



CULLEN RESOURCES LIMITED

ABN 46 006 045 790

www.cullenresources.com.au

ASX Symbol: CUL

QUARTERLY REPORT for the period ending 31 DECEMBER 2006

31 January 2007

Unit 4, 7 Hardy Street
South Perth WA 6151
Phone: +61 8 9474 5511
Facsimile: +61 8 9474 5588
Email: cullenp@bigpond.net.au

CONTACT: Dr Chris Ringrose, MD

PROJECTS:

Gold and Nickel: Gunbarrel; Wonganoo;
Killaloe-Woodcutters; Forrestania;

Iron: Mt Stuart; Metawandy;

Uranium: Tunnel Creek; Central
Australia; North Yilgarn;

Copper – Gold: Duchess;

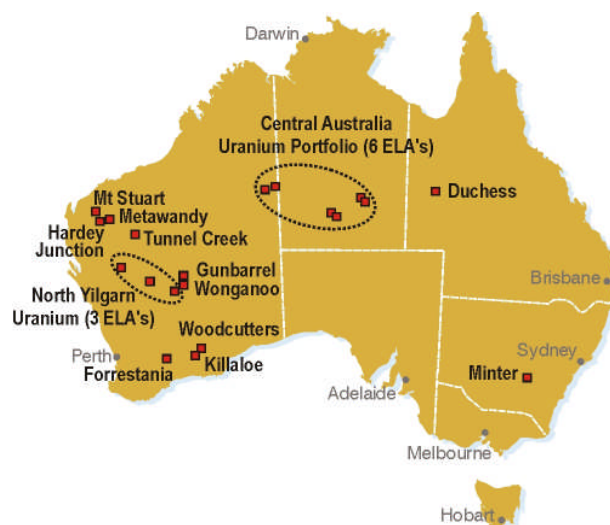
Tungsten: Minter **Gold:** H.Junction

ABOUT CULLEN

Cullen is a Perth based, diversified, minerals explorer with a number of JV's with key partners including: BHP Billiton; Independence Group; FMG; API (Aquila); Hannans Reward; Intrepid; Minotaur and Thundelarra. The Company continues to build its tenement portfolio throughout Australia, and progressively evaluates and priorities exploration plays with a view to further JV's or its own evaluation..

HIGHLIGHTS

- **Iron** – API, Manager of the Mt Stuart JV, commenced a Pre-Feasibility study on its West Pilbara iron ore projects which include the Catho Well and Cardo Bore Channel Iron Deposits (CID's), 30% owned by Cullen. Cullen's deposits (with 55-56% Fe and favourable low phosphorous levels of <0.05%) are important sources of blending material for this potential development,
- **Nickel** - EM surveying at the Gunbarrel JV (Cullen 25%) has generated 7 new anomalies, 4 of which are to be drill tested for nickel sulphides, starting mid March.
- **Uranium** – JV Manager Thundelarra, has indicated that an aeromagnetic and radiometric survey will be flown in February across their entire Turee Creek Project area including the Tunnel Creek JV (Cullen 30%) area.



CORPORATE

- Appointed **Dr Matthias Cornelius** as Chief Geologist (see separate ASX Announcement of 29/1/07)
- Completed placement to raise approximately \$1M

KEY PROJECT - Iron

WEST PILBARA, W.A.

MT STUART JOINT VENTURE - Cullen 30% of iron ore rights and 100% of all other minerals

The **Mt Stuart Iron Ore Joint Venture** comprises Australia Premium Iron Management Pty Ltd (API) 70% and Managers, and Cullen Resources Limited, 30% and contributing. API is a company owned 50% by Aquila Resources Limited. The Joint Venture is part of API's substantial tenement interests in the West Pilbara, including a joint venture with Red Hill Iron Limited, which forms a large, contiguous land package where a number of **Channel Iron Deposits (CID's)** are being evaluated (see Figure).

During the Quarter, API commenced a Pre-Feasibility study (PFS) for its combined West Pilbara interests that included: commissioning of a Port Options study; modeling to provide rail construction and operating data; consideration of the benefits of Continuous Surface Miners; and development of the structure and schedule for a PFS. Consultants engaged for the PFS include: Evans and Peak (Coordination), Aquaterra (environmental approvals), Calibre Engineering (mine and port infrastructure) and Engenium (transport).

PQ diamond core samples from the Catho Well Channel Iron Deposit (Cullen 30%) were submitted to AMMTEC laboratories in Perth for metallurgical testwork. A best intersection of 20m @ 57.46%Fe; with 0.037%P has been achieved from previous drilling at this deposit. The deposit has a known strike extent of over five kilometers, is up to 1km in breadth and continues for approximately another 1km within the JV tenement beyond the limit of current drilling. This section of the CID will be drilled in 2007, following completion of a heritage survey.

A resource estimate for the Mt Stuart Joint Venture project will be completed by the March Quarter, when the extent of Cullen's participation in the API West Pilbara Project will become apparent.

KEY PROJECT - Nickel

NORTH EASTERN GOLDFIELDS, W.A.

GUNBARREL NICKEL JOINT VENTURE - BHP Billiton holds a 75% interest in nickel and base metal rights; Cullen's 25% is free carried to Decision to Mine

A total of 32 line kms of moving loop ground EM surveys was completed on E53/818 and E53/568, over surface, Ni-Cu geochemical anomalies.

These surveys resulted in the generation of 7 new EM targets on E53/818 of which **4 are recommended for drill testing to commence in mid March (subject to drill rig availability).**

KEY PROJECT - Uranium

ASHBURTON PROVINCE, W.A.

TUNNEL CREEK JOINT VENTURE – Thundelarra/Element 92 can earn 70%

As previously announced, 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 .

Element 92 will manage the applications through to grant, and will earn a 70% interest in any of the three tenements by spending a total of \$0.5 million on any one tenement within five years of the grant of any tenement, or an aggregate of \$1.5M on the three tenements combined. Element 92 has committed to a minimum expenditure of \$500,000 (\$167,000 each) before withdrawal. Once Element 92 has earned its equity, Cullen may contribute to the Joint Venture, or elect to take a 20% free carried interest to the completion of a Bankable Feasibility Study. At a Decision to Mine, Cullen may participate or take a 2% Net Smelter Royalty.

The JV Manager has indicated that an aeromagnetic and radiometric survey will be flown in February across their entire Turee Creek Project area including the Tunnel Creek JV area.

KEY PROJECT - Gold and Nickel

FORRESTANIA REGION, W.A.

STORMBREAKER AND NORTH IRONCAP GOLD/NICKEL PROJECTS – Hannans Reward 80% and Cullen 20% and free carried to a Decision to Mine.

During the Quarter, Hannans paid Cullen \$250,000 cash to increase its equity in the Forrestania tenement group to 80%; and will Free Carry Cullen at 20% to a Decision to Mine based on completion of a Bankable Feasibility Study. At a DTM, Cullen may participate in Mine Development at 20%, or take a 2.5% Net Smelter Royalty, on the Mining Area excised from the on-going Exploration Joint Venture area on which Cullen remains 20% Free Carried until any subsequent DTM's.

The **Stormbreaker** and **North Ironcap Projects** lie along the western margin of the nickel-rich Forrestania greenstone belt and about 15km on strike north of the Flying Fox, New Morning and Daybreak nickel deposits of Western Areas NL. No modern ground geophysical exploration has previously been employed in the Stormbreaker Prospect area.

The **North Ironcap Project** contains a significant trend of gold mineralisation with the potential for **120,000 to 140,000 ounces of gold** within the 1.6km of strike drilled to date. This well-mineralized, gossanous trend is open along strike for 1.5km and at depth.

In the coming Quarter the Joint Venture plans to:

- refine the previously defined EM anomalies in the Stormbreaker area with an IP survey;
- continue EM surveying in the South Stormbreaker area; and,
- commence drilling on the North Ironcap target area for gold, subject to government approvals being received.

EXPLORATION ACTIVITIES - Nickel

IRWIN BORE AND MT TATE NICKEL JOINT VENTURES – Independence Group can earn 65-70 % of the nickel rights

These JV tenements (E53/403, 925 ,1040) are situated immediately south of the Gunbarrel Nickel JV's AK47 Ni-Cu sulphide discovery. The JV is systematically exploring the strike extension of the AK47 ultramafic stratigraphy for Ni - Cu sulphides.

Assays were received for samples from two holes testing EM targets on the Irwin Bore tenement (E53/925) and one hole on the Mt Tate tenement (E53/1096). No significant nickel results were recorded. Independence has subsequently withdrawn the Mt Tate tenement from the JV. A decision on the Irwin Bore tenement will be made following completion of a database review to determine whether TEM surveys, testing ultramafic stratigraphy on the adjacent tenement E53/1040, are warranted.

EXPLORATION ACTIVITIES - Gold / Nickel

NORTH EASTERN GOLDFIELDS, W.A.

WONGANOO GOLD/NICKEL PROJECT - Cullen 100% - E53/1046, E53/1069 and E53/1083; and Cullen 80% with Quantum Resources Limited 20% on E53/988.

A reconnaissance soil sampling survey was completed over portions of the two northern EL's – 1083 and 1069 - of the Wonganoo Group where the aeromagnetic data indicates the presence of numerous structures, which may be prospective for gold mineralisation. Anomalous values (to 22ppb Au, against a background of 1-2ppb) were obtained on one traverse requires further investigation.

A JVpartner is being sought to progress nickel exploration in the project area. Previous ground EM surveying has identified two significant conductors associated with the interpreted basal contacts of the magnetic ultramafics within E53/988, but only one of these has been drill tested and explained (black shale) to date.

EASTERN GOLDFIELDS, W.A.

KILLALOE GOLD/NICKEL PROJECT, near NORSEMAN - Cullen 100%

During the Quarter, Nickel Australia Limited withdrew from the Nickel Joint Venture, as part of its strategy to concentrate exploration efforts in Mexico. Cullen is reviewing targets and the database, and has received interest from potential new JV partners.

The Company has applied for two Exploration Licences in the “Woodcutters” area east of its Killaloe project (E15/933 and E28/1662). These applications are within an important 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 commenced ground reconnaissance at Woodcutters and plans soil sampling for the coming quarter once the applications are approved.

EXPLORATION ACTIVITIES - Gold

NORTH EASTERN GOLDFIELDS, W.A.

GUNBARREL GOLD – Cullen holds 100% of the gold rights.

Previous gold exploration completed on this very large greenfields project has been substantial with ~\$4M incurred by Cullen and its Joint Venture partners since 2001. A large database, with significant geochemical and geophysical components, has been built up.

A number of targets with anomalous gold intersections in previous RAB/Air core drilling are the starting point for on-going review and these may warrant further exploration, for example: at the **Dugite** prospect, with an intersection of 11m @ 1.36 g/t Au including 1m @ 5.71 g/t Au at the bottom-of-hole (62-63m); and at **Target 5** with 32m @ 0.20 g/t Au from 40m to the end of hole.

Although previous RAB/air core drilling has covered large areas of the tenement package, much of this work has been wide-spaced, in some areas (400 x 100m), which leaves scope for further exploration. The north eastern extension of the Connemara/Eureka East target area (**4m @ 2.10 g/t Au**) includes ~5km of largely untested, greenstone stratigraphy for further exploration.

ASHBURTON PROVINCE, W.A.

HARDEY JUNCTION JOINT VENTURE - Intrepid Mines Limited earning up to 80%

Intrepid operates the Paulsens Gold Mine located approximately 15km north of the Hardey Junction JV ground. Intrepid as Manager of the JV is progressively exploring the Mt McGrath prospective trend with plans to undertake further rock chip traverses at the Mt Edith and Alven prospects in the coming Quarter.

EXPLORATION ACTIVITIES - Uranium

The Company's has continued to build its exploration portfolio for uranium which now includes applications over ~ 5000 sq km:

- three exploration licence applications (ELA's) in the Ashburton province of WA for unconformity type uranium targets (Thundelarra JV),
- three ELA's for calcrete type uranium targets in the northern and north-eastern portions of the Yilgarn in WA;
- two EL's in the Amadeus Basin/Arunta Orogen region of far eastern WA for calcrete, IOCG and/or sandstone-hosted type uranium; and,
- four ELA's in the Northern Territory for sandstone-hosted, lignite and/or vein-alteration type uranium.

The company continues to research opportunities for additional prospective uranium ground elsewhere in WA and in the NT and in SA.

EXPLORATION ACTIVITIES - Iron

ASHBURTON PROVINCE, W.A.

WYLOO DOME IRON ORE PROJECT - Iron Ore Rights JV with FMG Ltd.

Fortescue Metals Group Ltd (FMG) can earn up to an 80% interest in the iron ore rights on a group of Cullen's tenements in the West Pilbara Region. The tenements, E 08/1393, E 47/1154 and ELA's 47/1649 and 1650, include Marra Mamba and Brockman Iron Formations along the eastern and northern margin of the Wyloo Dome. These formations host the adjacent Metawandy bedded goethite-haematite deposits of Hamersley Iron Pty Ltd, for which an Inferred Resource of 225Mt @ 62.1% Fe has been reported.

During the Quarter, FMG completed an aeromagnetic and radiometric survey over the northern portion of the tenements, purchased satellite imagery, and completed reconnaissance mapping and rock chip sampling. Assays included Fe values of economic

interest (several between 63 and 66% Fe). The occurrence of channel iron deposit (CID) mineralisation was also confirmed within E08/1393.

EXPLORATION ACTIVITIES - Tungsten

CENTRAL LACHLAN N.S.W, MINTER TUNGSTEN PROJECT

At the Minter Project near Lake Cargelligo, Cullen is targeting stockwork and vein type tungsten mineralisation related to the granitic cupolas (domes).

Previous drilling has intersected wide zones of anomalous to strongly anomalous tungsten (ranging from 100 to 1000ppm W) related to quartz-pyrite veining. Best intercepts included: 12m @ 0.18% WO₃ from 123m (DRC1), 8m @ 0.13% WO₃ from 92m (DRC 4) 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).

Results are currently being assessed by a potential JV partner.

EXPLORATION ACTIVITIES - Gold/Copper

DUCHESS PROJECT AREA, QLD - Minotaur Exploration Ltd can earn 70%

At Duchess (EPM11990, 12395), previous rock chip sampling has highlighted anomalous copper and gold values in close association with linear haematite and magnetite iron oxide alteration zones. These indications of mineralization are the focus for on-going work .

Activities during the quarter included:

- Successful heritage clearances of nine potential targets by each of Yalluna and Kalkadoon Claimants;
- Infill gravity at Target 3;
- Processing and modeling of gravity data for drill targeting; and,
- Addressing access and drilling issues.

Drill testing of priority targets is proposed for after the wet season.

CRACOW REGIONAL PROJECT AREA, QLD - Rawbelle (EPM's 15480 and 15566),

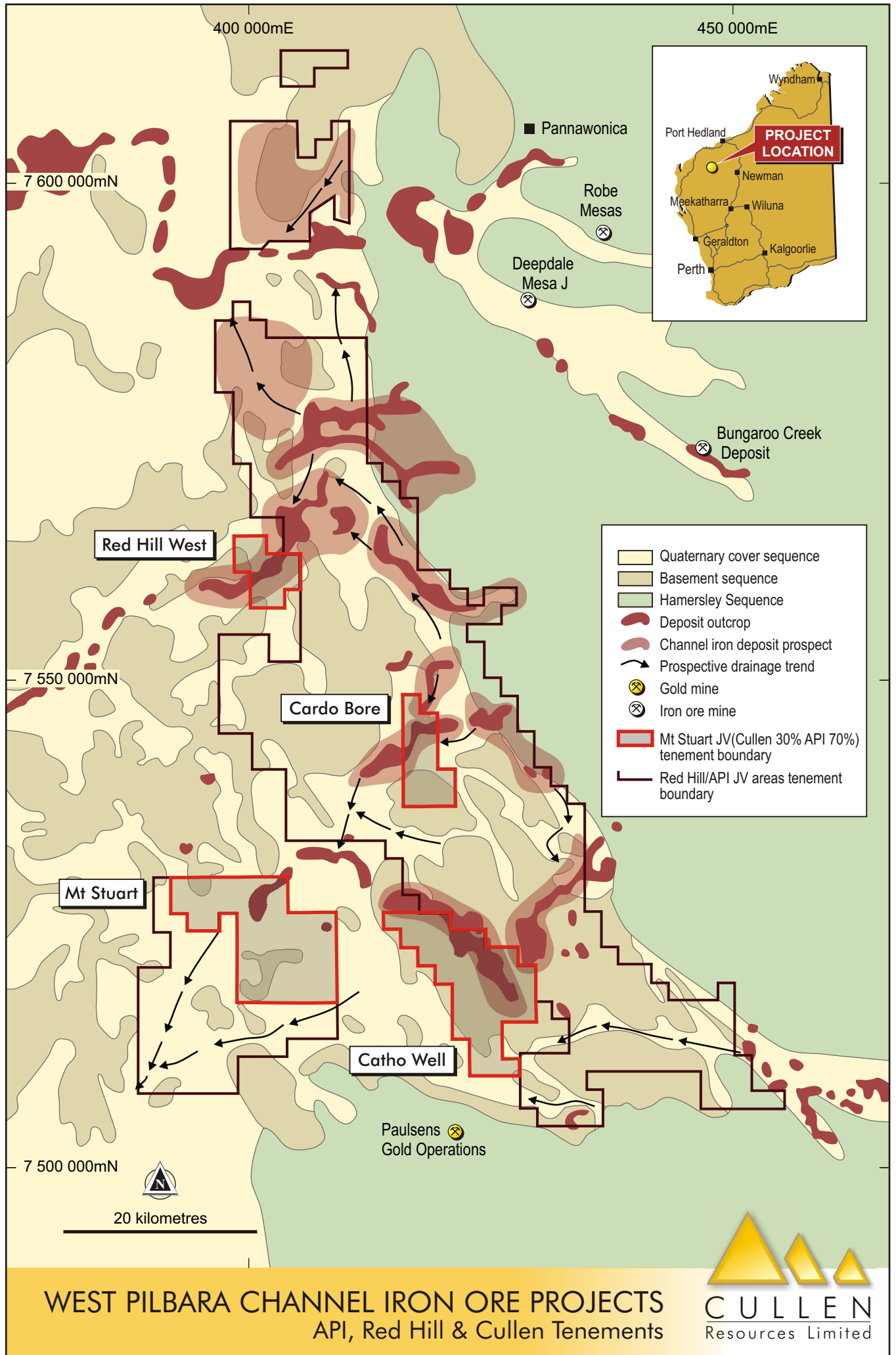
The two granted exploration permits for minerals (EPMs) at the Rawbelle Project were surrendered during the Quarter.

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Dr.Chris Ringrose
Managing Director
31 January 2007

ATTRIBUTION

The information in this report that relates to Exploration Results is based on information compiled by Dr Chris Ringrose, Exploration Director, Cullen Resources Ltd who is a Member of the Australian Institute of Mining and Metallurgy. Dr. Ringrose is a full time employee of Cullen Resources Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr. Ringrose consents to the report being issued in the form and context in which it appears.

The information in this announcement, insofar as it relates to iron ore exploration activities, is based on information compiled by Stuart H Tuckey, who is a member of the Australian Institute of Mining and Metallurgy, and who has more than five years experience in the field of activity being reported on. Mr. Tuckey is a full-time employee of API Management Pty Ltd. Mr. Tuckey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Tuckey consents to the inclusion in the report of the above matters, based on their information in the form and context in which it appears.



WEST PILBARA CHANNEL IRON ORE PROJECTS
 API, Red Hill & Cullen Tenements



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

CULLEN RESOURCES LIMITED

ABN

46 006 045 790

Quarter ended ("current quarter")

31 December 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...6... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(517)	(1,044)
(b) development	-	-
(c) production	-	-
(d) administration	(88)	(173)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(593)	(1,192)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of:		
(a) prospects	250	250
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)- Security deposits	-	-
Net investing cash flows	247	247
1.13 Total operating and investing cash flows (carried forward)	(346)	(945)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(346)	(945)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,020	1,770
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other share issue expenses	(51)	(73)
	Net financing cash flows	969	1,697
	Net increase (decrease) in cash held	623	752
1.20	Cash at beginning of quarter/year to date	1,258	1,129
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,881	1,881

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	250
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

-

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,881	1,258
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,881	1,258

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P63/1172-1174 E53/981 E08/1367	Registered Holder	100% 90% 100%	NIL NIL NIL
6.2 Interests in mining tenements acquired or increased	E63/1106 E63/1107 E15/933 E28/1662	Applicant	NIL	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	450,822,949	450,822,949	-	-
7.4 Changes during quarter				
(a) Increases through issues	34,000,000	34,000,000	\$0.03	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	4,500,000	-	<i>Exercise price</i> \$0.05	<i>Expiry date</i> 28 February 2010
	8,000,000	-	\$0.04	30 November 2007
	4,000,000	-	\$0.08	28 February 2010
7.8 Issued during quarter	4,000,000	-	\$0.05	28 February 2010
	4,000,000	-	\$0.08	28 February 2010
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 29/01/07.....
(Director/Company secretary)

Print name: Wayne Kernaghan

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.