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**CULLEN RESOURCES LIMITED**  
**ABN 46 006 045 790**  
**NOTICE OF ANNUAL GENERAL MEETING**

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TIME: 10:00 AM (EST)

DATE: 26 NOVEMBER 2007

PLACE: LEVEL 4  
118 CHRISTIE STREET  
ST. LEONARDS  
SYDNEY NSW 2065

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on Monday 26 November 2007 commencing at 10.00am at the company's registered office, Level 4, 118 Christie Street, St Leonards, Sydney, NSW 2065.

### Ordinary Business

To consider and, if thought fit, pass each of the following resolutions as ordinary resolutions:

#### 1. Adoption of Accounts and Reports

To receive and consider the Financial Statements of the Company as at 30 June 2007, the Income Statement of the Company for the year ended on that date, together with the consolidated accounts of the Company and its controlled entities and the reports of Directors and Auditors thereon.

#### 2. Adoption of Remuneration Report

To adopt the remuneration report forming part of the Directors' Report for the financial year ended 30 June 2007.

(Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.)

#### 3. Election of a Director

In accordance with the Constitution of the Company, Mr John Horsburgh retires by rotation, being eligible, is re-elected as a director of Cullen Resources Limited.

#### 4. Issue of Options – Dr Denis Clarke

That the issue to Dr Denis Clarke, a Director of the Company, of 2,000,000 options to subscribe for fully paid ordinary shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of General Meeting and the issue to Dr Denis Clarke of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such options, is hereby approved.

#### 5. Issue of Options – Mr John Horsburgh

That the issue to Mr John Horsburgh, a Director of the Company, of 2,000,000 options to subscribe for fully paid ordinary shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of General Meeting and the issue to Mr John Horsburgh of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such options, is hereby approved.

#### 6. Issue of Options – Mr Grahame Hamilton

That the issue to Mr Grahame Hamilton, a Director of the Company, of 2,000,000 options to subscribe for fully paid ordinary shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of General Meeting and the issue to Mr Grahame Hamilton of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such options, is hereby approved.

#### 7. Issue of Options – Mr Wayne Kernaghan

That the issue to Mr Wayne Kernaghan, a Director of the Company, of 2,000,000 options to subscribe for fully paid ordinary shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of General Meeting and the issue to Mr Wayne Kernaghan of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such options, is hereby approved.

#### 8. Further Business

To transact any further business that may legally be brought up.

#### By Order of the Board

W. J. Kernaghan  
Secretary

## Notes:

1. **Voting Entitlements**  
Pursuant to Section 1109N of the Corporations Act 2001, the Directors have determined that the shareholdings of each shareholder for the purpose of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Share Register as at 10.00am on 24 November 2007.
2. In respect of Resolutions 4, 5, 6 and 7, the Company will disregard any votes cast on each of these resolutions by any of the directors or persons who may participate or might obtain a benefit in the issue the subject of Resolution 4, 5, 6 and 7 and any associate of any of those persons. However the Company need not disregard any vote by any such persons if:
  - it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - it is cast by any of them who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. A member entitled to attend and vote is entitled to appoint not more than two proxies.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
5. Appointment of a proxy by a member who is a corporation must be under its common seal or the hand of its attorney or the hand of a person duly authorised by the corporation.
6. A proxy need not be a member of the Company.
7. To be effective, the proxy form must be received by the Company at its registered office, Level 4, 118 Christie Street, St. Leonards, Sydney NSW 2065, or received by facsimile on (02) 9437 4599 not less than forty-eight (48) hours before the time for holding the meeting.



## Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of Cullen Resources Limited ("Cullen") in connection with the business to be transacted at the Annual General Meeting of shareholders of Cullen to be held at Level 4, 118 Christie Street St Leonards on 26 November 2007 at 10.00am, Eastern Standard Time.

The Directors recommend shareholders read the accompanying Notice of General Meeting ("Notice") and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

### RESOLUTION 4:

#### Issue of Options to Dr Denis Clarke

It is proposed that the Company issue to Dr Denis Clarke, a Director of the Company, a total of 2,000,000 options to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the VWAP of the shares for the five trading days prior to the meeting plus 20%. Further details on the terms of the options are set out below.

Shareholder approval is being sought for the issue of these options and the issue of shares upon exercise of the options in accordance with the requirements of the ASX Listing Rules and Chapter 2E of the Corporations Act 2001. Specifically:

Listing Rule 7.1 restricts a company from issuing equity securities, including options to take up shares, which in any 12 month period would amount to more than 15% of the Company's total shares on issue 12 months before the date of the proposed issue. However, issues of equity securities made with the prior approval of the shareholders in general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if shareholders of the Company approve the proposed issue of options and shares, neither the options nor the shares issued upon exercise of the options will be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period. This provides the Company with maximum flexibility if the Directors consider it appropriate to raise additional capital.

Listing Rule 10.11 restricts a company from issuing equity securities, including options to take up shares, to a director of the company (or a proposed director) without the prior approval of holders of ordinary shares by resolution at a general meeting.

Chapter 2E of the Corporations Act 2001 prohibits a public company from giving a "financial benefit" to a "related party" (which includes Directors and associates) of the public company unless either:-

- i. the giving of the financial benefits falls within one of the nominated exceptions to the provisions; or
- ii. prior Shareholder approval is obtained to the giving of the financial benefits.

The granting of options to Dr Denis Clarke, a Director of the Company constitutes the provision of a financial benefit to a related party of the Company within the meaning of Chapter 2E.

Therefore, Resolution 4 seeks the approval of shareholders to satisfy the requirements for shareholder approval under Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act 2001.

To assist shareholders the following information and valuation of the options has been provided:

The options have been valued by reference to the Black Scholes options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 12 October 2007	\$0.090
Exercise Price	\$0.108
Risk Free Rate	6%
Volatility (Annualised)	70%
Time (years) to expiry	3 years
Value per option	\$0.04095

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It should be noted that no discount has been applied to the valuation for non negotiability of the options as they are not listed, 1,000,000 will not vest for one year and they cannot be transferred except in limited circumstances.

Based on the above assumptions it is considered that the total value of the 2,000,000 options to be \$81,900 or 4.095 cents per option.

Details of the proposed issue of options to Dr Denis Clarke are as follows:

1. If shareholder approval is obtained, the 2,000,000 options will be issued to Dr Denis Clarke within one month of the date of this meeting.
2. No consideration will be payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the 5 day VWAP price up until the day before the meeting plus 20% (i.e. if the VWAP is 10 cents then the exercise price will be 12 cents). The funds raised on the exercise of the options will be used for working capital.
3. The options will be issued on the following terms:
  - (a) the options issued to Dr Denis Clarke 1,000,000 may be exercised immediately with the other 1,000,000 may be exercisable from 30 November 2008;
  - (b) the options will expire on the earlier of the date which is one month after the Director to whom the options are issued ceases to be a Director of the Company (or such longer period as determined by the board of Directors) or at 5.00pm on 30 November 2010 ("the Expiry Date");
  - (c) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;
  - (d) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;
  - (e) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;
  - (f) in a reorganisation of capital of the Company or a bonus issue, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;
  - (g) subject to paragraph (e), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);
  - (h) the options can be transferred, subject to board approval;
  - (i) the options will not be quoted on the ASX.

The current capital structure of the Company is as follows:

<b>Capital</b>	<b>Number</b>
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting, the issued capital of the Company will be as follows:

<b>Capital</b>	<b>Number</b>
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000

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Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options ( xx cents exercisable on or before 30/11/2010)	8,000,000
Total Options	24,000,000
Total Ordinary Shares if all Options on issue are exercised	504,539,763

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and all options on issue are exercised, Dr Denis Clarke will hold 0.40% of the issued share capital of the Company.

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and none of the options on issue are exercised, except those issued to Dr Denis Clarke, Dr Denis Clarke will hold 0.42% of the issued share capital of the Company.

Dr Denis Clarke currently receives \$2,916.66 per month in director fees plus statutory superannuation from the Company. Dr Denis Clarke receives no other remuneration from the Company.

These options are intended to provide an incentive to Dr Denis Clarke, a Director, to work towards improving the performance of the Company and its share price, which will benefit all of the shareholders.

Dr Denis Clarke, director of the Company, does not make a recommendation to shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors of the Company, do not make a recommendation to shareholders in relation to the resolution as they have a personal interest in the outcome of Resolutions 5, 6 and 7, which is on similar terms to the resolution detailed above.

## **RESOLUTION 5:**

### **Issue of Options to Mr John Horsburgh**

It is proposed that the Company issue to Mr John Horsburgh, a Director of the Company, a total of 2,000,000 options to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the VWAP of the shares for the five trading days prior to the meeting plus 20%. Further details on the terms of the options are set out below.

Shareholder approval is being sought for the issue of these options and the issue of shares upon exercise of the options in accordance with the requirements of the ASX Listing Rules and Chapter 2E of the Corporations Act 2001. Specifically:

Listing Rule 7.1 restricts a company from issuing equity securities, including options to take up shares, which in any 12 month period would amount to more than 15% of the Company's total shares on issue 12 months before the date of the proposed issue. However, issues of equity securities made with the prior approval of the shareholders in general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if shareholders of the Company approve the proposed issue of options and shares, neither the options nor the shares issued upon exercise of the options will be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period. This provides the Company with maximum flexibility if the Directors consider it appropriate to raise additional capital.

Listing Rule 10.11 restricts a company from issuing equity securities, including options to take up shares, to a director of the company (or a proposed director) without the prior approval of holders of ordinary shares by resolution at a general meeting.

Chapter 2E of the Corporations Act 2001 prohibits a public company from giving a "financial benefit" to a "related party" (which includes Directors and associates) of the public company unless either:-

- i. the giving of the financial benefits falls within one of the nominated exceptions to the provisions; or
- ii. prior Shareholder approval is obtained to the giving of the financial benefits.

The granting of options to Mr John Horsburgh, a Director of the Company constitutes the provision of a financial benefit to a related party of the Company within the meaning of Chapter 2E.

Therefore, Resolution 5 seeks the approval of shareholders to satisfy the requirements for shareholder approval under Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act 2001.

To assist shareholders the following information and valuation of the options has been provided:

The options have been valued by reference to the Black Scholes options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 12 October 2007	\$0.090
Exercise Price	\$0.108
Risk Free Rate	6%
Volatility (Annualised)	70%
Time (years) to expiry	3 years
Value per option	\$0.04095

It should be noted that no discount has been applied to the valuation for non negotiability of the options as they are not listed and cannot be transferred except in limited circumstances.

Based on the above assumptions it is considered that the total value of the 2,000,000 options to be \$81,900 or 4.095 cents per option.

Details of the proposed issue of options to Mr John Horsburgh are as follows:

1. If shareholder approval is obtained, the 2,000,000 options will be issued to Mr John Horsburgh within one month of the date of this meeting.
2. No consideration will be payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the 5 day VWAP price up until the day before the meeting plus 20% ( ie if the VWAP is 10 cents then the exercise price will be 12 cents). The funds raised on the exercise of the options will be used for working capital.
3. The options will be issued on the following terms:
  - (a) the options issued to Mr John Horsburgh 1,000,000 may be exercised immediately with the other 1,000,000 may be exercisable from 30 November 2008;
  - (b) the options will expire on the earlier of the date which is one month after the Director to whom the options are issued ceases to be a Director of the Company (or such longer period as determined by the board of Directors) or at 5.00pm on 30 November 2010 ("the Expiry Date");
  - (c) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;
  - (d) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;
  - (e) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;
  - (f) in a reorganisation of capital of the Company or a bonus issue, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;
  - (g) subject to paragraph (e), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);
  - (h) the options can be transferred, subject to board approval;
  - (i) the options will not be quoted on the ASX.

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The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (xx cents exercisable on or before 30/11/2010)	8,000,000
Total Options	24,000,000
Total Ordinary Shares if all Options on issue are exercised	504,539,763

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and all options on issue are exercised, Mr John Horsburgh will hold 0.40% of the issued share capital of the Company.

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and none of the options on issue are exercised, except those issued to Mr John Horsburgh, Mr John Horsburgh will hold 0.42% of the issued share capital of the Company.

Mr John Horsburgh currently receives \$2,500 per month in directors fees plus statutory superannuation from the Company. Mr John Horsburgh also receives consultancy fees of \$1,000 per day for geological services provided to the Company when called upon to provide these services but with a minimum of sixty days for the year ahead from 1/11/07.

These options are intended to provide an incentive to Mr John Horsburgh, a Director, to work towards improving the performance of the Company and its share price, which will benefit all of the shareholders.

Mr John Horsburgh, director of the Company, does not make a recommendation to shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors of the Company do not make a recommendation to shareholders in relation to the resolution as they have a personal interest in the outcome of Resolutions 4, 6 and 7, which is on similar terms to the resolution detailed above.

## RESOLUTION 6:

### Issue of Options to Mr Grahame Hamilton

It is proposed that the Company issue to Mr Grahame Hamilton, a Director of the Company, a total of 2,000,000 options to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the VWAP of the shares for the five trading days prior to the date of the meeting plus 20%. Further details on the terms of the options are set out below.

Shareholder approval is being sought for the issue of these options and the issue of shares upon exercise of the options in accordance with the requirements of the ASX Listing Rules and Chapter 2E of the Corporations Act 2001. Specifically:

Listing Rule 7.1 restricts a company from issuing equity securities, including options to take up shares, which in any 12 month period would amount to more than 15% of the Company's total shares on issue 12 months before the date of the proposed issue. However, issues of equity securities made with the prior approval of the shareholders



in general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if shareholders of the Company approve the proposed issue of options and shares, neither the options nor the shares issued upon exercise of the options will be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period. This provides the Company with maximum flexibility if the Directors consider it appropriate to raise additional capital.

Listing Rule 10.11 restricts a company from issuing equity securities, including options to take up shares, to a director of the company (or a proposed director) without the prior approval of holders of ordinary shares by resolution at a general meeting.

Chapter 2E of the Corporations Act 2001 prohibits a public company from giving a “financial benefit” to a “related party” (which includes Directors and associates) of the public company unless either:-

- i. the giving of the financial benefits falls within one of the nominated exceptions to the provisions; or
- ii. prior Shareholder approval is obtained to the giving of the financial benefits.

The granting of options to Mr Grahame Hamilton, a Director of the Company constitutes the provision of a financial benefit to a related party of the Company within the meaning of Chapter 2E.

Therefore, Resolution 4 seeks the approval of shareholders to satisfy the requirements for shareholder approval under Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act 2001.

To assist shareholders the following information and valuation of the options has been provided:

The options have been valued by reference to the Black Scholes options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 12 October 2007	\$0.090
Exercise Price	\$0.108
Risk Free Rate	6%
Volatility (Annualised)	70%
Time (years) to expiry	3 years
Value per option	\$0.04095

It should be noted that no discount has been applied to the valuation for non negotiability of the options as they are not listed and cannot be transferred except in limited circumstances.

Based on the above assumptions it is considered that the total value of the 2,000,000 options to be \$81,900 or 4.095 cents per option.

Details of the proposed issue of options to Mr Grahame Hamilton are as follows:

1. If shareholder approval is obtained, the 2,000,000 options will be issued to Mr Grahame Hamilton within one month of the date of this meeting.
2. No consideration will be payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the 5 day VWAP price up until the day before the meeting plus 20% ( ie if the VWAP is 10 cents then the exercise price will be 12 cents). The funds raised on the exercise of the options will be used for working capital.
3. The options will be issued on the following terms:
  - (a) the options issued to Mr Grahame Hamilton 1,000,000 may be exercised immediately with the other 1,000,000 may be exercisable from 30 November 2008;
  - (b) the options will expire on the earlier of the date which is one month after the Director to whom the options are issued ceases to be a Director of the Company (or such longer period as determined by the board of irectors) or at 5.00pm on 30 November 2010 (“the Expiry Date”);

- (c) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;
- (d) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;
- (e) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;
- (f) in a reorganisation of capital of the Company or a bonus issue, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;
- (g) subject to paragraph (e), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);
- (h) the options can be transferred, subject to board approval;
- (i) the options will not be quoted on the ASX.

The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (xx cents exercisable on or before 30/11/2010)	8,000,000
Total Options	24,000,000
Total Ordinary Shares if all Options on issue are exercised	504,539,763

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and all options on issue are exercised, Mr Grahame Hamilton will hold 0.40% of the issued share capital of the Company.

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and none of the options on issue are exercised, except those issued to Mr Grahame Hamilton, Mr Grahame Hamilton will hold 0.42% of the issued share capital of the Company.

Mr Grahame Hamilton currently receives \$2,500 per month in directors fees plus statutory superannuation from the Company. Mr Grahame Hamilton also receives consultancy fees of \$1,000 per day from the Company for geological services provided to the Company when called upon to provide these services but with a minimum of sixty days for the year ahead from 1/11/07.

These options are intended to provide an incentive to Mr Grahame Hamilton, a Director, to work towards improving the performance of the Company and its share price, which will benefit all of the shareholders.

Mr Grahame Hamilton, director of the Company, does not make a recommendation to shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors of the Company do not make a recommendation to shareholders in relation to the resolution as they have a personal interest in the outcome of Resolutions 4, 5 and 7, which is on similar terms to the resolution detailed above.

## RESOLUTION 7:

### Issue of Options to Mr Wayne Kernaghan

It is proposed that the Company issue to Mr Wayne Kernaghan, a Director of the Company, a total of 2,000,000 options to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the VWAP of the shares for the five trading days prior to the date of the meeting plus 20%. Further details on the terms of the options are set out below.

Shareholder approval is being sought for the issue of these options and the issue of shares upon exercise of the options in accordance with the requirements of the ASX Listing Rules and Chapter 2E of the Corporations Act 2001. Specifically:

Listing Rule 7.1 restricts a company from issuing equity securities, including options to take up shares, which in any 12 month period would amount to more than 15% of the Company's total shares on issue 12 months before the date of the proposed issue. However, issues of equity securities made with the prior approval of the shareholders in general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if shareholders of the Company approve the proposed issue of options and shares, neither the options nor the shares issued upon exercise of the options will be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period. This provides the Company with maximum flexibility if the Directors consider it appropriate to raise additional capital.

Listing Rule 10.11 restricts a company from issuing equity securities, including options to take up shares, to a director of the company (or a proposed director) without the prior approval of holders of ordinary shares by resolution at a general meeting.

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- i. the giving of the financial benefits falls within one of the nominated exceptions to the provisions; or
- ii. prior Shareholder approval is obtained to the giving of the financial benefits.

The granting of options to Mr Wayne Kernaghan, a Director of the Company constitutes the provision of a financial benefit to a related party of the Company within the meaning of Chapter 2E.

Therefore, Resolution 4 seeks the approval of shareholders to satisfy the requirements for shareholder approval under Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act 2001.

To assist shareholders the following information and valuation of the options has been provided:

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Value per option	\$0.04095

It should be noted that no discount has been applied to the valuation for non negotiability of the options as they are not listed and cannot be transferred except in limited circumstances.

Based on the above assumptions it is considered that the total value of the 2,000,000 options to be \$81,900 or 4.095 cents per option.

Details of the proposed issue of options to Mr Wayne Kernaghan are as follows:

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1. If shareholder approval is obtained, the 2,000,000 options will be issued to Mr Wayne Kernaghan within one month of the date of this meeting.
2. No consideration will be payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price which will be the 5 day VWAP price up until the day before the meeting plus 20% (ie if the VWAP is 10 cents then the exercise price will be 12 cents). The funds raised on the exercise of the options will be used for working capital.
3. The options will be issued on the following terms:
  - (a) the options issued to Mr Wayne Kernaghan 1,000,000 may be exercised immediately with the other 1,000,000 may be exercisable from 30 November 2008;
  - (b) the options will expire on the earlier of the date which is one month after the Director to whom the options are issued ceases to be a Director of the Company (or such longer period as determined by the board of Directors) or at 5.00pm on 30 November 2010 ("the Expiry Date");
  - (c) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;
  - (d) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;
  - (e) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;
  - (f) in a reorganisation of capital of the Company or a bonus issue, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;
  - (g) subject to paragraph (e), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);
  - (h) the options can be transferred, subject to board approval;
  - (i) the options will not be quoted on the ASX.

The current capital structure of the Company is as follows:

<b>Capital</b>	<b>Number</b>
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting, the issued capital of the Company will be as follows:

<b>Capital</b>	<b>Number</b>
Ordinary Shares	480,539,763
Unlisted Options (4 cents exercisable on or before 30/11/2007)	2,000,000
Unlisted Options (5 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (8 cents exercisable on or before 28/02/2010)	7,000,000
Unlisted Options (xx cents exercisable on or before 30/11/2010)	8,000,000
Total Options	24,000,000
Total Ordinary Shares if all Options on issue are exercised	504,539,763

If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and all options on issue are exercised, Mr Wayne Kernaghan will hold 0.40% of the issued share capital of the Company.



If shareholder approval is obtained for all resolutions contained in the Notice of Meeting and all options are issued as contemplated by the Notice of Meeting and none of the options on issue are exercised, except those issued to Mr Wayne Kernaghan, Mr Wayne Kernaghan will hold 0.42% of the issued share capital of the Company.

Mr Wayne Kernaghan currently receives \$2,500 per month in directors fees and statutory superannuation from the Company. Mr Wayne Kernaghan receives no other remuneration from the Company other consultancy fees for accounting and company secretarial services (being \$14,650 for the year ended 30 June 2007).

These options are intended to provide an incentive to Mr Wayne Kernaghan, a Director, to work towards improving the performance of the Company and its share price, which will benefit all of the shareholders.

Mr Wayne Kernaghan, director of the Company, does not make a recommendation to shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors of the Company do not make a recommendation to shareholders in relation to the resolution as they have a personal interest in the outcome of Resolutions 4, 5 and 6, which is on similar terms to the resolution detailed above.

# CULLEN RESOURCES LIMITED

A.C.N. 006 045 790



## APPOINTMENT OF PROXY

I/We .....

of.....

being a member/members of Cullen Resources Limited hereby appoint

The Chairman of  
The meeting  
(mark with an 'X')

OR

Write the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

or failing the person named attending the meeting, or if no person is named, the Chairman of the meeting as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held on 26 November, 2007 at 10.00 am and at any adjournment of that meeting.

### IMPORTANT:

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on each item, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of these items and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on these items and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman intends to vote undirected proxies in favour of each Item.

### Voting directions to your proxy – please mark "X" to indicate your directions

Resolution	For	Against	Abstain
1. Adoption of Annual Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Adoption of Remuneration Report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Mr John Horsburgh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of options – Dr Clarke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of options – Mr Horsburgh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of options – Mr Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of options – Mr Kernaghan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2007.

Individual Securityholder 1

Securityholder 2

Securityholder 3

Individual/Sole Director

Director

Director/Company Secretary

This form must be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).



## Notes:

1. **Voting Entitlements**  
Pursuant to Section 1109N of the Corporations Act 2001, the Directors have determined that the shareholdings of each shareholder for the purpose of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Share Register as at 10.00am on 24 November 2007.
2. A member entitled to attend and vote is entitled to appoint not more than two proxies.
3. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
4. Appointment of a proxy by a member who is a corporation must be under its common seal or the hand of its attorney or the hand of a person duly authorised by the corporation.
5. A proxy need not be a member of the Company.
6. To be effective, the proxy form must be received by the Company at its registered office, Level 4, 118 Christie Street, St. Leonards, Sydney NSW 2065, or received by facsimile on (02) 9437 4599 not less than forty-eight (48) hours before the time for holding the meeting.