



A.C.N. 006 045 790

**ANNUAL REPORT
30 JUNE 2007**



CULLEN RESOURCES LIMITED - ANNUAL REPORT 2007

ABN: 46 006 045 790

CORPORATE DIRECTORY

Directors

Denis E. Clarke (Chairman)
Chris Ringrose (Managing Director)
John Horsburgh
Grahame Hamilton
Wayne John Kernaghan

Secretary

Wayne John Kernaghan

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Bankers

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St Leonards NSW 2065

Securities Quoted

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

Share Registry

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**Typical scenery of the Olary area,
South Australia**

Dear Fellow Shareholder

The 2006/2007 year has been an eventful one, and perhaps one of the most important in the Company's history. The release of the Resource Estimate for the Catho Well Channel Iron Deposit, in the API Joint Venture, marks a significant milestone for the Company, and Cullen's share of the resource is a very valuable asset which is underpinning the Company's share price at a new, higher level.

Also during the year, we have seen our team of Joint Venture partners continuing with their exploration programmes, providing on-going activity in exploration for gold, copper-gold, iron, and nickel. Some partners have completed evaluations and withdrawn, but new partners have been added and the Company continues to attract interest in its projects from other potential partners. The level of new project generation has also been very high during the year and the project portfolio pipeline is well-fed with new properties for uranium and IOCG (iron oxide copper-gold) targets an exciting feature of portfolio development in the last year.

However, it is the iron ore resources of the Australian Premium Iron Joint Venture's (Aquila Resources 50%) West Pilbara Project which have brought Cullen into the limelight. The Catho Well Channel Iron Deposit (CID) is estimated, as at May 16th 2007, to contain 68Mt @ 55.4% Fe (Cullen's attributable share is 30% i.e. ~20Mt) and is part of API's total resources of 203Mt @ 57.4% Fe.

The exploration scene throughout 2006/2007 again remained very buoyant with competition for ground very high and opportunities for finding "deals" quite rare.

In light of this, the Company has done particularly well and is building up a very prospective portfolio of properties which are in good exploration country for uranium. The tenement applications we have in the Northern Territory are significant opportunities, and the Company is working towards obtaining the grant of these tenements to allow exploration of some very promising geological settings for uranium mineralisation. Notwithstanding the recent downturn in the level of interest in uranium explorers, uranium remains a commodity the world will need and the search can be rewarding.

The driving force for project generation and exploration project evaluation is dominantly in the hands of Dr Chris Ringrose, who took over as the Company's Managing Director in November 2006, and who is well-supported by Dr Matthias Cornelius, an ex-CSIRO research geochemist, appointed as the Company's Chief Geologist in February 2007. The Board has developed a sound strategy for creating and managing exploration opportunities, and the Perth-based team of Drs Ringrose and Cornelius are fully supported to implement our designated procedures, which we are confident will lead to the participation in exploration discoveries.

All members of the Board, our staff and contractors are thanked for their contribution during the year, and I thank all shareholders for their continued interest and support.

Dr Denis Clarke
Chairman



THE COMPANY

The Company seeks to increase shareholder value from its tenement portfolio by discovery of economic mineral deposits. Substantial efforts are concentrated on identification of new project opportunities, particularly those where value can be added most cost effectively. A joint venture funded exploration model for discovery is applied where appropriate.

While the majority of the Company's projects are in Western Australia, Cullen reviews project opportunities throughout Australia and selected locations overseas.

Cullen is led by a team of highly experienced, successful and motivated geologists. The depth of technical, managerial and corporate skills possessed by the Company's Directors collectively cover all aspects of project generation, exploration management and corporate governance.



CORPORATE STRATEGY

A farm out policy is a principle strand of Cullen's corporate strategy. Between 2004 and 2007, the Company has successfully farmed out a number of major projects to mainstream joint venture partners. As a result, exploration expenditure rose substantially in 2005-2006 and was maintained at a high level in 2006-2007, being approximately \$3M, including joint venture partners' contributions. The objective of this strategy is to maximise exploration activity, spread exploration risk, and increase the technical depth and range of techniques brought to bear on Cullen projects. In most cases, Cullen can retain a free carried interest.

Potential JV partners for Cullen will include those with:

- particular exploration expertise and regional experience;
- expertise in the target commodity and ore model type;
- adjoining tenements and/or mining operations.

At this stage Cullen has nine active Joint Ventures managed by partners in progress (see Summary Table).

These farm-out activities are complemented by Cullen's ongoing project generation, including reconnaissance programmes over selected areas. "Pipeline Projects" include applications in the Lake Mackay area, WA, in the Olary area of South Australia, and in the Northern Territory.

HIGHLIGHTS – 2006/2007

- Successful continuation of the Company's farm out strategy with augmented activity in the area of new project generation to maintain a strong supply of opportunities
- Development of a large tenement portfolio for uranium exploration (~9,500 sq km) with properties in WA, NT and SA
- Completion of an airborne radiometric survey by JV Manager Thundelarra identified several high-order anomalies for follow-up by an airborne EM (Tempest) survey
- An initial Resource Estimate for the Catho Well Channel Iron Deposit of 68Mt @ 55.38% Fe (Cullen's share ~20Mt)
- Nickel exploration on-going at the Gunbarrel (BHP Billiton JV Manager) and Forrestania (Hannans Reward JV Manager) projects with EM anomaly identification and drill testing
- Identification of three new target areas for gold at: Woodcutters (Tropicana Trend); Agnew and Coolgardie in WA
- Recognition of a sub-circular, aeromagnetic anomaly in the NE Goldfields as a possible carbonatite

JOINT VENTURES - SUMMARY TABLE

Joint Venture	Commodity	JV Partner	Earning (Earned)	Expenditure required and time	1 Year Commitment	Cullen's FCI	Cullen's NSR	Partner profile and synergy
Gunbarrel Nickel	Nickel	BHP Billiton Ltd	(75%)	-	-	25%	1.5%*	Australia's premier nickel explorer and producer with significant exploration interests in North Eastern Goldfields of WA
Ashburton Red Hill	Gold & base metals	Red Hill Iron	70%	\$1M/4 years	\$200,000	-	2%	JV excludes the iron ore rights (subject to separate JV between Cullen and API)
Paraburdoo	Iron ore	FMG Ltd	51%+ 29%	\$0.6M/ 3 years+ \$1M/ 3 years	\$75,000	49-20%	1.5%	FOB Royalty capped to 20Mt
Duchess	Copper-Gold	Minotaur Exploration	70%	\$3M/4 years	\$100,000	20%	1-2%	Discoverer of Prominent Hill Cu/Au deposit and expert in iron oxide Cu/Au systems
Hardey Junction	Gold	Intrepid Mining Ltd	70%	\$800,000/ 4 years	\$75,000	30%	2%	Intrepid is mining the Paulsen's gold deposit, located ~15km north of Cullen's tenements, production of gold started in mid 2005
Mt. Stuart	Iron Ore	API (50% owned by Aquila)	(70%)	-	-	-	50c tonne royalty	API has commenced Pre-Feasibility study of its regional interest
Tunnel Creek	Uranium	Thundelarra/ Element 92	70%	\$1.5M /5 years	\$500,000	20%	2%	Thundelarra, a major shareholder in Aldershot - which holds the Turee Creek uranium project nearby
Wyloo	Iron Ore	FMG Ltd	51%+ 29%	\$1M / 3 years+ \$1M/3 years	\$150,000	49-20%	1.5%	FOB Royalty capped to 15Mt
Forrestania	Nickel, Gold	Hannans Reward Ltd	(80%)	-	-	20%	2.5%	Hannans Director, Mr. Terry Grammer, past founding director of Western Areas and co-discoverer of "Cosmos" orebody

FCI = Free carried interest

FOB = Free on board

NSR = Net smelter return

* Subject to Pegasus Royalty



Cullen holds a number of tenements in the Ashburton/West Pilbara Region, nearly all of which are Joint Ventures, in the search for iron, gold, base metals and uranium. This provides the Company with exposure to a number of exploration plays in an environment where local concentration of exploration effort by well-

positioned players represents the most cost effective route to a discovery. Exploration programmes are in progress on most of the tenement areas with work ranging from rock chip sampling and mapping to airborne radiometric and EM surveying. A number of drilling programmes are in the planning stages.

WEST PILBARA MT STUART JV

Australian Premium Iron JV (API), owned 50% by Aquila Resources Limited, completed programmes of drilling and resource estimation concentrating on the Catho Well deposit. On 16/5/07 Aquila Resources Limited announced an initial Resource Estimate for its Catho Well Channel Iron Deposit (CID) of 68Mt @ 55.38% Fe – see Table below.

Yandicoogina (~57% Fe). The average alumina (Al₂O₃) grade within the Catho Well Resource is the second lowest of the five resources in the project area, and there may be the opportunity to beneficiate and also to blend this resource with other resources in the area in order to manage potential product specifications. Positives of the Catho Well Resource are the relatively low average phosphorous levels at Catho Well (0.038%), the lowest of the five resources, and the average LOI, at 10.13%, the highest of the five resources.

The Catho Well CID is one of five separate iron resources in the West Pilbara Region; centred approximately 50 kilometres southwest of Pannawonica, in which API has an interest. Aquila Resources Limited (50% owner of API) has reported that these five CIDs, collectively comprise: 203Mt @ 57.44% Fe. The Catho Well CID is therefore 33.4 % of the CID resources estimated to date in API's West Pilbara Iron Ore Project area, and Cullen's attributable share of the Catho Well deposit is 20.4 Mt @ 55.38% Fe. API's various West Pilbara CID Project interests have been the major focus of exploration programs since 2005. (Golder Associates Pty Ltd was commissioned to complete the in-situ, JORC-compliant resource estimate). The Catho Well resource has similar iron grades to the pisolitic ores mined at Robe River and

During June 2007, API initiated drilling at the Mt Stuart project, to assess the north western extensions of Catho Well CID.

API also initiated a Pre-Feasibility Study for its West Pilbara Iron Ore Project during the last Quarter of 2006 and during the year, received a number of reports relating to: the Port Options Study; Transport corridors; and Process plant basis for design and operating criteria. API also commenced planning to utilize a continuous surface miner to dig a bulk sample. Studies are on-going.

Table 1: Catho Well CID – Cullen 30% (cut-off grade >54% Fe, no Al₂O₃ cut-off applied)

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	Mn%	MgO%	LOI%
Indicated	47.7	55.45	6.68	3.02	0.038	0.016	0.079	0.170	10.26
Inferred	20.3	55.23	7.15	3.24	0.037	0.016	0.071	0.161	9.83
Total	68.0	55.38	6.82	3.09	0.038	0.016	0.077	0.167	10.13

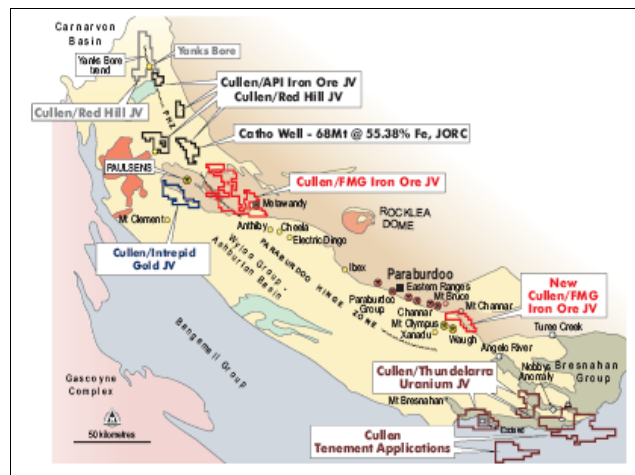


WYLOO AND PARABURDOO JV'S

The Company has two iron ore Joint Ventures with FMG Limited - at Paraburadoo and Wyloo. Work has commenced with drilling of some targets areas expected in late 2007 or more probably in the 2008 field season.

RED HILL IRON JV

The Company has a Joint Venture with Red Hill Iron Limited which covers the same tenements as those the subject of the Mt Stuart Iron Ore JV on which Red Hill is searching for gold and base metals. Red Hill has commenced work on the project and is planning an EM survey along the Yanks Bore fault and RAB drilling.



TUNNEL CREEK JV FOR URANIUM

The Company has signed a Letter Agreement with Element 92 Pty Ltd (Element 92) a wholly owned subsidiary of Thundelarra Exploration Ltd (Thundelarra), for an Earn In and Joint Venture arrangement over its three applications at Tunnel Creek. Thundelarra is an active uranium exploration company within Australia, with its own in-house uranium expertise, and is a major shareholder in Aldershot Resources Ltd (Aldershot), a Canadian-listed uranium exploration company. Aldershot holds the Turee Creek uranium project, the most exciting uranium prospect in the Tunnel Creek area, and is currently negotiating access agreements with a number of native title groups in the area.

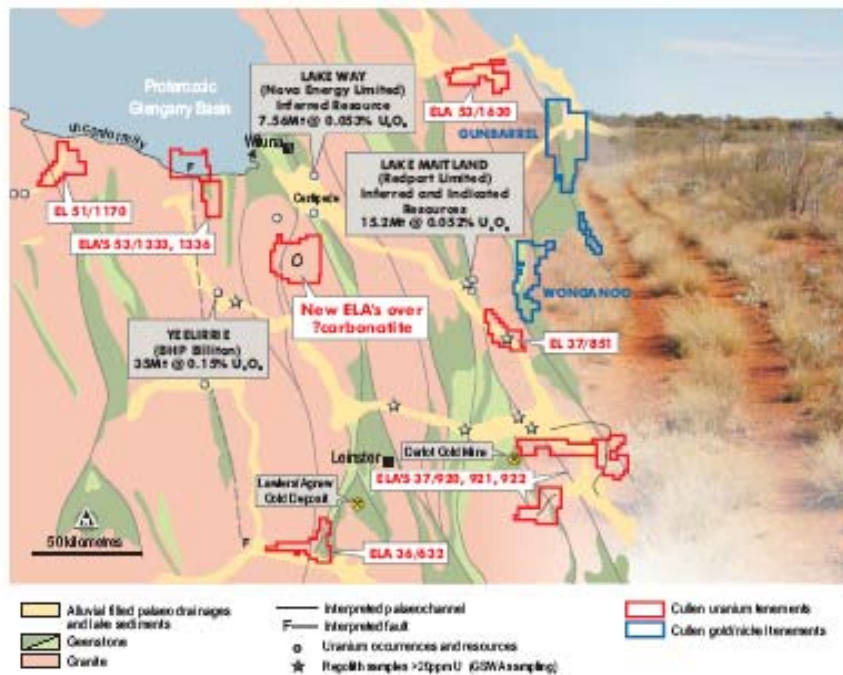
The JV Manager has reported the results of a radiometric survey of their Kunderong Project area, which includes the Cullen-Thundelarra JV project area, flown in March 2007. The radiometric survey was flown to identify target areas for unconformity and structurally-controlled uranium mineralization of the Ranger and Jabiluka type. The preliminary results from this survey are very encouraging and a number of trends of uranium channel anomalies have been identified within the Cullen-Thundelarra JV area (see Figure). The radiometric survey has clearly outlined the position of the local Turee Creek uranium deposit (1.05Mt @ 0.035% U₃O₈ - Aldershot Resources Ltd), and identified a number of uranium channel anomalies which appear to be related to geological contacts and interpreted faults.



The Company has expanded its tenement position in the North Eastern Goldfields with the addition of a number of tenement applications which are considered prospective for uranium in Tertiary palaeochannels, basement structures and unconformities and/or carbonatite. Joint Venture partner BHP Billiton has also maintained its exploration search for nickel sulphide deposits in the Gunbarrel Project area. (In September 2007, the Company announced an expansion of BHP Billiton participation with development of the Wonganoo Joint Venture for nickel and base metals).

Also in this region, the Company has identified the Agnew tenement as prospective for gold in bedrock and in possible detrital laterites, and has initiated its review of the target areas and means of evaluation.

The possible carbonatite that the Company has pegged will be drill tested once the tenement is granted.





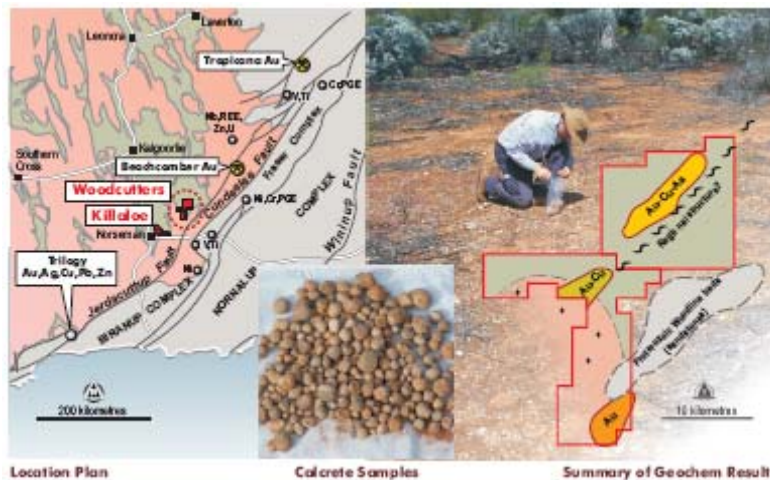
WOODCUTTERS PROJECT

Exploration Licences (E15/933 and E28/1662) are in the “Woodcutters” area east of the Killaloe gold-nickel project area. The Woodcutters tenements are within an important, emerging, new exploration corridor which includes the Tropicana and Beachcomber gold discoveries and where there is a major exploration push by Newmont-SIPA, and AngloGold-Independence Group.

Cullen has completed an orientation geochemical survey using nodular/pisolitic calcrete sampling (maximum Au and U assays of 7.8ppb and 4.9ppm respectively) within the two tenements. On the basis of these positive results, together with the favourable regional geological setting and the lack of any previous systematic exploration at Woodcutters, the company has now completed an initial, regional calcrete geochemical survey along existing tracks.

The survey generated three distinct Au anomalies in the project area. In the northern part, within E28/1662, is an approximately 10 km long, northeast trending anomaly (maximum 9.4 ppb Au – local background 2-3ppb Au) that is associated with anomalous Cu (max. 76 ppm) and As (max. 43 ppm). Along strike to the southwest, is a 6 km long, northeast trending Au-Cu anomaly with a maximum of 9 ppb Au. In the southern part of the area, on E15/933, a gold anomaly trends northeast over a distance of approximately 7 km, with a maximum concentration of 9.8 ppb Au.

Systematic infill sampling of the anomalous zones, using calcrete and other sample media, was completed in August 2007.





COOLGARDIE PROJECT

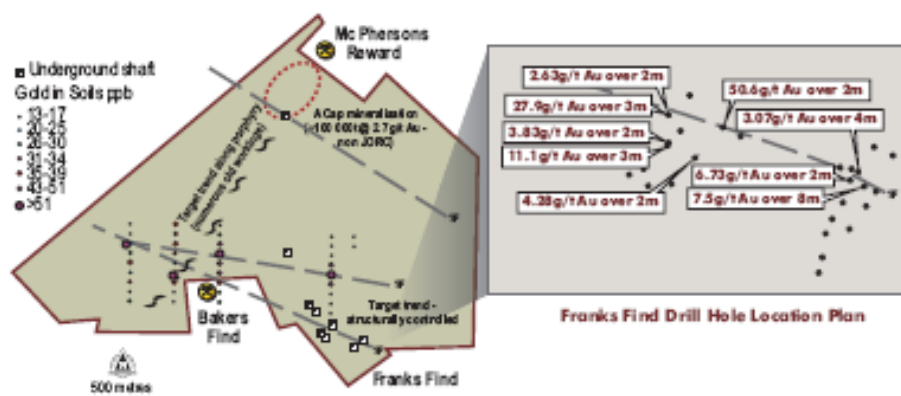
The Company has signed an Option to Purchase Agreement with Killoran Pty Ltd, Kurana (Kurana) Pty Ltd and associates, which provides the opportunity for Cullen to purchase a group of seven tenements in the Coolgardie area of Western Australia, namely: M15/128; MLA15/876; M15/237; PL's 15/4570-4572 and PL 15/4593, comprising ~400 Ha in total. The consideration for the option is the issuing of 300,000 Cullen shares, and the option may be exercised at any time within three years of issuing these shares by issuing a further 3 Million Cullen shares to Kurana Pty Limited. A 1.5% NSR is also payable to Kurana on any production.

The largest tenement of this group, M15/128 (Lady Grace), adjoins the well known McPherson's Reward gold mine (worked by Mr Bill Powell from 1982) immediately to the SW. Within M15/128 itself, at the boundary with McPherson's Reward open pit, is a small pit called the "A-Cap", from where it is reported that 190,000 t @ 1.8 g/t Au (~ 11,000ozs) was mined in the mid-1980's. Further drilling by Spinifex Gold NL in 1996-97 (RC at 40x40m and 20x20m), at the base

of the A-Cap pit provided data for resource estimation of ~100,000 t @ 2.7 g/t Au using a 1g/t Au lower cut.

The status of this resource with respect to JORC compliance, has not yet been ascertained by Cullen but in any case the information is an indication of significant exploration potential within the tenement Cullen has optioned.

From available mapping the Lady Grace prospect area includes about 1.5km of strike of the same intrusive porphyry which hosts the gold mineralization at McPherson's (see Figure). This porphyry has only been lightly explored previously, and untested portions, its sheared contacts and sheeted vein sets with supergene gold mineralization within the porphyry comprise an obvious set of primary targets for Cullen's exploration. In addition, at Frank's Find (PL15/4571), at the southern limit of M15/128, previous reported drill intersections include : 1m @ 95.9 g/t Au; 1m @ 28.6 g/t Au; 1m @ 46.8 g/t Au and 2m @ 30.13 g/t Au.





Previous drilling has targeted the interpreted position of two parallel lodes at Frank's Find and these, and their strike extent to the NE into M15/128, are also a significant target. At the Melanie Anne prospect (M15/237) previous drill intersections include: 20m @ 2.82 g/t Au from mid-1990's drilling along a black shale/ dolerite contact and an investigation of the possible significance of this intersection will be a priority for Cullen. One other tenement in the optioned package tenement adjoins the Burbanks prospect area of Barra Mining Limited and also warrants further investigation and research.

Collectively these prospects offer an opportunity to discover significant economic gold mineralization in lodes; disseminated in porphyry; along the contacts of porphyry and/or in supergene blankets above the porphyry; and in untested positions marked by numerous old shafts and prospect pits in basalt and ultramafics.

Cullen's exploration will comprise: detailed data compilation, field mapping and sampling; followed, at an early stage, by preliminary drilling.



STORMBREAKER AND NORTH IRONCAP JV PROJECTS

The Company is in Joint Venture with Hannans Reward Limited (80:20) on these two projects which are strategically located along the western margin of the Forrestania greenstone belt, approximately 120km south of Southern Cross, and approximately 12km along strike to the north of the Flying Fox nickel deposit of Western Areas NL.

The tenements have not been investigated using modern geophysical techniques (previous nickel exploration is pre-1975). The North Ironcap area includes significant gold mineralization from previous drilling with a potential exploration target of 120,000 to 140,000 ounces of gold indicated.

The North Ironcap gold mineralization is open along strike for ~1.5km and at depth To date, Cullen and Hannans have completed ground (EM) geophysical surveying in the Stormbreaker Project as part of their nickel exploration programmes. A number of EM anomalies, which may indicate sulphides at depth, remain to be drill tested. In addition, the Joint Venture completed the required flora and fauna surveys at North Ironcap and a RAB drilling programme was completed in September 2007 for gold exploration.

The Joint Venture now has granted tenements and applications covering about 22km of highly prospective stratigraphy.



MINTER PROJECT, CENTRAL LACHLAN FOLD BELT

At the Minter Project near Lake Cargelligo, Cullen is targeting stockwork and vein-type tungsten mineralization related to granitic cupolas (domes). Previous drilling has intersected wide zones of anomalous to strongly anomalous tungsten (ranging from 100 to 1000ppm W) associated with quartz-pyrite veining.

Best intercepts included 12m @ 0.18% WO₃ from 123m (DRC1), 8m @ 0.13 WO₃ from 92m (DRC4) and 4m @ 0.17% WO₃ from 158m (DRC4). The drilling indicates extensive tungsten-anomalous stockwork veining with approximate dimensions of 800m N-S and 500m E-W, possibly related to underlying granitic cupola(s). The Company is seeking a JV partner.

DUCHESS, MT ISA PROVINCE

At Duchess (EPMs 11990, 12395), ground magnetic and reconnaissance rock chip sampling has highlighted the prospectivity of the Pilgrim Fault "megabend" area where gravity surveys had previously indicated potential for ironstone-related copper-gold mineralization.

Selected outcrop samples returned up to 15 g/t gold, 3.3% copper and 50% iron. Ground magnetics and gravity highs delineate magnetite and haematite ironstones. Further detailed mapping and soil sampling, and drilling of at least two holes are planned.

OTHER PROJECTS

KILLALOE PROJECT, WA

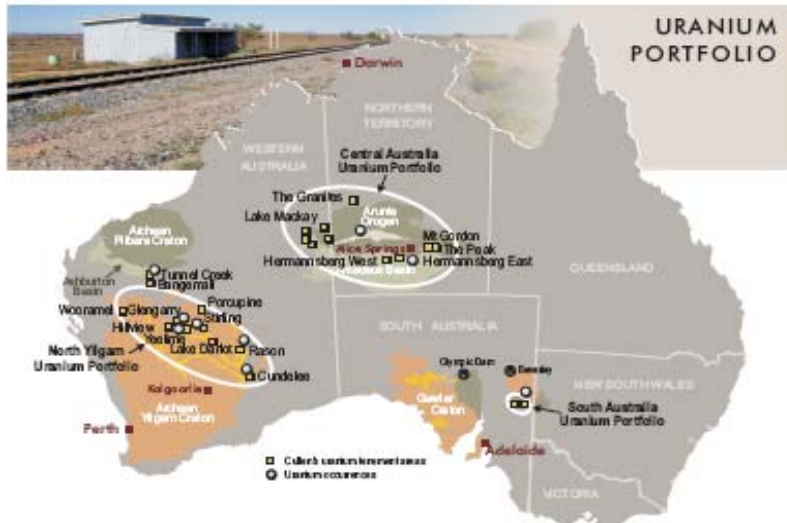
The Killaloe Break, interpreted to be the Zuleika Shear extending for over 15km of strike within the Cullen tenements, includes several gold prospects at: Killaloe, Cashel, and Windy Hill. Drilling to date has not outlined any economic gold zones, however, significant visible gold in a thin quartz vein at Cashel (quartz vein assayed 960 g/t Au) underscores the high prospectivity of the Killaloe Break. Cashel lies close to the contact of basalt and black shales/siltstones along an underexplored major shear corridor 20km south of Higginsville. More detailed exploration in this Project area is clearly warranted.

Previous nickel exploration has included: surface electromagnetic (EM) and geochemical surveying, and first pass air core drilling of some EM anomalies. Best results achieved to date are: 1m @0.9% Ni and 0.68% Cu, and 1m @ 0.76% Ni and 0.15% Cu from 20 and 16 metres depth in two separate holes. Several Cu-Pb-Zn gossans remain to be tested.

LAKE MACKAY, WA

The Company has five exploration licence applications in this remote area in the far east of WA. Government and research studies have highlighted the potential of this region to host copper - gold deposits of the IOCG-type (iron oxide copper gold) in association with the Proterozoic Mt. Webb granite.

One application lies close to a major radiometric anomaly on Lake Mackay. Negotiations with the local traditional owners have progressed well in 2007, and it is hoped that reconnaissance and geochemical surveying may commence in the 2008 field season.



URANIUM

The Company has built an exploration portfolio for uranium which now includes applications over ~9,500km² of which three tenements in WA have been granted so far.

The inventory includes:

- Nine exploration licence applications (ELAs) and three exploration licences (ELs) for calcrete-hosted uranium targets in Palaeochannels of the northern and north-eastern portions of the Yilgarn in WA
- Three ELAs in the Ashburton province of WA for unconformity-type uranium targets (Thundelarra JV) with a further three ELAs in the name of Cullen's subsidiary Montrose Resources Limited in the same area
- Five ELAs in the Amadeus Basin / Arunta Orogen region of far eastern WA for calcrete, IOCG and/or sandstone-hosted uranium
- Four ELAs in the Northern Territory for sandstone-hosted, lignite and/or vein-alteration uranium targets in the Amadeus Basin-Arunta region around Alice Springs.
- Five ELAs in the Northern Yilgarn block, WA, in an area north and west of the Yeelirrie uranium deposit. Four of these applications are targeting the unconformable contact of the Proterozoic Glengarry Basin sediments on the Archean basement, close to interpreted basement structures which may have played a role in supplying uranium for the Yeelirrie deposit. Two of these applications are northeast of the Yeelirrie Uranium deposit and cover a sub-circular magnetic low that may represent a carbonatite intrusion
- One ELA and one granted EL in the Olary Region of South Australia targeting vein and alteration-type uranium mineralization.

The Company has commenced data compilation for its uranium property portfolio, and has initiated the process of negotiation and documentation in order to facilitate access on Aboriginal Reserve ground. It has also completed some preliminary reconnaissance work on some tenements. Compilation results to date have identified several areas for follow-up work, in particular in those tenements near Alice Springs (Hermannsberg East and The Peak for example).

SCHEDULE OF TENEMENTS

REGION	TENEMENTS	ASSOCIATED TENEMENTS / APPLICATIONS	CULLEN INTEREST	COMMENTS
WESTERN AUSTRALIA				
ASHBURTON / PILBARA				
Mt Stuart & Red Hill Iron JV's	E08/1135, E08/1330, E08/1341, E08/1375, E08/1292		30% & 100%	API has earned 70% of iron ore rights and Red Hill Iron Limited can earn 70% of other mineral rights
Red Hill Iron JV	E08/1622		100%	Red Hill Iron can earn 70%
Hardey Junction JV	E08/1145, E08/1166, E08/1189	E08/1763, M47/554, 309, 310, 323	100%	Intrepid can earn up to 70%
Wyloo JV	E08/1393, E47/1154 E47/1649-1650 P08/0505	M47/553 P08/546, P08/556 P47/1384-1385	100%	FMG can earn up to 80% of iron ore rights
Paraburdoo JV	E52/1667		100%	FMG can earn up to 80% of iron ore rights
Tunnel Creek JV	E52/1890-1892		100%	Thundelarra Exploration can earn up to 70%
NE GOLDFIELDS				
Gunbarrel JV	E53/0535+, E53/0568+ E53/0818*, E53/0837*	M53/1021-1047 M53/868-870 M53/952-954 E53/1299-1300	100%	+2.5% NPI Royalty to Pegasus on Cullen's Rights *1.5% NSR Royalty to Aurora BHP Billiton has 75% of the nickel and base metal rights
Irwin Well	E53/1137		90%	Western Australian Resources - 10%
Irwin Bore JV	E53/1209, P53/1219, P53/1251, P53/1264-1265		90%	Western Australian Resources - 10%
Mt Tate	E53/1096		100%	
New Taffy Well	E53/1040, P53/1154		100%	
Quantum JV	E53/988		80%	Quantum Resources Ltd 20%
Stirling	E53/851		100%	
Hillview	E51/1170		100%	
Wonganoo	E53/1046, E53/1069, E53/1083 E53/1350, P53/1266-1267		100%	
Woomarel	E09/1364		100%	
EASTERN GOLDFIELDS				
Coolgardie	M15/0128, M15/0237, P15/4570 P15/4571, P15/4572, P15/4593	M15/0876	100%	Cullen has option to purchase
Killaloe	E63/0765, E63/0815, E63/1018-1019 E63/1034, M63/0588-0589 P63/1331-1339		100%	
Woodcutters	E15/0933, E28/1662		100%	
FORRESTANIA				
Forrestania JV	E77/514, E77/1327, E77/1354 M77/0544 P77/3055	M77/1029-1030 P77/3582-3588 P77/3607-3613 P77/3762-3763 E77/1406, P77/3583 M77/0875	20%	Hannans Reward Ltd - 80%
LAKE MACKAY				
	E80/3506, E80/3507		100%	
QUEENSLAND				
Duchess	EPM11990, EPM12395		100%	Minotaur may earn 70% equity
NEW SOUTH WALES				
Minter	EL6572, EL6748		100%	
NORTHERN TERRITORY				
		ELA's 25493, 25494, 25619, 25620, 25716, 25773, 26142	100%	
SOUTH AUSTRALIA				
	E3888, E3838	ELA327/07	100%	
NEW PROJECTS Western Australia		ELA's 09/1364, 36/632, 37/920-922, 38/2036-2038 39/1312, 51/1249 52/1890-1891 52/2073-2075, 52/2112 53/1330, 53/1333-1334 53/1336, 53/1346-1347 80/3840-3841, 80/3839	100%	

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2007.

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.

Δ 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. During the past three years Mr Clarke has held the following listed company directorships:

- Troy Resources Limited
- Anglo Australian Resources Limited
- Beaconsfield Gold NL (from 25 November 2004)

Δ Dr Chris Ringrose BSc, PhD, MBA, MAIMM, MAICD (Managing Director)

Chris Ringrose has been an exploration geologist based mainly in Western Australia since he completed his geology degrees in Scotland in 1982. His career has included experience with EZ, Chevron and Aztec, and prior to joining Cullen, Chris was Exploration Manager with Troy Resources NL for nine years. Chris has also completed an MBA at Deakin University and brings to the Company significant management, exploration and project evaluation experience gained both in Australia and overseas.

Δ Grahame Hamilton BSc, MSc, MAIG (Non-Executive Director)

Grahame Hamilton, a graduate of the University of NSW, has extensive experience over 30 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. He is a director of AIM-listed public company Mariana Resources Limited.

Δ John Horsburgh BSc, MSc, FAIMM (Non-Executive Director)

John Horsburgh, a graduate of the Royal School of Mines, has over 32 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. He is Executive Chairman of AIM-listed public company Mariana Resources Limited.

Δ Wayne John Kernaghan BBus, ACA, FAICD, ACIS (Non-Executive Director and Company Secretary)

Wayne Kernaghan is a member of the Institute of Chartered Accountants in Australia with a number of years experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors. During the past three years Mr Kernaghan has held the following listed company directorship:

- Goldlink Incomeplus Limited (from 18 December 2003)
- Gulf Resources Limited (from 30 June 2005)
- Bushveld Platinum Limited (from 8 September 2006)

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Principal Activities

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

Results

The consolidated loss of the consolidated entity for the financial year was \$(1,714,764) [2006: loss \$1,964,788]. No income tax was attributable to this result [2006: Nil].

Dividends

The directors do not recommend the payment of a dividend for this financial year. No dividend has been declared or paid by the company since the end of the previous financial year.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Review of Operations

During the year under review, the Company continued its mineral exploration activities which included field programmes, project generation, and farm out of projects to major and/or significant company partners. Company activities, including Joint Venture managed projects, were focused in Western Australia with additional projects in New South Wales and Queensland as follows:

- Ashburton Province, WA (Red Hill, Hardey Junction, Mt Stuart, Wyloo and Tunnel Creek - Gold, Uranium and /or Iron Ore Projects)
- North Eastern Goldfields, WA (Gunbarrel Gold and Nickel Projects, Irwin Bore Nickel and Wonganoo Gold and Nickel Projects)
- Eastern Goldfield, WA (Killaloe Gold and Nickel Projects)
- Forrestania, WA (Gold and Nickel Projects)
- Central Lachlan Fold Belt, NSW (Minter - Tungsten Project)
- Mt Isa Region, Queensland (Duchess Copper-Gold Project)

In addition the Company developed a substantial portfolio of new properties for uranium and base metal exploration in the far eastern portion of Western Australia (Lake Mackay) and in the Northern Territory.

A total of \$1,086,779 was spent on exploration by Cullen during the year, with Joint Venture Partners contributing a further ~\$2M to exploration on Cullen tenements.

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

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Drilling by Cullen or its partners during the year to 30 June 2007 amounted to ~4,500m of focused RC and diamond drilling on more advanced prospects. This work has included ~1,200m of drilling at Gunbarrel in nickel exploration; ~2,500m of drilling in the Ashburton/West Pilbara area in iron ore exploration; and other smaller programmes for nickel and tungsten at Irwin Bore and Minter respectively. Other work has included: field reconnaissance, geological mapping, geochemical surveys, electro-magnetic geophysical surveys and evaluations of new project opportunities.

The Company continued to market projects for Joint Venture, and attracted Thundelarra Exploration Limited to join in exploration for uranium in the Tunnel Creek area of the Ashburton Region.

The Gunbarrel Nickel Joint Venture (BHP Billiton, Manager) has been exploring for nickel and related base metal and platinum group elements on the Gunbarrel tenements since 2001. In October 2003 the discovery of massive nickel sulphides in diamond drillhole GBD2 (0.2m @ 1.93% Ni) was the confirmation of nickeliferous, magmatic sulphides in the region - a breakthrough which enhances the prospectivity of the underexplored Gunbarrel greenstone belt. Exploration during 2006-2007 was dominated by further EM surveying and RC-diamond drilling. Further activity and drilling are anticipated by BHP Billiton in the coming year. At Wonganoo, the company is exploring for nickel and gold deposits and in September 2007 finalised documentation for a farm out of its nickel interests to BHP Billiton.

In the West Pilbara, a number of Cullen's Ashburton tenements have been the subject of exploration for iron ore in the past year with systematic RC drilling of channel iron deposits. Joint Venture Manager API has a very substantial tenement interest in the region, including Cullen's tenements, where it is evaluating a number of separate channel iron deposits, and in May 2007 announced an initial Resource Estimate for its combined interests in the West Pilbara Project area of 203Mt @ 57.4% Fe. The Catho Well CID deposit, which is part of this total resource, comprises 68Mt @ 55.4% Fe and Cullen's share is ~20Mt. The Joint Venture is completing further drilling on the northern extensions of the Catho Well deposit with results pending at present.

The Joint Venture formed with Nustar Mining Corporation Ltd (now Intrepid Mines Limited) over Hardey Junction, has completed further soil sampling and rock chip surveys during the year. Intrepid successfully commenced production of gold from the Paulsens deposit in July 2005, situated close to a number of Cullen's Ashburton projects.

In 2003/2004, Cullen farmed out its two tenements in the Mt Isa province near Duchess, to Minotaur, discoverer of the Prominent Hill gold-copper deposit in SA. Minotaur has completed preliminary gravity surveying and plans drill testing in 2007.

It is estimated that up to \$2 million in exploration expenditure could be spent by joint venture partners in the coming 12 months, to follow on from the \$2M spent by partners in 2006-2007. Cullen will continue to identify and evaluate both advanced and "grass roots" projects in Australia. Cullen's portfolio is under continual evaluation to focus on projects likely to result in an economic mineral deposit.

Corporate

At 30 June 2007 available cash at year end totalled approximately \$1.8 million.

Significant Events after Year End

On 3 August 2007 the company received \$265,000 by the issue of 6,500,000 ordinary shares on the conversion of options.

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.

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Environmental Regulation

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

Options

As at 30 June 2007 the Company has 22,500,000 (2006: 8,500,000) options which were outstanding. Refer to Note 11 of the financial statements for further details of the options outstanding.

During the year Nil (2006: 200,000) fully paid ordinary shares were issued by virtue of the exercise of options. Also Nil (2006: 5,300,000) options lapsed during the year. Since the end of the financial year 6,500,000 shares have been issued by virtue of the exercise of options.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Cullen Resources Limited.

Remuneration Policy

The remuneration policy of Cullen Resources Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Cullen Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as create goal congruence between directors and shareholders.

The board's policy for determining the nature and amount of remuneration for board members is as follows.

The remuneration policy, setting the terms and conditions for the executive director was developed by the board. All executives receive a base salary on factors such as length of service and experience, superannuation, options and incentives. The board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interest with shareholder interests, the directors are encouraged to hold shares in the company.

Employment Contracts

Managing Director

Pursuant to an agreement between the Company and Dr Chris Ringrose, Dr Ringrose will provide managing director services to the Company. The term of this arrangement is from 1 November 2006 and will continue thereafter unless terminated on not less than three months' notice given at any time. The position of the director will become redundant under this agreement in the limited circumstances where the employment of the Executive is terminated as a result of a takeover or merger of the Company. The Company will pay the Executive the equivalent of four weeks per year of service or part thereof of his base salary as a redundancy payment.

Other Executives

Other senior executives will be employed under contract. It is envisaged that employment contracts will be terminated by either party giving to the other not less than either two or three months' written notice.

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Directors' and Executives' Remuneration

Details of remuneration provided to directors who include the most highly remunerated executives for the year ended 30 June 2007 are as follows:

Directors	Primary Salary/Fee \$	Motor Vehicle \$	Post employment Superannuation \$	Termination Payment \$	Equity Amortised cost of options granted \$	Total \$
D.E. Clarke	27,500	-	2,475	-	-	29,975
C. Ringrose	164,667	7,401	14,820	-	81,958	268,846
G. Hamilton	93,796	-	4,728	112,259	-	210,783
J. Horsburgh	73,251	-	4,373	109,189	-	186,813
W.J. Kernaghan	43,569	-	1,687	-	-	45,256

In respect to the above remuneration, no amount was related to performance.

The consolidated entity does not have specific executives as the executive role is performed by the specified directors.

Details of remuneration provided to directors who include the most highly remunerated executives for the year ended 30 June 2006 are as follows:

Directors	Primary Salary/Fee \$	Motor Vehicle \$	Post employment Superannuation \$	Equity Amortised cost of options granted \$	Total \$
D.E. Clarke	25,000	-	2,250	-	27,250
C. Ringrose	154,008	7,401	13,860	-	175,269
G. Hamilton	98,004	-	8,775	-	106,779
J. Horsburgh	96,208	-	8,658	-	104,866
W.J. Kernaghan	33,650	-	1,350	-	35,000

Options granted as part of remuneration for the year ended 30 June 2007

There were 8,000,000 (2006:Nil) options granted as part of director and executive emoluments during the year.

Directors	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Total value of options granted, exercised and lapsed during the year \$	% Remuneration consisting of options for the year
D.E. Clarke	-	-	-	-	-
C. Ringrose	81,958	-	-	81,958	30.49
G. Hamilton	-	-	-	-	-
J. Horsburgh	-	-	-	-	-
W.J. Kernaghan	-	-	-	-	-

The options issued are not subject to any performance conditions.

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Options granted as part of remuneration for the year ended 30 June 2006

Directors	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Total value of options granted, exercised and lapsed during the year \$	% Remuneration consisting of options for the year
D.E. Clarke	-	-	-	-	-
C. Ringrose	-	-	-	-	-
G. Hamilton	-	-	-	-	-
J. Horsburgh	-	-	-	-	-
W.J. Kernaghan	-	-	-	-	-

During the year Dr Ringrose exercised 200,000 options and had 4,800,000 options lapse. These options had vested prior to 1 January 2005.

Directors' Interest

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

2007	Direct		Indirect	
	Fully Paid Shares	Options	Fully Paid Shares	Options
D. E. Clarke	-	2,000,000	4,374,407	-
C. Ringrose	200,000	8,000,000	-	-
G. Hamilton	-	-	14,808,004	-
J. Horsburgh	2	-	15,770,122	-
W.J. Kernaghan	2,000,000	-	1,000,000	-

Directors' Meetings

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

	Board of Directors Attended	Maximum possible eligible to attend
D.E. Clarke	7	7
C. Ringrose	7	7
G. Hamilton	7	7
J. Horsburgh	7	7
W.J. Kernaghan	7	7

Indemnification and insurance of Directors and Officers

The Company has entered into deeds of indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law. The company has paid premiums totalling \$24,420 in respect of Directors and Officers Liability Insurance and company reimbursement policies, which covers all Directors and Officers of the Company. The policy conditions preclude the Company from any detailed disclosures.

Employees

The consolidated entity employed two employees as at 30 June 2007 (2006:4).

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 24.

Auditor Independence

The directors have received the auditor's independence declaration for the year ended 30 June 2007 which is on page 23.

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

In relation to our audit of the financial report of Cullen Resources Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

V.W. Tidy
Partner
28 September 2007

Signed in accordance with a resolution of the directors

C. Ringrose
Director
Perth, WA
28 September 2007

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Cullen Resources Limited (“the Company”) have adhered to the principles of corporate governance. A description of the main corporate governance practices, as well as any disclosures required by the Australian Stock Exchange’s “Principles of Good Corporate Governance and Best Practice Recommendations”, is set out below. Unless otherwise stated, the practices were in place for the entire year.

Board of Directors

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuing arrangements are in place to adequately manage those risks.

The primary responsibility of the Board includes:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company’s financial statements;
- ensuring that adequate internal control systems and procedures exists and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of Executive Directors; and
- the establishment and maintenance of appropriate ethical standards.

The responsibility for the operation and administration of the Company is carried out by the Directors, who operate in an executive capacity, supported by senior professional staff. The Board ensures that this team is suitably qualified and experienced to discharge their responsibilities, and assesses on an ongoing basis the performance of the management team, to ensure that management’s objectives and activities are aligned with the expectations and risks identified by the board.

The Directors of the company are as follows:

Dr Denis Clarke
Dr Chris Ringrose
Grahame Hamilton
John Horsburgh
Wayne Kernaghan

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

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Independent Directors

Under ASX guidelines two of the current board are considered to be independent directors. Dr Ringrose is the executive director and Mr Horsburgh and Mr Hamilton, who are former executive directors, are, under the ASX guidelines deemed not to be independent by virtue of their positions or former positions. The Board is satisfied that the structure of the Board is appropriate for the size of the company and the nature of its operations and is a cost effective structure for managing the company.

Communication to Market & Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors and the Company. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to all shareholders;
- other periodic reports which are lodged with ASX and available for shareholder scrutiny;
- other announcements made in accordance with ASX Listing Rules;
- special purpose information memoranda issued to shareholders as appropriate; and
- the Annual General Meeting and other meetings called to obtain approval for board action as appropriate.

Board Composition

When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the Company. Any director so appointed must then stand for election at the next Annual General Meeting of the Company.

Terms of Appointment as a Director

The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

Board Committees

In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management. Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Remuneration

Remuneration and other terms of employment of executives, including executive directors, are reviewed periodically by the Board having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Board, with recommendations being made by the non-executive director. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision making.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

Share Trading

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Code of Conduct

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

External Auditors

The external auditor is Ernst and Young.

Full details of the company's corporate governance practices can be viewed at its website – www.cullenresources.com.au.

Independent audit report to the members of Cullen Resources Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Cullen Resources Limited (the company) and the consolidated entity, for the year ended 30 June 2007. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the Directors' Report.

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Audit opinion

In our opinion:

1. 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 financial position of Cullen Resources Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with accounting standards in Australia and the *Corporations Regulations 2001*; and
 - (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

V.W. Tidy
Partner
Perth, WA
28 September 2007

Directors' Declaration

In accordance with a resolution of the directors of Cullen Resources Limited, I state 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 2007 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 will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

On behalf of the Board

C. Ringrose
Director
Perth, WA
28 September 2007

**Balance Sheet
as at 30 June 2007**

	Note	Consolidated		The Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Current Assets					
Cash and cash equivalents	19(i)	1,802,054	1,129,107	1,795,634	1,078,770
Receivables	5	-	-	4,989,759	4,597,156
Total Current Assets		1,802,054	1,129,107	6,785,393	5,675,926
Non Current Assets					
Other financial assets	6	100,000	100,000	-	-
Plant & Equipment	7	70,877	7,180	10,373	5,976
Exploration & Evaluation	8	4,984,382	4,649,807	-	-
Total Non Current Assets		5,155,259	4,756,987	10,373	5,976
Total Assets		6,957,313	5,886,094	6,795,766	5,681,902
Current Liabilities					
Trade and other payables	9	186,434	116,750	83,238	39,575
Provisions	10	48,915	94,631	-	-
Total Current Liabilities		235,349	211,381	83,238	39,575
Non Current Liabilities					
Provisions	10	9,436	32,386	-	-
Total Non Current Liabilities		9,436	32,386	-	-
Total Liabilities		244,785	243,767	83,238	39,575
Net Assets		6,712,528	5,642,327	6,712,528	5,642,327
Equity					
Issued Capital	11	23,949,656	21,313,506	23,949,656	21,313,506
Reserves		161,652	12,837	161,652	12,837
Accumulated Losses	12	(17,398,780)	(15,684,016)	(17,398,780)	(15,684,016)
Total Equity		6,712,528	5,642,327	6,712,528	5,642,327

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Issued Capital	Consolidated Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2005	20,214,506	-	(13,719,228)	6,495,278
Share Issue Costs	(66,000)	-	-	(66,000)
Total income and expense for the year recognised directly in Equity	(66,000)	-	-	(66,000)
Loss for the year	-	-	(1,964,788)	(1,964,788)
Total income/expense for the Year	(66,000)	-	(1,964,788)	(2,030,788)
Issue of share capital	1,155,000	-	-	1,155,000
Exercise of options	10,000	-	-	10,000
Share based payments	-	12,837	-	12,837
At 30 June 2006	21,313,506	12,837	(15,684,016)	5,642,327
At 1 July 2006	21,313,506	12,837	(15,684,016)	5,642,327
Share Issue Costs	(81,850)	-	-	(81,850)
Total income and expense for the year recognised directly in Equity	(81,850)	-	-	(81,850)
Loss for the year	-	-	(1,714,764)	(1,714,764)
Total income/expense for the Year	(81,850)	-	(1,714,764)	(1,796,614)
Issue of share capital	2,718,000	-	-	2,718,000
Share based payments	-	148,815	-	148,815
At 30 June 2007	23,949,656	161,652	(17,398,780)	6,712,528

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Issued Capital	The Company Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2005	20,214,506	-	(13,731,555)	6,482,951
Share Issue Costs	(66,000)	-	-	(66,000)
Total income and expense for the year recognised directly in Equity	(66,000)	-	-	(66,000)
Loss for the year	-	-	(1,952,461)	(1,952,461)
Total income/expense for the Year	(66,000)	-	(1,952,461)	(2,018,461)
Issue of share capital	1,155,000	-	-	1,155,000
Exercise of options	10,000	-	-	10,000
Share based payments	-	12,837	-	12,837
At 30 June 2006	21,313,506	12,837	(15,684,016)	5,642,327
At 1 July 2006	21,313,506	12,837	(15,684,016)	5,642,327
Share Issue Costs	(81,850)	-	-	(81,850)
Total income and expense for the year recognised directly in Equity	(81,850)	-	-	(81,850)
Loss for the year	-	-	(1,714,764)	(1,714,764)
Total income/expense for the Year	(81,850)	-	(1,714,764)	(1,796,614)
Issue of share capital	2,718,000	-	-	2,718,000
Share based payments	-	148,815	-	148,815
At 30 June 2007	23,949,656	161,652	(17,398,780)	6,712,528

CULLEN RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

**Income Statement
for the year ended 30 June 2007**

	Note	Consolidated		The Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenues from ordinary activities	3	86,731	61,844	53,602	60,145
Exploration expenditure	8	(752,204)	(1,458,715)	-	-
Rent		(78,692)	(50,682)	(55,916)	(28,284)
Salaries and Consultants		(550,463)	(239,809)	(114,623)	(70,387)
Compliance expenses		(109,682)	(96,859)	(101,811)	(96,647)
Impairment of loan to controlled entity		-	-	(1,196,036)	(1,743,625)
Share based payments		(148,815)	(12,837)	(148,815)	(12,837)
Depreciation		(16,045)	(20,528)	(7,219)	(6,849)
Other expenses from ordinary activities		(145,594)	(147,202)	(143,946)	(53,977)
(Loss) from ordinary activities before income tax	3	(1,714,764)	(1,964,788)	(1,714,764)	(1,952,461)
Income tax relating to ordinary activities	4	-	-	-	-
Net (Loss) attributable to members of Cullen Resources Limited after tax		(1,714,764)	(1,964,788)	(1,714,764)	(1,952,461)
Basic (loss) per share (cents per share)	20	(0.40)	(0.53)		
Diluted (loss) per share (cents per share)	20	(0.40)	(0.53)		

**Statement of Cash Flows
for the year ended 30 June 2007**

Note	Consolidated		The Company		
	2007 \$	2006 \$	2007 \$	2006 \$	
	Inflows/(Outflows)				
Cash flows from operating activities					
	Cash receipts in the course of operations	45,281	-	15,465	-
	Cash payments in the course of operations	(1,016,239)	(542,603)	(409,938)	(270,836)
	GST refunded	132,826	86,354	37,305	28,250
	Interest received	41,450	61,844	38,137	60,145
19(ii)	Net operating cash flows	<u>(796,682)</u>	<u>(394,405)</u>	<u>(319,031)</u>	<u>(182,441)</u>
Cash flows from investing activities					
	Loan to controlled entity	-	-	(1,588,639)	(1,429,400)
	Payment for plant & equipment	(79,742)	-	(11,616)	-
	Payments for exploration	(1,086,779)	(1,244,025)	-	-
	Net investing cash flows	<u>(1,166,521)</u>	<u>(1,244,025)</u>	<u>(1,600,255)</u>	<u>(1,429,400)</u>
Cash flows from financing activities					
	Proceeds from issue of shares (net of share issue costs)	2,636,150	1,099,000	2,636,150	1,099,000
	Net financing cash flows	<u>2,636,150</u>	<u>1,099,000</u>	<u>2,636,150</u>	<u>1,099,000</u>
	Net increase/(decrease) in cash and cash equivalents	672,947	(539,430)	716,864	(512,841)
	Cash and cash equivalents at the Beginning of the financial year	1,129,107	1,668,537	1,078,770	1,591,611
19(i)	Cash and cash equivalents at the end of the financial year	<u>1,802,054</u>	<u>1,129,107</u>	<u>1,795,634</u>	<u>1,078,770</u>

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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, and Australian Accounting Standards. The financial report has 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.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to the International Financial Reporting Standards (AIFRS) in their entirety. The financial report also complies with International Financial Reporting Standards (IFRS).

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

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

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 benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. Annual leave 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.

Deferred exploration costs

Deferred exploration and evaluation 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.

Impairment

The carrying values of development exploration and evaluation costs are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Management exercises its judgement to determine whether the deferred exploration costs are impaired or not.

The recoverable amount of deferred exploration and evaluation costs is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of development exploration and evaluation costs exceeds their estimated recoverable amount. The development exploration and evaluation costs are then written down to their recoverable amount.

Amortisation is not charged on costs carried forward in respect of areas of interest 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

Both the functional and presentation currency of Cullen Resources Limited and its Australian subsidiaries is Australian dollars (\$A).

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the date of the transactions. Monetary items in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the Income Statement in the financial year in which the exchange rates change, as exchange gains or losses.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 8 years.

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.

Revenue and other income

Other revenue includes interest income on short term deposit received from other persons. It is brought to account using the effective interest rate method.

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.

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.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Issued capital

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.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

Change in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Share based payments

The cost of equity – settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Investment and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial instruments

Included in Assets are security deposits which are stated at cost and are non interest bearing.

Impact of pending accounting standards

There are no material impacts to the Financial Statements known from pending accounting standards that have not been adopted in the preparation of these Financial Statements.

Impairment of non-financial assets

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

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Significant accounting estimates and assumptions

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

(a) Impairment of capitalised exploration and evaluation expenditure

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

(b) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either a binomial or Black-Scholes model, with the assumption detailed in note 14. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
3. PROFIT AND LOSS ITEMS				
(Loss) from ordinary activities after crediting the following revenues:				
Other Revenues				
Interest received from other persons	41,450	61,844	38,137	60,145
Other	45,281	-	15,465	-
	<u>86,731</u>	<u>61,844</u>	<u>53,602</u>	<u>60,145</u>
(Loss) from ordinary activities is after charging the following expenses:				
Auditors remuneration in respect of the Audit of the financial statements	41,255	33,500	41,255	33,500
Exploration expenditure written off	752,204	1,458,715	-	-
Depreciation	16,045	20,528	7,219	-
Provision for employee benefits	(68,655)	32,414	-	6,849
Share based payments	148,815	12,837	148,815	12,837
Impairment of loan to controlled entity	-	-	1,196,036	1,743,625
4. INCOME TAX				
Operating (loss) before income tax	<u>(1,714,764)</u>	<u>(1,964,788)</u>	<u>(1,714,764)</u>	<u>(1,952,461)</u>
Prima facie income tax (benefit) calculated at 30% (2006: 30%)	(514,429)	(589,436)	(514,429)	(585,738)
Less income tax benefits not brought to account at balance date	<u>514,429</u>	<u>589,436</u>	<u>514,429</u>	<u>585,738</u>
Total income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 June 2007 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 2007 in respect of tax losses not brought to account is \$3,998,115 (2006: \$3,483,686) and there is no expiry date. The benefit of these losses has not been brought to account. The benefit will only be obtained if:

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

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

The entity has adopted the stand alone taxpayer method for measuring current and deferred tax amounts. Members of the tax consolidated group have not entered into a tax funding agreement.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

Deferred Tax Assets	Balance Sheet		Income Statement	
	2007	2006	2007	2006
	\$	\$	\$	\$
Losses available to offset against future taxable benefits	3,980,610	3,445,581	514,429	589,431
Provisions	17,505	38,105	(68,655)	32,414
Deferred tax assets not brought to account as realisation is not regarded as probable	(3,998,115)	(3,483,686)	445,774	621,850
Gross Deferred Tax Assets				
Deferred Tax Income / Expense	-	-	-	-
Net Deferred Tax Recognised in the Balance Sheet	-	-	-	-

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
5. RECEIVABLES				
Current				
Loan to controlled entities	-	-	11,559,547	9,970,908
Allowance for Impairment	-	-	(6,569,788)	(5,373,752)
	-	-	4,989,759	4,597,156

The loans to controlled entities are non interest bearing and have no fixed term for repayment. An allowance for impairment loss is recognized when there is objective evidence that a loan receivable is impaired.

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
6. OTHER FINANCIAL ASSETS				
Non current				
Security deposits	100,000	100,000	-	-
Shares in controlled entity Cullen Minerals NL	-	-	2,643,131	2,643,131
Allowance for Impairment	-	-	(2,643,131)	(2,643,131)
	100,000	100,000	-	-

The fair value in shares in controlled entity is stated at cost less allowance for impairment in accordance with the accounting policy set out in Note 1.

The security deposits are non-interest bearing.

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
7. PLANT & EQUIPMENT				
Plant & Equipment at cost	181,036	101,294	51,763	40,147
Accumulated depreciation	(110,159)	(94,114)	(41,390)	(34,171)
Total written down amount	70,877	7,180	10,373	5,976
(a) Reconciliation				
Plant & Equipment				
Carrying amount at beginning	7,180	27,708	5,976	12,825
Additions	79,742	-	11,616	-
Depreciation expense	(16,045)	(20,528)	(7,219)	(6,849)
	70,877	7,180	10,373	5,976

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

8. DEFERRED EXPLORATION COSTS

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Costs carried forward in respect of areas of interest in the exploration and evaluation phase				
Opening balance	4,649,807	4,864,496	-	-
Expenditure incurred during the year	1,086,779	1,244,026	-	-
	5,736,586	6,108,522	-	-
Less expenditure written off during the year	(752,204)	(1,458,715)	-	-
Closing balance	4,984,382	4,649,807	-	-

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

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

The recoverable value estimation is based on fair value less costs to sell as determined by management taking into consideration future prospectivity of the exploration tenements the deferred exploration costs are attached to.

9. TRADE AND OTHER PAYABLES

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current				
Trade creditors - unsecured	186,434	116,750	83,238	39,575

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

10. PROVISIONS

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current				
Employee benefits	48,915	94,631	-	-
Non Current				
Employee benefits	9,436	32,386	-	-

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

11. CONTRIBUTED EQUITY

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Issued capital				
474,039,763 (2006: 392,973,096)	23,949,656	21,313,506	23,949,656	21,313,506

Movement in issued shares for the year:

	2007		2006	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	392,973,096	21,313,506	364,056,282	20,214,506
Issued at 5.0 cents conversion of options	-	-	200,000	10,000
Issued at 3.0 cents each	59,066,667	1,772,000	-	-
Issued at 4.3 cents each	22,000,000	946,000	-	-
Issued at 4.0 cents each	-	-	27,500,000	1,100,000
Issued at 4.52 cents each	-	-	-	-
- acquisition of Tenement	-	-	1,216,814	55,000
Less share issue expense	-	(81,850)	-	(66,000)
End of the financial year	474,039,763	23,949,656	392,973,096	21,313,506

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

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

Options

As at 30 June 2007 there are 22,500,000 (2006: 8,500,000) unissued shares in respect of which options were outstanding and the details of these are as follows:

Number	Grant Date	Vesting Date	Exercise Price	Expiry Date
8,000,000	30/11/04	30/11/04	0.04	30 November 2007
500,000	01/03/06	01/03/06	0.05	28 February 2010
4,000,000	30/11/06	Various Δ	0.05	28 February 2010
4,000,000	30/11/06	Various Δ	0.08	28 February 2010
3,000,000	01/06/07	Various*	0.05	28 February 2010
3,000,000	01/06/07	Various*	0.08	28 February 2010

Δ 2m of these options have vested with a further 1m to vest on 28/02/08 and another 1m on 28/02/09.

* 1m of these options have vested with a further 1m to vest on 28/02/08 and another 1m on 28/02/09.

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

Since the end of the financial year 6,500,000 shares have been issued by virtue of the exercise of options.

12. ACCUMULATED LOSSES

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Accumulated losses at the beginning of the year	(15,684,016)	(13,719,228)	(15,684,016)	(13,731,555)
Net (loss)	(1,714,764)	(1,964,788)	(1,714,764)	(1,952,461)
Accumulated losses at the end of the year	(17,398,780)	(15,684,016)	(17,398,780)	(15,684,016)

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

13. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2007 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name	Place of Incorporation	Interest %		Investment \$	
		June 2007	June 2006	June 2007	June 2006
Cullen Minerals NL	Australia	100	100	-	-
Cullen Exploration Pty Ltd	Australia	100	100	-	-

14. KEY MANAGEMENT PERSONNEL

(a) Details of Directors and Key Management Personnel

Directors

D E Clarke	Chairman (Non-executive)
C Ringrose	Managing Director
J Horsburgh	Non-executive Director
G Hamilton	Non-executive Director
W Kernaghan	Non-executive Director

Key Management Personnel

The consolidated entity's directors represent the Key Management Personnel of the consolidated entity.

(b) Remuneration Practices

The company's policy for determining the nature and amount of emolument of board members and key management personnel of the company is:

The remuneration for key management personnel, including executive directors is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, directors and executives are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination lapse.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

Remuneration of directors

Details of remuneration provided to directors are as follows:

Directors	Short Term		Post Employment		Share-based Payment	Total \$
	Primary Salary/Fee \$	Motor Vehicle \$	Post Employment Superannuation \$	Termination Payment \$	Equity Amortise cost of options granted \$	
D E Clarke						
2007	27,500	-	2,475	-	-	29,975
2006	25,000	-	2,250	-	-	27,250
C Ringrose						
2007	164,667	7,401	14,820	-	81,958	268,846
2006	154,008	7,401	13,860	-	-	175,269
G Hamilton						
2007	93,796	-	4,728	112,259	-	210,783
2006	98,004	-	8,775	-	-	106,779
J Horsburgh						
2007	73,251	-	4,373	109,189	-	186,813
2006	96,208	-	8,658	-	-	104,866
W Kernaghan						
2007	43,569	-	1,687	-	-	45,256
2006	33,650	-	1,350	-	-	35,000
Total Remuneration for Directors						
2007	402,783	7,401	28,083	221,448	81,958	741,673
2006	406,870	7,401	34,893	-	-	449,164

In respect to the above remuneration, no amount was related to performance.

(c) Remuneration options – granted and vested during the year

During the financial year 8,000,000 (2006: Nil) options were granted as equity compensation to directors and executives and are not performance related.

(d) Shares issued on exercise of remunerated options

During the financial year Nil (2006: 200,000) remunerated options were exercised at \$0.05. The directors exercised Nil (2006: 200,000) options at \$0.05 during the year. The weighted average share price at the date of exercise in 2006 was \$0.05.

(e) Option holdings of directors

Directors	Balance at beginning of year 1 July 2006 Number	Options issued Number	Options lapsed/ exercised Number	Balance at end of year 30 June 2007 Number	Vested at 30 June 2007		
					Total Number	Not Exercisable Number	Exercisable Number
D Clarke	2,000,000	-	-	2,000,000*	2,000,000	-	2,000,000
C Ringrose	-	8,000,000	-	8,000,000 Δ	8,000,000	4,000,000	4,000,000
G Hamilton	2,000,000	-	-	2,000,000*	2,000,000	-	2,000,000
J Horsburgh	2,000,000	-	-	2,000,000*	2,000,000	-	2,000,000
W Kernaghan	2,000,000	-	-	2,000,000*	2,000,000	-	2,000,000
Total	8,000,000	8,000,000	-	16,000,000	16,000,000	4,000,000	12,000,000

* The outstanding options are exercisable at \$0.04 and have an expiry date of 30 November 2007

Δ Four million of these outstanding options are exercisable at \$0.05 and four million at \$0.08 and all have an expiry date of 28 February 2010.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

	Balance at beginning of year 1 July 2005 Number	Options issued Number	Options lapsed/ exercised Number	Balance at end of year 30 June 2006 Number	Vested at 30 June 2006		Exercisable Number
					Total	Not Exercisable	
					Number	Number	
Directors							
D Clarke	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
C Ringrose	5,000,000	-	(5,000,000)	-	-	-	-
G Hamilton	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
J Horsburgh	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
W Kernaghan	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Total	13,000,000	-	(5,000,000)	8,000,000	8,000,000	-	8,000,000

(f) Shareholdings of directors

Directors	Balance 1 July 2006 Number	Options Exercised Number	Net Change Sale Number	Balance 30 June 2007 Number
D Clarke	5,754,502	-	-	5,754,502
C Ringrose	200,000	-	-	200,000
G Hamilton	12,808,004	-	-	12,808,004
J Horsburgh	13,770,124	-	-	13,770,124
W Kernaghan	2,000,000	-	-	2,000,000
Total	34,532,630	-	-	34,532,630

Directors	Balance 1 July 2005 Number	Options Exercised Number	Net Change Sale Number	Balance 30 June 2006 Number
D Clarke	5,754,502	-	-	5,754,502
C Ringrose	-	200,000	-	200,000
G Hamilton	12,808,004	-	-	12,808,004
J Horsburgh	13,770,124	-	-	13,770,124
W Kernaghan	2,000,000	-	-	2,000,000
Total	34,332,630	200,000	-	34,532,630

The directors' shareholdings are held directly and indirectly. Refer to the Directors' Report on page 22 for the breakdown.

(g) Employee Options

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

Number	Grant Date	Vest Date	Expiry Date	Exercise Price
500,000	17/1/03	28/1/10	28/2/10	\$0.05

(ii) Options lapsed during the year

Number	Grant Date	Exercise Date	Exercise Price	Proceeds from shares issued	Number of Shares Issued	Issue Date	Fair Value of Shares Issued
-	-	-	-	-	-	-	-

(iii) Options issued during the year

Number	Grant Date	Expiry Date	Exercise Price
3,000,000	1/6/07	28/2/10	\$0.05
3,000,000	1/6/07	28/2/10	\$0.08

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

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

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value
500,000	1/3/06	28/2/10	28/2/10	\$0.05	\$0.0257
3,000,000	1/6/07	Various *	28/2/10	\$0.05	\$0.0578
3,000,000	1/6/07	Various *	28/2/10	\$0.08	\$0.0399

* 1m of these options have vested with a further 1m to vest on 28/02/08 and another 1m on 28/02/09.

(v) Valuation of options issued during the year

These options were valued using a Binomial methodology and include the following assumptions:

	2007	2006
Risk free rate	6.17%-6.18%	5.5%
Volatility	67%-70%	92%
Estimated life	Between 0.5 and 2 years	4 years

The expected volatility was determined using a historical sample of 51 month-end company share prices. The share price was \$0.05 at the grant date on 1 June 2007.

Employment Contracts

Managing Director

Pursuant to an agreement between the Company and Dr Chris Ringrose, Dr Ringrose will provide managing director services to the Company. The term of this arrangement is from 1 November 2006 and will continue thereafter unless terminated on not less than three months' notice given at any time. The position of the director will become redundant under this agreement in the limited circumstances where the employment of the Executive is terminated as a result of a takeover or merger of the Company. The Company will pay the Executive the equivalent of four weeks per year of service or part thereof of his base salary as a redundancy payment.

Other Executives

Other senior executives will be employed under contract. It is envisaged that employment contracts will be terminated by either party giving to the other not less than either two or three months' written notice.

15. JOINT VENTURES

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

	Principal Activity	Other Participant
(a) Gunbarrel Nickel	Exploration	BHP Billiton Ltd
(b) Irwin Bore (Cullen operates)	Exploration	CO2 Group Limited (formerly Revesco Group Limited) sold interest to Western Australian Resources Ltd
(c) Wonganoo (Cullen operates)	Exploration	Quantum Resources Ltd
(d) Hardey Junction	Exploration	NuStar Mining Corporation (now Intrepid Mines Limited)
(e) Mt Stuart	Exploration	Australian Premium Iron Management Pty Limited
(f) Duchess	Exploration	Minotaur Operation Ltd
(g) Wyloo	Exploration	FMG Limited
(h) Tunnel Creek	Exploration	Thundelarra Exploration Limited
(i) Paraburdoo	Exploration	FMG Limited
(j) Forrestania	Exploration	Hannans Reward Limited

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the year ended 30 June 2007

(k)	Red Hill (Yanks Bore)	Exploration	Red Hill Iron Limited
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- (a) BHP Billiton has earned 75% interest in the base metals rights, Cullen's 25% is free carried to Decision to Mine.
- (b) Cullen Exploration Pty Ltd has earned a 90% interest. Western Australian Resources Limited retains a 10% interest.
- (c) Quantum holds a 20% interest carried for \$1M of expenditure
- (d) Intrepid is earning 70% by spending \$800,000 in 4 years
- (e) API has earned a 70% interest by spending \$1 million
- (f) Minotaur can earn 70% by spending \$1.5 million over 4 years
- (g) FMG limited can earn up to 80% by spending \$2.5 million
- (h) Thundelarra can earn 70% by expenditure of \$1.5 million
- (i) FMG Limited can earn 51% by expenditure of \$1 million
- (j) Hannans Reward owns 80%; Cullen is 20% free carried
- (k) Red Hill can earn 70% by expenditure of \$1 million

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 profit before income tax is \$Nil (2006:Nil). The consolidated entity's assets employed in the joint ventures, are included in the balance sheet of the consolidated entity as follows:

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Exploration expenditure	2,984,753	3,654,506	-	-

16. COMMITMENTS

(a) Minimum exploration work

The consolidated entity has certain obligations to perform minimum exploration work and expend minimum amounts of money on mineral exploration tenements. The consolidated entity has committed to expend a minimum of \$2,137,000 (2006: \$1,500,000) over the next year to keep its current tenements in good standing. A major part of this expenditure will be met by our Joint Venture partners.

(b) Lease expenditure commitments

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Lease expenditure commitment				
Operating leases (non-cancellable) for premises				
Minimum lease payments				
- not later than one year	20,880	9,317	-	-
- later than one year and not later than five years	12,180	-	-	-
Aggregate lease expenditure contracted for at reporting date but not provided for	33,060	9,317	-	-

This lease is for the period 1 February 2007 to 31 January 2009 with an option for a further two years.

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

17. RELATED PARTIES

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.

18. SEGMENT INFORMATION

The consolidated entity operated during the year in one geographical segment, being Australia.

The consolidated entity operated in one business segment being mineral exploration.

19. 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	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash on hand	1,802,054	1,129,107	1,795,634	1,078,770

(ii) Reconciliation of operating (loss) after income tax to net cash used in operating activities

Operating (loss) after income tax	(1,714,764)	(1,964,788)	(1,714,764)	(1,952,461)
Add/(less) non cash items				
Exploration expenditure written off	752,204	1,458,715	-	-
Depreciation	16,045	20,528	7,219	6,849
Share based payments	148,815	12,837	148,815	12,837
Provisions for employee benefits	(68,666)	32,414	-	-
Allowance for non recovery of loan to controlled entity	-	-	1,196,036	1,743,625
Net cash used in operating activities before change in assets and liabilities	(866,366)	(440,294)	(362,694)	(189,150)
Increase in creditors	69,684	45,889	43,663	6,709
Net operating cashflows	(796,682)	(394,405)	(319,031)	(182,441)

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

20. EARNINGS/(LOSS)PER SHARE

	Consolidated	
	2007	2006
Basic (loss) per share (cents per share)	(0.40)	(0.53)
Diluted (loss) per share (cents per share)	(0.40)	(0.53)
The following reflects the income and share data used in the calculations of basic and diluted (loss) per share		
Net (loss)	(1,714,764)	(1,964,788)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	433,448,713	373,640,653
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS	22,500,000	8,500,000

21. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Group 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	Fixed interest rate maturing in one year or less	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2007 \$	2007 \$	2007 \$	2007 \$	2007 %
Financial Assets					
Cash	1,802,054	-	-	1,802,054	6.0
Security deposits	-	-	100,000	100,000	N/A
Total Financial Assets	1,802,054	-	100,000	1,902,054	
Financial Liabilities					
Trade and other payables	-	-	186,434	186,434	N/A
Total Financial Liabilities	-	-	186,434	186,434	
Financial Instruments	Floating interest rate	Fixed interest rate maturing in one year or less	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2006 \$	2006 \$	2006 \$	2006 \$	2006 %
Financial Assets					
Cash	1,129,107	-	-	1,129,107	5.0
Security deposits	-	-	100,000	100,000	N/A
Total Financial Assets	1,129,107	-	100,000	1,229,107	
Financial Liabilities					
Trade and other Payables	-	-	116,750	116,750	N/A
Total Financial Liabilities	-	-	116,750	116,750	

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

The parent 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	Fixed interest rate maturing in one year or less	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2007	2007	2007	2007	2007
	\$	\$	\$	\$	%
Financial Assets					
Cash	1,795,634	-	-	1,795,634	6.0
Total Financial Assets	1,795,634	-	-	1,795,634	
Financial Liabilities					
Trade and other payables	-	-	83,238	83,238	N/A
Total Financial Liabilities	-	-	83,238	83,238	

Financial Instruments	Floating interest rate	Fixed interest rate maturing in one year or less	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2006	2006	2006	2006	2006
	\$	\$	\$	\$	%
Financial Assets					
Cash	1,078,770	-	-	1,078,770	5.0
Total Financial Assets	1,078,770	-	-	1,078,770	
Financial Liabilities					
Trade and other payables	-	-	39,575	39,575	N/A
Total Financial Liabilities	-	-	39,575	39,575	

(b) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities of the consolidated entity, at the balance date, are as follows:

	Total carrying amount as per the balance sheet	Aggregate net fair value (i)	Total carrying amount as per the balance sheet	Aggregate net fair value (i)
	2007	2007	2006	2006
	\$	\$	\$	\$
Financial Assets				
Cash	1,802,054	1,802,054	1,129,007	1,129,007
Security deposits	100,000	100,000	100,000	100,000
Total Financial Assets	1,902,054	1,902,054	1,229,007	1,229,007
Financial Liabilities				
Trade and other payables	186,434	186,434	116,750	116,750
Total Financial Liabilities	186,434	186,434	116,750	116,750

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

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

	Total carrying amount as per the balance sheet	Aggregate net fair value (i)	Total carrying amount as per the balance sheet	Aggregate net fair value (i)
	2007	2007	2006	2006
	\$	\$	\$	\$
Financial Assets				
Cash	1,795,634	1,795,634	1,078,770	1,078,770
Total Financial Assets	1,795,634	1,795,634	1,078,770	1,078,770
Financial Liabilities				
Trade and other payables	83,238	83,238	39,575	39,575
Total Financial Liabilities	83,238	83,238	39,575	39,575

(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.

Financial Risk Management

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates for its cash holdings is minimal.

Commodity price risk

The Group's exposure to price risk is minimal

Credit risk

The Group trades only with recognised, creditworthy third parties.

Liquidity risk

The Group's objective is to maintain a cash balance and to raise further cash through the issue of equity.

22. AUDITORS REMUNERATION

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Amounts received or due and receivable by Ernst and Young				
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	35,000	33,500	35,000	33,500

CULLEN RESOURCES AND ITS CONTROLLED ENTITIES
Notes to the financial statements for the year ended 30 June 2007

23. SUBSEQUENT EVENTS

On 3 August 2007 the Company received \$265,000 by the issue of 6,500,000 ordinary shares on the conversion of options.

24. CORPORATE INFORMATION

The financial report of Cullen Resources Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007.

Cullen Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

25. SHARE BASED PAYMENTS

The share based payments reserve represent the valuation of options that have been granted and have vested as at the end of the financial year.

SHAREHOLDER INFORMATION

CAPITAL STRUCTURE

As at 21 September 2007, the company had the following securities on issue:

	Fully paid Ordinary shares
Issued Capital	480,539,763
Top 20 Shareholders	
Total holding of twenty largest shareholders	83,751,987
% of total shares on issue	17.41%
Distribution of shareholders	Total Holders
1 - 1,000 shares	140
1,001 - 5,000 shares	175
5,001 - 10,000 shares	467
10,001 - 100,000 shares	2389
100,001 and over	851
Total	4022
Unmarketable Parcels as at 21 September 2007 Minimum \$500.00	237

OPTIONS

As at 21 September 2007, 16,000,000 unissued shares in respect of options were outstanding. These are as follows:

Number	Exercise Price	Expiry Date
2,000,000	\$0.04	30 November 2007
7,000,000	\$0.05	28 February 2010
7,000,000	\$0.08	28 February 2010

SUBSTANTIAL SHAREHOLDERS

The company has no Substantial Shareholders.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty holders of the fully paid shares at **21 September 2007** are listed below:

Name	No. of Shares	% Held	Rank
Kitchsmith Pty Ltd (G Hamilton Pension Fund)	14,355,002	2.99	1
Innerleithen Pty Ltd (Horsburgh Super Fund)	12,352,120	2.57	2
Chiatta Pty Ltd	6,260,000	1.30	3
Lindglade Enterprises Pty Ltd Clarke Super Fund	4,374,407	0.91	4
Wythenshawe Pty Ltd	3,935,000	0.82	5
Dunslair Pty Ltd	3,243,000	0.67	6
Mr K Ennis + Mrs F Ennis	3,229,000	0.67	7
Mr Neil Ronald Griffin	3,087,000	0.64	8
ANZ Nominees Limited (Cash Income A/C)	3,018,614	0.63	9
Mr David Banovich & Mrs Beverly Banovich	3,000,000	0.62	10
Mr Douglas Rowe & Mrs Shirley Rowe	3,000,000	0.62	11
Comsec Nominees Pty Limited	2,963,950	0.62	12
Mr Thuan Doan	2,811,999	0.59	13
Mr Trevor Burke	2,792,565	0.58	14
Mr Charles Bennett Bass	2,500,000	0.52	15
Hazurn Pty Ltd	2,500,000	0.52	16
Mr Dennis Robert Wyllie	2,243,000	0.47	17
ATFT Pty Ltd	2,165,000	0.45	18
Mr J Angelucci + Mrs G Ancelucci	2,106,000	0.44	19
Miss Thi Phuong Doan	2,048,877	0.43	20
Total	81,985,534	17.06	

VOTING RIGHTS

Every member present in person or by representative shall on a show of hands have one vote, and on a poll every member present in person or by representative, proxy or attorney shall have one vote in respect of each fully paid share held by him.