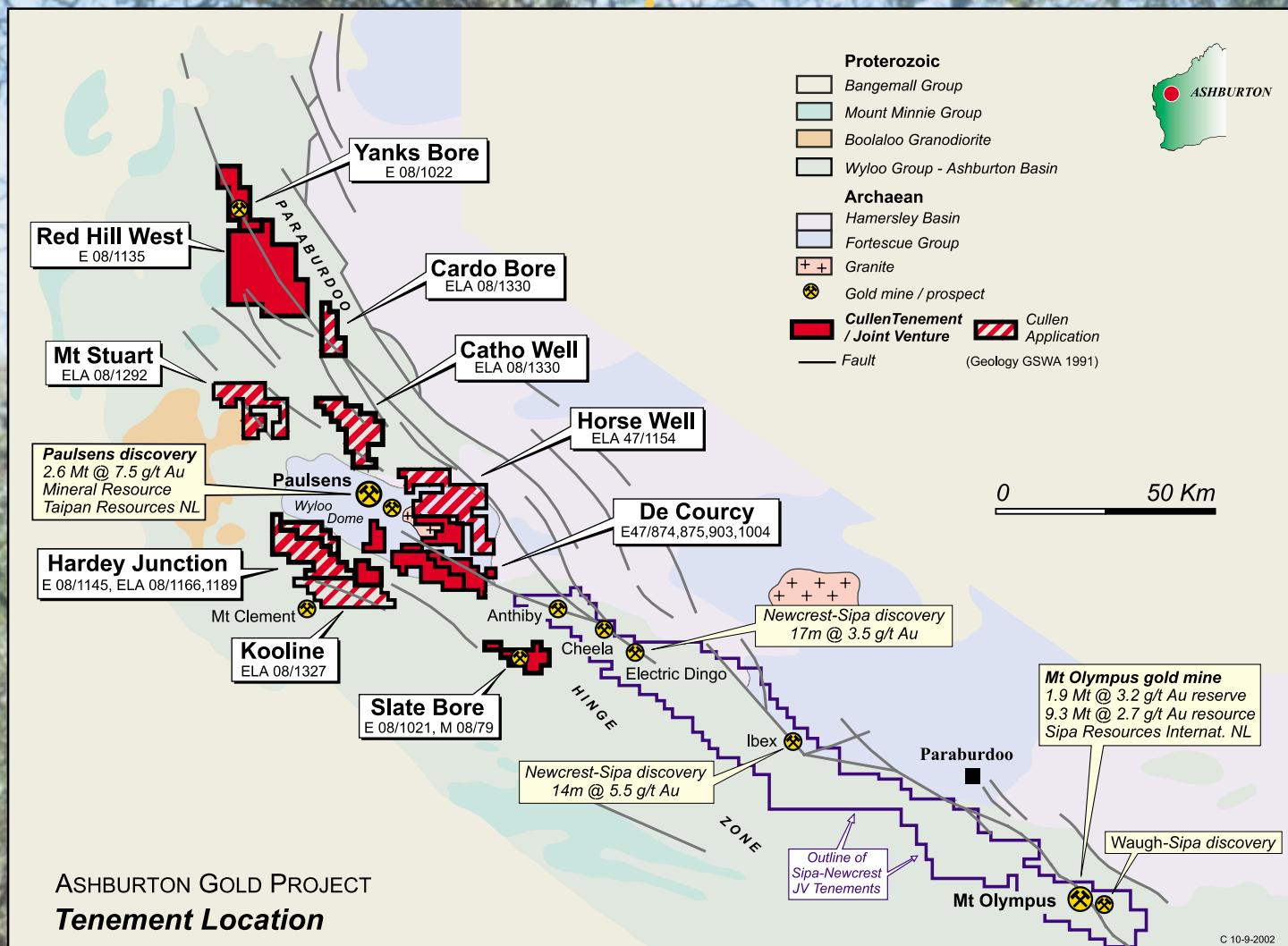
Grid based pedogenic carbonate sampling in July extended the 2001 survey to cover structural projections and new gold targets generated by Sipa's nickel exploration. This sampling is only partly completed but results to date show a number of moderate to weakly anomalous gold zones which may be targets for RAB drilling. Stream sediment sampling was carried out in two areas where pedogenic carbonate sampling was not applicable. Anomalous gold values in the North Peninsula area require follow up.

Future Programme

The pedogenic carbonate sampling is to be completed. All targets will be prioritised for RAB/RC drilling.



ASHBURTON GOLD PROVINCE



ASHBURTON GOLD PROJECT Tenement Location

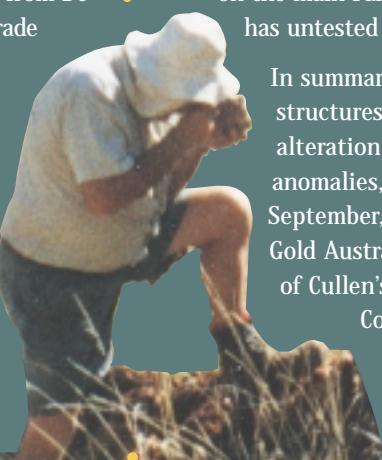
Cullen holds a strategic position in the NW sector of the Ashburton Gold Province. The Newcrest-Sipa joint venture has reported “Carlin style” sediment-hosted gold mineralisation at Cheela Plains, southeast and structurally on-trend from De Courcy. This together with Sipa’s discovery of high grade sediment-hosted gold mineralisation at Waugh, near Paraburdo has elevated the Ashburton to an exploration hotspot together with renewed interest in the Province from a number of major gold companies. Meanwhile, development of the Paulsens gold project (2.5Mt @ 7.7g/t Au resource) 10km northwest of Cullen’s De Courcy) was announced by St Barbara Mines Ltd.

Cullen’s tenements are prospective for both sediment-hosted (Carlin style) and Paulsens style gold mineralisation. Hardey Junction is geologically

very similar to Cheela Plains. Yanks Bore has a strongly gold mineralised structure extending over potentially 30km, that is also prospective for Carlin style gold deposits. De Courcy is on the main Paraburdo Hinge Zone gold corridor and has untested RAB/RC targets at Lizzie and Cullen 5.

In summary, Cullen’s properties have major structures, prospective host rocks, evidence of alteration and significant soil/rock chip gold anomalies, mostly untested by drilling. In September, agreement was reached with Barrick Gold Australia Ltd (Barrick) to joint venture most of Cullen’s Ashburton tenements, including De Courcy and Hardey Junction projects.

Barrick can earn 70% by spending \$5 million over 5 years, with \$350,000 in the first year.



ashburton gold province

Hardey Junction

(E 08/1145, ELAs 08/1166, 1189, 1327, Cullen 100%)

Hardey Junction covers 30 strike km of prospective Wyloo Group shelf sediments and major WNW and NNW trending structures of the Paraburadoo Hinge Zone.

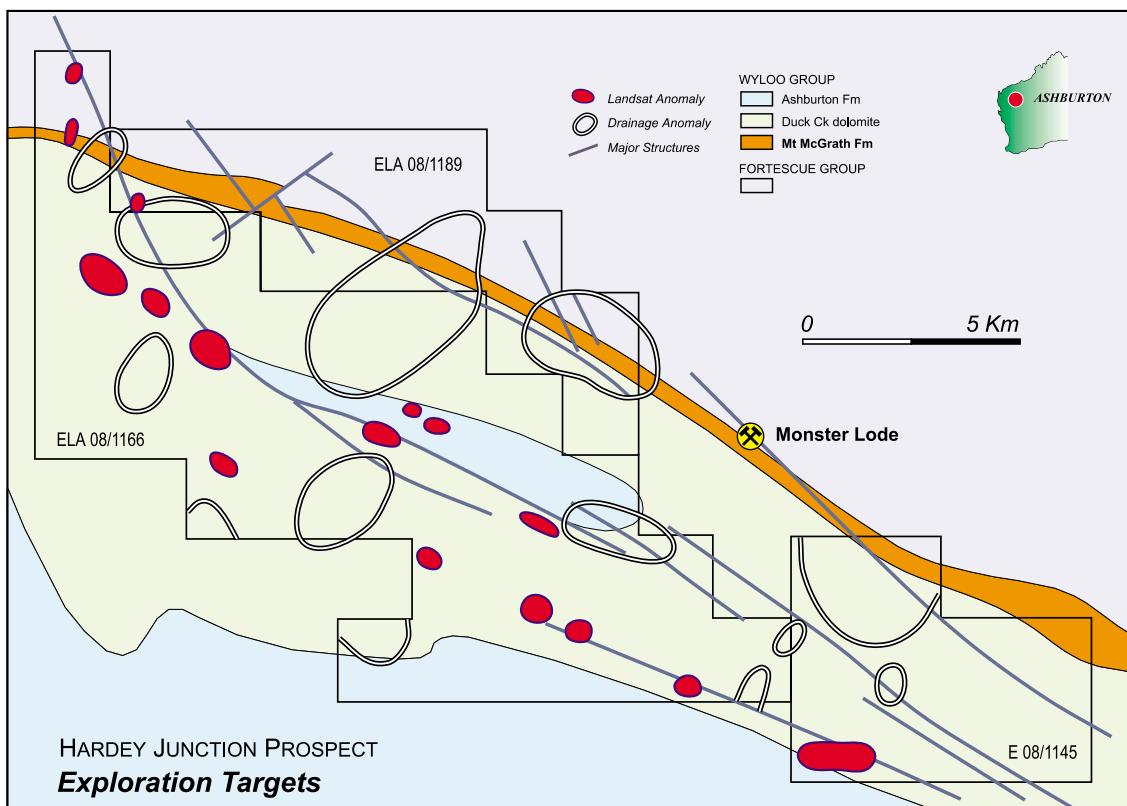
2001-2002 Programme

Cullen's compilation highlighted coincident major structures, favourable host lithologies and soil/drainage gold anomalies. Reconnaissance traverses and rock chip sampling in E 08/1145 confirm the prospectivity of this project. Previous geochemistry was ineffective as target structures are largely covered by sheets of

alluvium and colluvium. An area along the southern boundary of Hardey Junction (Kooline ELA 08/1327) was applied for to cover extensions of major structures.

Future Programme

As only one of the group of 4 tenements has been granted to date, expediting the grant of the applications is a priority. Initial reconnaissance geochemistry and prospecting in selected target areas highlighted by the compilation will lead to bedrock interface drilling in covered areas. This will be expanded as remaining areas are granted.



De Courcey

(E 47/874, MLAs 08/277-279, E 47/875, 903, 1004, ELA 47/1154, Cullen 100%)

The De Courcey tenements are in the Wyloo Dome, a large complex structure of Archaean sediments, mafic volcanics and intrusive dolerites that are traversed by the main Paraburadoo Hinge Zone gold corridor. Exploration by Cullen has developed a number of prospects including those with drill targets at Lizzie and Cullen 5.

2001-2002 Programme

Geological mapping and rock chip sampling was carried over target zones at Metawandy West,

Metawandy, Scorodite West and Highway Zone Central. Strongly anomalous gold in rock chips up to 2.7 g/t Au indicates new areas for follow up at Metawandy West, Metawandy and Highway Zone Central.

Earlier in the year, Cullen applied for open ground covering the NE rim of the Wyloo Dome (Horse Well ELA 47/1154). Together with De Courcey North (E 47/903), the Horse Well area is one of the most extensive clusters of strong gold anomalies in stream sediments anywhere along

ashburton gold province

the Paraburadoo Hinge Zone. The source of these anomalies is yet to be discovered.

Future Programme

Soil sampling is planned for Highway Zone Central, Metawandy, Metawandy W and N and

- Scorodite West with RAB interface drilling at prospects which include Lizzie and Cullen 5.
- Follow-up prospecting of strong gold values in stream sediments and several structural targets is planned for the current field season at Horse Well/De Courcy North.

Yanks Bore

(E 08/1022, MLAs 08/281-284 Yanks Bore, Cullen 51%, E 08/1135 Red Hill West, Cullen can acquire 100% from Goldfields Exploration Pty Ltd).

The Yanks Bore Project comprises E 08/1022 and E 08/1135. Cullen has advised joint venture partner Udu Resources Ltd that it has met its requirements to earn 51% of E 08/1022.

Yanks Bore is prospective for sediment-hosted gold deposits. A major thrust structure intersects dolomites and siltstones which are hydrothermally altered (silicification, pyritisation, chloritisation) for at least 14km in E08/1022 and a further 4km in E08/1135 (Hunter Zone). Geochemistry indicates the alteration system is highly anomalous in gold, arsenic and antimony. Scout drilling by Cullen (11 holes, total 603m) over 8 strike km of the Hunter Zone confirmed a significant gold-mineralised structure (best intersection 3m @ 2.41g/t Au, YBR 05 and widest 14m @ 205 ppb Au, YBR 01). The gold is associated with up to 20m down-hole of anomalous arsenic (100 to 2100ppm). Cullen has access to approximately 25 strike km of the prospective structure, the southern 11km of which is unexplored.

2001-2002 programme

- Reconnaissance geological mapping was followed by a 2,154 line km detailed aeromagnetic survey of part of the 25km long Hunter Zone target zone within E08/1022 and the northern part of E 08/1135 in early 2002. The Hunter Zone is well defined by the magnetics. Several prospective geological features not previously recognised are present such as small scale splays to the major NNW trending faults.

Future Programme

- Results to date are encouraging but the objective is now to define RC percussion drill targets. The next phase includes integration of aeromagnetic interpretation, geochemistry and geological mapping. This will be followed by closer spaced soil and/or rock chip geochemistry, geochemical drilling and possibly Induced Polarisation geophysical surveying to locate sulphide zones at depth.

Slate Bore

(M 08/79, E 08/1021, Cullen 100%)

Slate Bore is located 30km SE of De Courcy and covers a 6,000 x 500-800m alteration system in folded sediments of the Ashburton Formation. Both base metal and gold mineralisation are present within the alteration zone. The gold is associated with quartz veining developed along WNW trending shear zones in silicified and sulphidic sandstone with up to 5.6 g/t Au over 10m in surface rock chip traverses.

2001-2002 Programme

- Efforts have gone into seeking a joint venture partner to fully evaluate the gold and/or base metal potential of the mineralised system.

Future Programme

- The next stage of exploration will involve Induced Polarisation surveying, RAB drilling and RC percussion drilling.

Project Generation

(ELA 08/1292 Mt Stuart, ELA 08/1330 Catho Well, ELA 1341 Cardo Well, Cullen 100%)

These applications cover Paraburadoo Hinge Zone structures prospective for sediment-hosted gold deposits. Favourable host rocks are present, either as Duck Creek Dolomite, Mt Stuart banded

- iron formation or June Hill Volcanics.
- Compilation of data is continuing. It appears that each area has had little previous exploration for sediment-hosted gold.

gold mining interest in Russia

Cullen has been successful in realising full value for its 2% interest in the Prokovskiy Gold Project in Far East Russia. Over \$2 million was received from the sale of 70% of its share holding in Peter

- Hambro Mining Plc, the AIM listed company that controls the Pokrovskiy Gold Project in Russia.
- Cullen still holds 270,000 shares in PHM valued recently at about \$900,000.

schedule of tenements

The various exploration licences, exploration licence applications, exploration permits and exploration permit applications held by the Company, together with the Company's percentage interest therein and joint venture partners are as follows :

PROJECTS	TENEMENTS	REPLACEMENT OF SMALL TENEMENTS	CULLEN INTEREST	
Western Australia				
De Courcy	E47/874 E47/875 E47/903 E47/1004	M08/0277,278,279	100% 100% 100% 100%	
Hardey Junction	E08/1145 ELA 08/1166 ELA 08/1189 ELA 08/1327	P08/0494, P08/0495	100% 100% 100% 100%	
Yanks Bore JV	E08/1022	M08/0281,282,283,284	Earning 51%	Cullen advised Udu Resources Ltd that the 51% earn in expenditure has been reached
Red Hill West	E08/1135		Option to purchase	Cullen has exercised its option to purchase tenement from Goldfields Exploration Pty Ltd
Slate Bore	M 08/79		100%	(i) Hudson Resources Ltd retains a 10% NPI (ii) Hudson entitled to an amount equivalent to a 2.5% NPI of Cullen's equity in E08/1021
Slate Bore JV	E 08/1021		100%	Telezon Ltd retains a 10% NPI
Catho Well Mt Stuart Horse Well Cardo Bore	ELA08/1330 ELA08/1292 ELA47/1154 ELA08/1341		100% 100% 100% 100%	On application On application On application On application
Gunbarrel Project	E53/535 E53/568 EL53/818 EL53/837	M53/0868,869 M53/0952,953,954 MLA53/870	100%* 100%* 100%* 100%*	Cullen acquired North Coolgardie's equity. 2.5% NPI Royal to Pegasus on Cullen's interest. 2.5% NPI Royalty to Pegasus on Cullen's interest 1.5% NSR Royalty to Aurora. 1.5% NSR Royalty to Aurora. Glengarry Resources NL to receive 200,000 Cullen shares on grant of EL53/837
Irwin Bore	E53/403 ELA53/925 ELA53/981 ELA53/1040	M53/0494,495, M53/0713,878 P53/1154	Earning 90% Earning 90% Earning 90% 100%	Cullen can earn a 90% interest from Revesco Group Ltd.
White Well	E53/645 ELA53/1030 ELA53/1046		100% 100% 100%	2.5% NPI Royalty to Pegasus
Killaloe	EL63/722 EL63/765 PLAs 63/1131-33 PLA63/1172-1174 ELA63/815		(100%) (100%) 100% 100% 100%	7.5% NPI Royalty to Xplore Pty Ltd 7.5% NPI Royalty to Xplore Pty Ltd
Queensland				
Tick Hill	EPMA 11990 EPMA 11991 EPMA 12395 EPMA 12325		# # 100% 100%	#Under JV agreement, titles to be transferred to MIM Retained by Cullen

*WMC JV for Nickel

Your Directors submit their report for the year ended 30 June 2002.

Directors

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

▲ Dr Denis Clarke *BSc, BA, PhD, FAIMM (Non-Executive Chairman)*

Denis Clarke has more than 30 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 brings to the Board broad technical, financial, administrative and corporate experience and a wide range of industry contacts. Currently Dr. Clarke is Non-Executive Chairman or Non-Executive Director of three other listed companies.

▲ Grahame Hamilton *BSc, MSc, MAIG (Executive Director)*

Grahame Hamilton, a graduate of the University of NSW, has extensive experience over 29 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, Grahame worked with Getty Oil Development Co- minerals division as Queensland Manager.

▲ John Horsburgh *BSc, MSc, FAIMM (Executive Director)*

John Horsburgh, a graduate of the Royal School of Mines, has over 31 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.

▲ Wayne John Kernaghan *(Non-Executive Director)*

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 member of the Australian Institute of Company Directors.

Principal Activities

The principal activities for the consolidated entity during the course of the financial year was gold exploration. There was no significant change in the nature of the consolidated entity's activities during the year.

Results

The consolidated profit/(loss) of the consolidated entity for the financial year was \$141,937 [2001: (\$570,152)]. No income tax was attributable to this result.

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

During the year under review, the Company continued its mineral exploration activities which were focussed in three main centres of Western Australia:

- ▲ Ashburton Province (Yanks Bore, Red Hill West, De Courcy, Slate Bore, Hardey Junction, Mt Stuart and Catho Well Gold Projects)
- ▲ Northeastern Goldfields (Gunbarrel Gold and Nickel Projects, Irwin Bore and White Well Projects)
- ▲ Eastern Goldfields (Killaloe Gold and Nickel Projects)

A total of \$811,633 was spent on exploration during the year.

Cullen's objective in these areas is to discover gold and/or nickel deposits by generating drill targets for testing either by Cullen in its own right or with a joint venture partner.

Exploration activities during the year to 30 June have included RAB/aircore/vacuum drilling of 9193m at Gunbarrel, Irwin Bore and Killaloe, airborne magnetic surveying at Yanks Bore, electromagnetic surveying at Gunbarrel and Killaloe and general geological and geochemical prospecting at De Courcy, Hardey Junction, Gunbarrel, Irwin Bore and Killaloe.

The results of Cullen's drilling at Gunbarrel for gold have been very encouraging with the identification of an exciting new prospect at Southern where intercepts include 4m @ 25 g/t Au, 1m @ 7.9 g/t Au and 5m @ 2.4 g/t Au. Elsewhere, follow up of an 8m intersection grading 1.1 g/t Au returned 1m @ 3.5 g/t Au up dip and 4m @ 2.0 g/t Au 130m along strike to the north. Encouraging intersections were reported at Cobra, 4m @ 2.6 g/t Au, Taipan South 4m @ 1 g/t Au and 8m @ 0.6 g/t Au and Irwin Bore 5m @ 0.7 g/t Au.

WMC Resources Ltd (WMC) has been exploring for nickel and related base metal and platinum group elements (PGEs) on the Gunbarrel tenements only since May 2001. Exploration to date has included compilation of previous exploration results, mostly from 1960s and '70s, reprocessing of the aeromagnetic survey data, lag geochemical sampling and electromagnetic surveying over lag nickel/copper anomalies. Drilling of three lines of aircore holes was completed in August 2002 to test deep cover areas where conventional surface surveys would be ineffective.

Continuing Cullen's policy of seeking joint venture partners for selected projects, Cullen negotiated a farm in agreement with Sipa Resources International Limited (Sipa). Sipa may earn a 70% interest in the nickel, base metal and related PGEs in the Killaloe, Bansha ELs, and several other small tenements, for a total expenditure of \$3.95 million over four years. A minimum expenditure of \$450,000 must be met by November 2002. Cullen may elect to retain its 30% interest or convert to a 20% free carried interest to a decision to mine. Sipa's exploration has consisted of review of all previous exploration results, geological mapping, aerial photography, RAB drilling and electromagnetic surveying.

Cullen's commitment to the prospective Ashburton region was strengthened during the year with application for new exploration licenses at Mt Stuart, Catho Well and Horse Well (part of De Courcy). In September, agreement was reached with Barrick Gold Australia Ltd (Barrick) to joint venture most of Cullen's Ashburton tenements including De Courcy and Hardey Junction projects. Barrick can earn 70% by spending \$5 million over five years, with \$350,000 in the first year.

At Yanks Bore, an aeromagnetic survey was flown over the Yanks Bore tenement and the northern part of the Red Hill West tenement. Interpretation of the results is in progress and will be used in geological mapping and target generation.

Cullen will continue to identify and evaluate advanced gold opportunities as the Australian gold industry continues to rationalise. Cullen's portfolio of projects is under continual evaluation to maintain the projects likely to result in an economic mineral deposit. To date, most of the opportunities have fallen short of Cullen's criteria.

Corporate

The company realised over \$2 million from the sale of 70% of its shareholding in Peter Hambro Mining plc, the AIM listed company that controls the Pokrovskiy Gold Project in Russia. The company still holds 270,000 shares in Peter Hambro Mining Plc at 30 June 2002. The Company also successfully raised approximately \$0.9m during the year from a share placement. Available cash resources at year end totalled approximately \$2.7 million.

Significant Events after Year End

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 of the parent entity, to affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in 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

During the year the company has granted 10,000,000 options to take up fully paid shares in the company to the persons listed below and are outstanding at 30 June 2002:

Name of Option Holder	Number Issued	Exercise Price	Expiry Date
Grahame Hamilton	2,000,000	0.04	30 November 2004
John Horsburgh	2,000,000	0.04	30 November 2004
Denis Clarke	2,000,000	0.04	30 November 2004
Wayne Kernaghan	2,000,000	0.04	30 November 2004
Morrice Cordiner	2,000,000	0.04	30 November 2004

During the year, Nil (2001: Nil) fully paid ordinary shares were issued by virtue of the exercise of options. Since the end of the financial year no shares have been issued by virtue of the exercise of options.

Directors' and Executives Remuneration

Details of remuneration provided to directors who include the most highly remunerated executives are as follows:

Directors	Salary / Fee	Superannuation	Total
D.E. Clarke	25,000	2,000	27,000
G. Hamilton	110,004	8,800	118,804
J. Horsburgh	107,042	8,563	115,605
W.J. Kernaghan	3,750	300	4,050

The policies adopted by the company in relation to executives remuneration is disclosed in the Corporate Governance Statement.

DIRECTORS' REPORT

Directors' Interest

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

	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
D.E. Clarke	-	2,000,000	3,100,000	-
G. Hamilton	-	2,000,000	10,878,004	-
J. Horsburgh	2	2,000,000	11,943,002	-
W.J. Kernaghan	-	2,000,000	197,000	-

Directors' Meetings

During the year the company held 10 meetings of directors. The attendance of the directors at meetings of the Board were:

	Board of Directors	Maximum possible
	Attended	eligible to attend
D.E. Clarke	10	10
G. Hamilton	10	10
J. Horsburgh	10	10
W.J. Kernaghan	10	10

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 17.

Directors' Interests and Benefits

Since the end of the previous financial year no director of the company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the consolidated financial statements), by reason of a contract made by the company, its controlled entities or a related body corporate with a director or with a firm of which a director is a member, or with a company in which the director has a substantial financial interest except for the payment for provision of office facilities and staff in the ordinary course of business to a company in which a director is also a director and shareholder.

Signed in accordance with a resolution of the directors

J. Horsburgh
Director

Sydney, 24 September 2002

Corporate Governance Statement

The board of directors of Cullen Resources Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business of Cullen Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The board of directors consider that Cullen Resources Limited's structure and the scope of its activities does not justify the establishment of committees such as an audit committee, preferring to manage the consolidated entity through the full board of directors. The board of directors comprise directors with an appropriate range of qualifications and expertise who meet regularly to assess the business and affairs of the company. The directors feel that appropriate measures are in place which enable effective control and direction of the company to identify areas of significant business risk and to ensure arrangements are in place to adequately manage those risks.

The Board is responsible for establishing remuneration packages applicable to the Board members and senior executives of the Company. The policy adopted by the board is to ensure the remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' and executive remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives. In reviewing remuneration packages generally and in considering the granting of options or payment of bonuses, past performance is given the greatest weighting of the aforementioned factors.

At any time any director can obtain independent professional advice at the company's expense. No director has sought independent professional advice during this financial year.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed in a timely manner of all information necessary to assess the performance of the directors.

Information is communicated to the shareholders through:

- ▲ the annual report which is distributed to all shareholders;
- ▲ the annual general meeting and other meetings called to obtain approval for board action as appropriate;
- ▲ quarterly reports released to the market through the Australian Stock Exchange; and
- ▲ the company website – www.cullenresources.com.au

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF CULLEN RESOURCES LIMITED

Scope

We have audited the financial report of Cullen Resources Limited for the financial year ended 30 June 2002, as set out on pages 18 to 31 including the Directors Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Cullen Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Ernst & Young
Chartered Accountants

24 September 2002

Directors' Declaration

In accordance with a resolution of the directors of Cullen Resources Limited, I declare that:

- (1) In the opinion of the directors:
 - (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company and consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

J. Horsburgh
Director

Sydney, 24 September 2002

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position at 30 June 2002

	Note	Consolidated		The Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Current Assets					
Cash assets	18(i)	2,705,319	1,177,911	2,689,053	1,175,194
Total Current Assets		2,705,319	1,177,911	2,689,053	1,175,194
Non Current Assets					
Receivables	4	-	-	3,355,308	2,391,241
Other financial assets	5	107,000	19,000	107,000	19,000
Plant & Equipment	6	24,108	22,376	20,545	19,811
Other	7	2,517,200	3,078,150	-	287,150
Total Non Current Assets		2,648,308	3,119,526	3,482,853	2,717,202
Total Assets		5,353,627	4,297,437	6,171,906	3,892,396
Current Liabilities					
Payables	8	84,025	95,372	10,998	33,546
Provisions	9	13,390	10,890	-	-
Total Current Liabilities		97,415	106,262	10,998	33,546
Total Liabilities		97,415	106,262	10,998	33,546
Net Assets		5,256,212	4,191,175	6,160,908	3,858,850
Equity					
Contributed Equity	10	16,957,639	16,034,539	16,957,639	16,034,539
Accumulated Losses	11	(11,701,427)	(11,843,364)	(10,796,731)	(12,175,689)
Total Equity		5,256,212	4,191,175	6,160,908	3,858,850

The accompanying notes form an integral part of this Statement of Financial Position.

STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance for the year ended 30 June 2002

	Note	Consolidated 2002 \$	2001 \$	The Company 2002 \$	2001 \$
Revenues from ordinary activities		38,868	38,620	33,930	37,228
Exploration expenditure written off		(1,085,433)	(55,855)	-	-
Cost of investments sold		(199,150)	-	(199,150)	-
Rent		(58,882)	(48,396)	(58,882)	(48,396)
Salaries and consultants		(366,289)	(297,755)	(274,203)	(218,285)
Compliance		(50,383)	(48,671)	(50,183)	(48,671)
Other expenses from ordinary activities		(186,461)	(158,095)	(122,221)	(115,779)
Proceeds on sale of shares		2,049,667	-	2,049,667	-
Provision for diminution in value of investments		—	—	—	<u>(2,643,261)</u>
Profit/(Loss) from ordinary activities	2	141,937	(570,152)	1,378,958	(3,037,164)
Income tax relating to ordinary activities	3	—	—	—	—
Net Profit/(Loss)		<u>141,937</u>	<u>(570,152)</u>	<u>1,378,958</u>	<u>(3,037,164)</u>
Basic earnings per share (cents per share)	19	0.06	(0.31)		
Diluted earnings per share (cents per share)	19	0.06	(0.31)		

The accompanying notes form an integral part of this Statement of Financial Performance.

STATEMENTS OF CASH FLOWS

Statement of Cash Flows for the year ended 30 June 2002

Note	Consolidated		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Inflows/(Outflows)				
Cash flows from operating activities				
Cash receipts in the course of operations	-	-	-	-
Cash payments in the course of operations	(747,910)	(589,358)	(564,922)	(454,175)
GST refunded	89,510	62,014	43,024	29,484
Interest received	34,247	37,888	33,930	37,228
Net operating cash flows	18 (ii) (624,153)	(489,456)	(487,968)	(387,463)
Cash flows from investing activities				
Loan to controlled entity	-	-	(964,067)	(741,500)
Receipts from sale of investments	2,049,667	-	2,049,667	-
Payment for property, plant & equipment	(9,573)	-	(6,873)	-
Payments for exploration	(811,633)	(648,344)	-	-
Net investing cash flows	1,228,461	(648,344)	1,078,727	(741,500)
Cash flows from financing activities				
Proceeds from issue of shares	949,000	1,249,003	949,000	1,249,003
Payment of share issue costs	(25,900)	-	(25,900)	-
Net financing cash flows	923,100	1,249,003	923,100	1,249,003
Net (decrease)/increase in cash held	1,527,408	111,203	1,513,859	120,040
Cash at the beginning of the financial year	1,177,911	1,066,708	1,175,194	1,055,154
Cash at the end of the financial year	18(i) 2,705,319	1,177,911	2,689,053	1,175,194

The accompanying notes form an integral part of this statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. The financial statements have also been prepared in accordance with the historical cost convention using the accounting policies described below and do not take account of changes in either the general purchasing power of the dollar or in prices of specific assets.

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.

Taxes

Income Tax

The consolidated entity applies the principles of tax-effect accounting. The income tax expense in the Statement of Financial Performance represents the tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit includes the tax effect (at current tax rates) of differences between income and expense items recognised in different accounting periods for book and tax purposes. The benefit arising from estimated carry-forward tax losses has also been recorded as a future income tax benefit only where realisation of such benefit is considered to be virtually certain.

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 Statement of Financial Position. Cash flows are included in the 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.

Recoverable Amounts of Non-Current Assets

All non-current assets excluding mining tenements and development costs are reviewed each reporting date to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows discounted to present values.

Provision for Employee Entitlements

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. Annual leave and long service leave provisions expected to be settled within twelve months are measured at their nominal amounts. All other employee entitlement liabilities 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

Investments in Other Companies

Investments in other companies are carried at the lower of cost, or recoverable amount, being a directors' valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

Mining Tenements and Development Costs

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. These costs are carried forward where they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

Foreign Currency

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the date of the transactions. Amounts receivable and payable 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 Statement of Financial Performance in the financial year in which the exchange rates change, as exchange gains or losses.

Plant and Equipment

Plant and equipment are depreciated over their useful economic lives as follows:

	<i>Life</i>	<i>Method</i>
Plant & Equipment	3-8 years	Straight Line

Operating revenue

Other revenue includes interest income on short term deposit received from other persons. It is brought to account as it accrues.

Joint Venture

An interest in a joint venture operation is brought to account by including in the respective financial statement categories:

- ▲ the consolidated entity's share in each of the individual assets employed in the joint venture;
- ▲ liabilities incurred by the consolidated entity in relation to the joint venture including the economic entity's share of any liabilities for which the consolidated entity is jointly and/or severally liable; and
- ▲ the consolidated entity's share of expenses of the joint venture.

Financial Instruments

Included in Assets:

- ▲ Receivables are initially recorded at the amount of contracted sales proceeds.
- ▲ Investments, including equity interests in non-subsidiary, non-associated corporations, are included in investments at the lower of cost or recoverable amount. Dividend income is brought to account when declared.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

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.

Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings Per Share (EPS)

Basic EPS is calculated as net profit/(loss) attributable to members, adjusted to exclude costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit/(loss) attributable to members, adjusted for:

- ▲ costs of servicing equity;
 - ▲ the after tax effect of interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
 - ▲ other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures as a result of the first-time application of revised Accounting Standards AASB 1005 "Segment Reporting" and AASB 1027 "Earnings per Share".

Change in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policy with respect to earnings per share.

The consolidated entity has adopted the revised Accounting Standard AASB 1027 "Earnings Per Share" and has for the first time, determined basic and diluted earnings per share in accordance with the revised Standard. Basic earnings per share (EPS) was previously calculated by dividing the profit/(loss) from ordinary activities after tax by the weighted average number of ordinary shares outstanding during the financial year. In accordance with the revised AASB 1027, basic EPS is now calculated as net profit/(loss) attributable to members, adjusted to exclude costs of servicing equity, divided by the weighted average number of ordinary shares.

Diluted EPS was previously determined by dividing the profit/(loss) from ordinary activities after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year. In accordance with AASB 1027, diluted EPS is now calculated as net profit/(loss) attributable to members, adjusted for:

- ▲ costs of servicing equity;
- ▲ other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

There has been no effect on the calculation of basic nor diluted EPS for the 2002 financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

2. PROFIT AND LOSS ITEMS

	Consolidated 2002 \$	2001 \$	The Company 2002 \$	2001 \$
Profit/ (loss) from ordinary activities after crediting the following revenues:				
Other Revenues				
Interest received from other persons	34,247	37,888	33,930	37,228
Proceeds from sale of investments (a)	2,049,667	-	2,049,667	-
Other	<u>4,621</u>	<u>732</u>	<u>-</u>	<u>-</u>
	<u><u>2,088,535</u></u>	<u><u>38,620</u></u>	<u><u>2,083,597</u></u>	<u><u>37,228</u></u>
Profit/ (loss) from ordinary activities is after charging the following expenses:				
Auditors remuneration in respect of the audit of the financial statements				
- current year	32,465	28,500	32,465	28,500
Exploration expenditure written off	1,085,433	55,855	-	-
Depreciation	7,841	9,041	6,139	4,443
Provision for employee entitlements	2,500	10,890	-	-
Provision for diminution in value of investments	-	-	-	2,643,131
(a) Net gain on sale of investments	1,850,517	-	1,850,517	-
3. INCOME TAX				
Operating profit (loss) before income tax	<u>141,937</u>	<u>(570,152)</u>	<u>1,378,958</u>	<u>(3,037,164)</u>
Prima facie income tax (benefit)/expenses calculated at 30% (2001: 34%)	42,581	(193,852)	413,687	(1,032,635)
Less benefit of tax losses now recognised	(42,581)	-	(413,687)	-
Less future tax benefit in respect of tax losses not recognised	<u>-</u>	<u>193,852</u>	<u>-</u>	<u>1,032,635</u>
Total income tax expense	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

As at 30 June 2002 future income tax benefits were available to the company and 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 2002 in respect of tax losses not brought to account is \$1,730,000 (2001: \$1,980,000). The benefit of these losses has not been brought to account as realisation is not virtually certain. The benefit will only be obtained if:

- (a) the relevant company derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised;
- (b) the relevant company and/or the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the company and/or the consolidated entity in realising the benefit.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

4. RECEIVABLES

	Consolidated		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Non current				
Loan to controlled entities	<u>-</u>	<u>-</u>	<u>3,355,308</u>	<u>2,391,241</u>

The loans to controlled entities are non interest bearing and have no fixed term for repayment.

5. OTHER FINANCIAL ASSETS

Non current				
Shares quoted on stock exchanges (a)	107,000	19,000	107,000	19,000
Shares in controlled entity				
Cullen Minerals NL	-	-	2,643,131	2,643,131
Provision for diminution in value	<u>-</u>	<u>-</u>	<u>(2,643,131)</u>	<u>(2,643,131)</u>
	<u>107,000</u>	<u>19,000</u>	<u>107,000</u>	<u>19,000</u>

(a) The cost of the 2% interest in the Pokrovskiy Gold project in Russia has been transferred from exploration expenditure to investments upon the AIM listing of Peter Hambro Mining plc.

The market value of the listed shares at 30 June 2002 was \$974,800 (2001: \$19,000).

The listed investment comprises shares in mining corporations.

6.PLANT & EQUIPMENT

Plant & Equipment

Cost				
Opening Balance	43,250	43,250	27,863	27,863
Additions	<u>9,573</u>	<u>-</u>	<u>6,873</u>	<u>-</u>
Closing Balance	<u>52,823</u>	<u>43,250</u>	<u>34,736</u>	<u>27,863</u>
Accumulated Depreciation				
Opening Balance	20,874	11,833	8,052	3,609
Depreciation for the year	<u>7,841</u>	<u>9,041</u>	<u>6,139</u>	<u>4,443</u>
Closing Balance	<u>28,715</u>	<u>20,874</u>	<u>14,191</u>	<u>8,052</u>
Net book value	<u>24,108</u>	<u>22,376</u>	<u>20,545</u>	<u>19,811</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

7. OTHER

	Consolidated		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Exploration rights and development costs				
Costs carried forward in respect of areas of interest in the exploration phase				
Opening balance	3,078,150	2,485,661	287,150	287,150
Expenditure incurred	<u>811,633</u>	<u>648,344</u>	<u>-</u>	<u>-</u>
	3,889,783	3,134,005	287,150	287,150
Less expenditure written off	(1,085,433)	(55,855)	-	-
Less transfer to investments (a)	<u>(287,150)</u>	<u>-</u>	<u>(287,150)</u>	<u>-</u>
Closing balance	<u>2,517,200</u>	<u>3,078,150</u>	<u>-</u>	<u>287,150</u>

(a) The cost of the company's 2% interest in the Pokrovskiy Gold project in Russia being transferred to investments upon the AIM listing of Peter Hambro Mining plc. Peter Hambro Mining plc is the company that contracts the Pokrovskiy Gold Project.

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

The ultimate recoupment of the book value of the areas of interest in the exploration/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.

8. PAYABLES

	Consolidated		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Current				
Trade creditors - unsecured	<u>84,025</u>	<u>95,372</u>	<u>10,998</u>	<u>33,546</u>

9. PROVISIONS

Current			
Employee entitlements	<u>13,390</u>	<u>10,890</u>	<u>-</u>

10. CONTRIBUTED EQUITY

Issued capital			
268,752,376 (2001:241,102,376)	<u>16,957,639</u>	<u>16,034,539</u>	<u>16,957,639</u>

Movement in issued shares for the year:

	2002		2001	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	241,102,376	16,034,539	167,749,246	14,785,536
Issued at 1.8 cents each (a)	-	-	20,000,000	360,000
Issued at 1.7 cents each (a)	-	-	5,000,000	85,000
Issued at 2.0 cents each (a)	1,250,000	25,000	-	-
Issued at 1.7 cents each under shareholder share purchase plan	-	-	48,353,127	822,003
Issued at 3.5 cents each (a)	26,400,000	924,000	-	-
Less transaction costs	<u>-</u>	<u>(25,900)</u>	<u>-</u>	<u>(18,000)</u>
End of the financial year	<u>268,752,376</u>	<u>16,957,639</u>	<u>241,102,376</u>	<u>16,034,539</u>

(a) issued by placement

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

Options

As at 30 June 2002 there are 10,000,000 (2001: 2,000,000) unissued shares in respect of which options were outstanding and the details of these are as follows:

Number	Exercise Price	Expiry Date
10,000,000	0.04	30 November 2004

The options outstanding at 30 June 2001 expired during the year.

11. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year

(11,843,364) (11,273,212) (12,175,689) (9,138,525)

Net profit/(loss)

141,937 (570,152) 1,378,958 (3,037,164)

Accumulated losses at the end of the year

(11,701,427) (11,843,364) 10,796,731 (12,175,689)

12. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2002 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Place of Incorporation	Interest %	
		June 2002	June 2001
Cullen Minerals NL	Australia	100	100
Cullen Exploration Pty Ltd	Australia	100	100

13. DIRECTORS' REMUNERATION

Directors' Income

The number of directors of the company, including executive directors, whose income from the company or related bodies corporate falls within the following bands were:

	2002	2001	2002	2001
	\$	\$	\$	\$
\$ 0 - \$ 9,999	1	1	3	3
\$ 20,000 - \$ 29,999	1	1	1	1
\$110,000 - \$119,999	2	2	-	-

Total income received or due and receivable by all directors, including executive directors, of the company from the company or related bodies corporate

265,459 267,831 31,050 27,000

Details of remuneration provided to all executive officers is as per the directors' income above.

14. JOINT VENTURE

The consolidated entity has interests in the following unincorporated joint ventures:

	Principal Activity	Percentage Interests	Other Participant
Gunbarrel	Exploration	WMC earning up to 75%	WMC Resources Ltd
Yanks Bore	Exploration	Cullen advised Udu that 51% threshold has been reached	Udu Resources Limited
Killaloe	Exploration	Sipa earning up to 70%	Sipa Exploration NL
Irwin Bore	Exploration	Cullen earning 90%	Revesco Group Limited

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and any outputs and do not, in themselves, generate revenue and profit. The net contribution of any joint venture activities to the operating loss before income tax is \$Nil (2001:Nil). The consolidated entity's assets employed in the joint ventures, are included in the balance sheet of the consolidated entity as follows.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

	Consolidated		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Exploration expenditure	<u>983,763</u>	<u>461,951</u>	<u>-</u>	<u>-</u>

15. COMMITMENTS

The consolidated entity has certain obligations to perform minimum exploration work and expend minimum amounts of money on mineral exploration tenements. The consolidated entity has committed to expend a minimum of \$534,700 (2001:\$384,159) over the next year to keep its current tenements in good standing.

16. RELATED PARTIES

Directors

The names of each person holding the position of director of Cullen Resources Limited during all of the past two financial years, unless otherwise stated are Messrs D.E. Clarke, G. Hamilton, J. R.Horsburgh, and W. J. Kernaghan.

Other related parties

Mr W.J. Kernaghan is a director and shareholder of Mining Investors Australia Pty Ltd which provided management services and staff to the consolidated entity during the year on commercial terms and conditions. The amount paid during the year to Mining Investors Australia Pty Ltd and other related parties was \$233,861 (2001: \$167,400).

Director shareholding

At year end the directors held a total of 26,118,008 (2001: 23,828,008) fully paid ordinary shares in the company. During the year Mr Clarke acquired 2,125,000 shares and Mr Horsburgh acquired 165,000 shares on the Australian Stock Exchange in the company.

Employees

The economic entity has three full-time employees (2001:3).

Wholly owned group transaction

Loans made from Cullen Resources Limited to wholly owned subsidiaries are non interest bearing and have no fixed term for repayment.

Ultimate Parent Entity

The ultimate parent entity is Cullen Resources Limited.

17. SEGMENT INFORMATION

Geographical segments	Australia		Russia		Consolidated	
	2002 \$	2001 \$	2002 \$	2001 \$	2002 \$	2001 \$
Revenue outside the economic entity	<u>38,868</u>	<u>38,620</u>	<u>-</u>	<u>-</u>	<u>38,868</u>	<u>38,620</u>
Segment results	<u>141,937</u>	<u>(570,152)</u>	<u>-</u>	<u>-</u>	<u>141,937</u>	<u>(570,152)</u>
Segment assets	<u>5,353,627</u>	<u>4,010,287</u>	<u>-</u>	<u>287,150</u>	<u>5,353,627</u>	<u>4,297,437</u>
Segment liabilities	<u>97,415</u>	<u>106,262</u>	<u>-</u>	<u>-</u>	<u>97,415</u>	<u>106,262</u>
Other Segment Information						
Acquisition of plant and equipment	<u>9,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,573</u>	<u>-</u>
Depreciation	<u>7,841</u>	<u>9,041</u>	<u>-</u>	<u>-</u>	<u>7,841</u>	<u>9,041</u>
Other non cash expenses	<u>1,087,933</u>	<u>66,745</u>	<u>-</u>	<u>-</u>	<u>1,087,933</u>	<u>66,745</u>

The consolidated entity operated during the year in two geographical segments, Australia and Russia. The consolidated entity operated in one business segment being exploration.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

18. STATEMENT OF CASH FLOWS

(i) Reconciliation of cash

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

	Consolidated		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Cash on hand	<u>2,705,319</u>	<u>1,177,911</u>	<u>2,689,053</u>	<u>1,175,194</u>
(ii) Reconciliation of operating profit/(loss) after income tax to net cash used in operating activities				
Operating profit/(loss) after income tax	141,937	(570,152)	1,378,958	(3,037,16)
Add/(less) non cash items				
Exploration expenditure written off	1,085,433	55,855	-	-
Depreciation	7,841	9,041	6,139	4,443
Provisions for diminution in value of investment	-	-	-	2,643,131
Provisions for employee entitlements	2,500	10,890	-	-
(Profit)/loss on sale of investments	<u>(1,850,517)</u>	<u>-</u>	<u>(1,850,517)</u>	<u>-</u>
Net cash used in operating activities before change in assets and liabilities	(612,806)	(494,366)	(465,420)	(389,590)
Increase/(Decrease) in creditors	<u>(11,347)</u>	<u>4,910</u>	<u>(22,548)</u>	<u>2,127</u>
Net operating cashflows	<u>(624,153)</u>	<u>(489,456)</u>	<u>(487,968)</u>	<u>(387,463)</u>

19. EARNINGS PER SHARE

	Consolidated
2002	2001
\$	\$
<u>0.06</u>	<u>(0.31)</u>
<u>141,937</u>	<u>(570,152)</u>
<u>248,639,876</u>	<u>180,059,965</u>
<u>10,000,000</u>	<u>2,000,000</u>

No ordinary shares have been issued since the reporting date and up to completion of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

20. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Financial Instruments	Floating interest rate 2002 \$	Fixed interest rate maturing in one year or less 2002 \$	Non-interest bearing 2002 \$	Total carrying amount as per the balance sheet 2002 \$	Weighted average effective interest rate 2002 %
<i>Financial Assets</i>					
Cash	2,705,319	-	-	2,705,319	5.0
Investments - listed	-	-	107,000	107,000	N/A
<i>Total Financial Assets</i>	<u>2,705,319</u>	<u>-</u>	<u>107,000</u>	<u>2,812,319</u>	
<i>Financial Liabilities</i>					
Trade creditors	-	-	84,025	84,025	N/A
<i>Total Financial Liabilities</i>	<u>-</u>	<u>-</u>	<u>84,025</u>	<u>84,025</u>	

Financial Instruments	Floating interest rate 2001 \$	Fixed interest rate maturing in one year or less 2001 \$	Non-interest bearing 2001 \$	Total carrying amount as per the balance sheet 2001 \$	Weighted average effective interest rate 2001 %
<i>Financial Assets</i>					
Cash	1,177,911	-	-	1,177,911	4.5
Investments - listed	-	-	19,000	19,000	N/A
<i>Total Financial Assets</i>	<u>1,177,911</u>	<u>-</u>	<u>19,000</u>	<u>1,196,911</u>	
<i>Financial Liabilities</i>					
Trade creditors	-	-	95,372	95,372	N/A
<i>Total Financial Liabilities</i>	<u>-</u>	<u>-</u>	<u>95,372</u>	<u>95,372</u>	

(b) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

	Total carrying amount as per balance sheet 2002 \$	Aggregate net fair value (i) 2002 \$	Total carrying amount as per balance sheet 2001 \$	Aggregate net fair value (i) 2001 \$
<i>Financial Assets</i>				
Cash	2,705,319	2,705,319	1,177,911	1,177,911
Investments – listed	<u>107,000</u>	<u>974,800</u>	<u>19,000</u>	<u>19,000</u>
<i>Total Financial Assets</i>	<u>2,812,319</u>	<u>3,680,119</u>	<u>1,196,911</u>	<u>1,196,911</u>
<i>Financial Liabilities</i>				
Trade creditors	84,025	84,025	95,372	95,372
<i>Total Financial Liabilities</i>	<u>84,025</u>	<u>84,025</u>	<u>95,372</u>	<u>95,372</u>

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Trade debtors and creditors: The carrying amount approximates fair value.

Non-current investments: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability.

SHAREHOLDER INFORMATION

at 13 September 2002

	Fully paid Shares	Options expiring 30 November 2004
Issued Capital	<u>268,752,376</u>	<u>10,000,000</u>
Top 20 Shareholders		
Total holding of the twenty largest shareholders	64,772,542	10,000,000
% of total shares on issue	24.1%	100%
Distribution of shareholders		
1 – 1000 shares	1943	-
1,001 – 5,000 shares	890	-
5,001 – 10,000 shares	280	-
10,001 – 100,000	1,359	-
100,000 and over	517	5
	<u>4,989</u>	<u>5</u>
Shareholders holding less than a marketable parcel	<u>3,313</u>	<u>-</u>

Substantial shareholders

The company has no substantial shareholders as at 13 September 2002.

Twenty largest shareholders

The names of the twenty holders of the fully paid shares are listed below:

Name	No. of Shares	% Held
Dunslair Pty Limited	10,693,000	3.98
Kitchsmith Pty Limited	10,250,002	3.81
ANZ Nominees Limited	5,351,928	1.99
National Australia Trustees Limited	4,200,000	1.56
Neil Ronald Griffin	4,087,000	1.52
Climax Australia Pty Limited	3,300,000	1.23
Terranora Securities Pty Ltd	3,147,112	1.17
Paul Delius Haege	3,000,000	1.12
Farrington Corporate Services Pty Ltd	2,675,000	1.00
Lindglade Enterprises Pty Ltd	2,625,000	0.98
Dennis Robert Wyllie	2,243,000	0.83
Chiatta Pty Ltd	2,175,000	0.81
Cramm Nominees Pty Limited	1,750,000	0.65
Manwest Pty Ltd	1,500,000	0.56
Wythenshawe Pty Ltd	1,500,000	0.56
Con Kondonis	1,470,000	0.55
Clodene Pty Ltd	1,250,000	0.47
L J Thomson Pty Ltd	1,224,500	0.46
Transbow Ltd	1,220,000	0.45
Paul Mathews & Helen Weston	1,111,000	0.41
Total	<u>64,772,542</u>	<u>24.11</u>

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 in respect of each fully paid share held by him.