

CULLEN RESOURCES LIMITED

(ASX Code: CUL)

11 May 2001

RECOMMENDATION: SPECULATIVE BUY (1.8c)

Cullen Resources is a junior explorer with an undemanding market capitalisation of \$3.4m and a portfolio of attractive exploration properties and emerging drill targets.

Market interest is likely to be generated in the short term from the commencement of drilling programs at Cullen's Gunbarrel project in the northeast goldfields of Western Australia, and the first exploration drilling of the strike-extensive Yanks Bore gold prospect in the Ashburton Province.

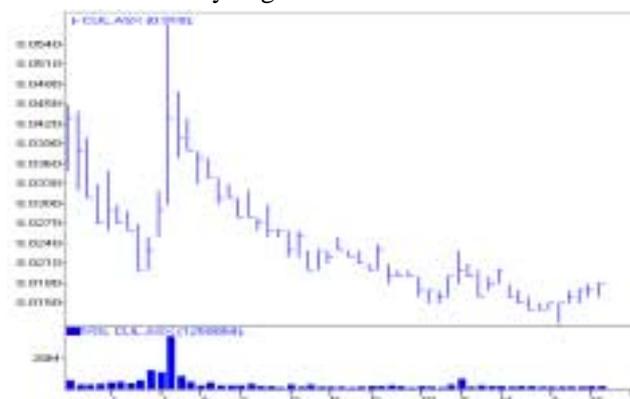
The bigger picture for investors is Cullen's high quality Board and the low market value compared with many other listed junior explorers.

KEY POINTS

- Cullen Resources is principally a gold exploration company working in Western Australia. It was listed on ASX in 1982 and was known as Montague Gold until 1999, when the current management team took control of the company, acquired new exploration assets and changed the name. At that time Cullen also raised \$2.5m to fund exploration activity.
- Cullen is distinguished by the quality of its Board and management team. This Board can genuinely claim to have created close to \$1 billion of shareholder value through successful exploration and mine development.
- Cullen's exploration activities are led by John Horsburgh and Grahame Hamilton who were previously the co-founders and executive directors of Solomon Pacific Resources, which was taken over by Acacia Resources for approximately \$100m in 1996. The non-executive Chairman is Dr Denis Clarke, who managed the growth of Plutonic Resources from a junior explorer (of similar size to Cullen) to a \$1.0 billion mining group.
- Cullen's objective is to create shareholder value through the discovery and development of new projects, with a focus on gold and nickel exploration. It will do this by generating and evaluating projects, negotiating joint venture agreements, and by operating with low overhead costs. In this way, Cullen seeks to maximise its exposure to new project opportunities while

minimising overall risk. This "portfolio" approach to exploration is typical of large mining companies and the most successful junior explorers.

Cullen Weekly High/Low Chart



- Cullen is committed to the mineral sector. It is constantly evaluating exploration proposals, as well as more advanced 'near-cashflow' mining opportunities. In the current industry environment of mega-mergers, we believe junior companies with proven Boards may be well-placed to acquire non-core assets being divested by larger companies.
- Further information is available on the Company's website; www.cullenresources.com.au

1. CAPITAL STRUCTURE

Fully Paid Ordinary Shares (quoted and issued):
187.75 million
Market Capitalisation at 1.8 cents per share: \$3.4m
12 month high/low: 13¢-1.4¢
Current cash holding: \$0.55m

2. DIRECTORS

One would not normally expect to find such an experienced Board in a company of this size. Directors have demonstrated an ability to discover and develop new projects, as well as manage the corporate issues associated with such activities.

Dr Denis Clarke BSc, BA, PhD, FAIMM (Non-Executive Chairman) (Age 60). Denis has more than 30 years experience in exploration and mining, including a senior management role (1983 - 1998) with Plutonic Resources. During Clarke's time at Plutonic, the

company grew from being a small explorer to one of Australia's largest gold miners prior to the \$1.0 billion takeover by Homestake Mining Company. He is also non-executive Chairman of Lachlan Resources and a non-executive Director of Troy Resources and BeMax Resources.

John Horsburgh BSc, MSc, FAIMM (Executive Director) (Age 55). John has 31 years experience in the mining industry, including 11 years with Solomon Pacific Resources. He was responsible for many of Solomon's project acquisitions, including the Brocks Creek project, and was Chairman for 7 years. Solomon was acquired by Acacia Resources for over \$100m in 1996. His previous technical achievements include project geologist at the Dugald River base metal deposit, managing Shell's search for lead/zinc in Western Australia (which lead to the Blendevalle zinc discovery) and managing Getty Oil's exploration in southeast Australia.

Grahame Hamilton MSc, MAIG (Executive Director) Grahame has extensive experience in exploration, as well as corporate and project management. He co-founded Solomon Pacific Resources in 1985. For 1994-96 he managed the Brocks Creek exploration, environmental impact statement, feasibility study, mine development and construction. Previously, Grahame worked with Getty's minerals division in Queensland and was with CSR exploring for tin, oil shale and base metals in eastern Australia.

Wayne Kernaghan ACA (Executive Director)

Wayne is a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors, with experience in the mining industry.

3. TOP SHAREHOLDERS

Messrs Horsburgh and Hamilton are the two largest shareholders (through Dunslair Pty Ltd and Kitchsmith Pty Ltd).

	Shares held	%
Dunslair Pty Limited	10,518,000	5.60
Kitchsmith Pty Limited	10,250,002	5.46
State One Equities Pty Ltd	2,963,440	1.58
Farrington Corp. Services P/L	2,800,000	1.49
ANZ Nominees Limited	2,565,728	1.37
Dennis Robert Wyllie	2,243,000	1.19
Terranora Securities Pty Ltd	2,100,113	1.12
Corcarr Nominees Pty Ltd	2,000,000	1.07
National Nominees Pty Ltd	1,953,005	1.04
AAA Shares Pty Ltd	1,750,000	0.93
TOTAL:	39,143,288	20.85

The top ten shareholders own 20.85% of the company and the top twenty own 26.76% .

4. PROJECTS

(A) GUNBARREL GOLD & NICKEL PROJECT

Gold Exploration

This project is located in the northeast goldfields of Western Australia in the Mount Eureka greenstone belt. It lies some 45 kilometres east of the Yandal greenstone belt, and is 11 kilometres north of the historic Mt Fisher mine. Cullen either has 100% equity of all tenements, or is close to concluding agreements which will take it to 100% equity.

Following a program of extensive vac-drilling in late 2000, several encouraging targets have been identified for follow-up drilling and a 2,300 metre program of RAB and aircore drilling at the Eureka and Taipan prospects is expected to begin in mid-May.

At Taipan (see drill sections opposite) drilling by previous explorers intersected supergene gold mineralisation along a major north-south trending shear zone extending for 700m along strike and up to 100m across. A broad gold anomaly encompassing this zone extends over a 2,500m strike length with a 400-800m width. The supergene zone begins at 80 metres depth and may be at least 20m thick. Previous intersections include 22m @ 2.1 g/t gold and 20m @ 1.25 g/t gold. Cullen plans to test a 500m section of the shear zone in the forthcoming drill program in a search for extensions of the known mineralisation and better grades.

Another well-defined geochemical anomaly (measuring 200m by 700m) is located immediately east of a series of historic workings at Mt Eureka. Drilling is planned to test the northern and southern extensions of these workings, where a number of significant base-of-hardpan (BOH – a geochemical sampling technique) gold anomalies have been identified.

Other large and discrete gold anomalies have been outlined in the area at Eureka Northwest and Dry Blowing North. These targets require immediate attention. The number and extent of gold anomalies at Gunbarrel suggest Cullen has its foot on a significant grassroots exploration project

Nickel Potential

Cullen believes Gunbarrel is also prospective for nickel sulphides, and is in the final stages of concluding a joint venture agreement with a major nickel producer wishing to explore the region. Previous sampling work has generated extensive anomalous nickel and chromium results.

(B) ASHBURTON GOLD PROJECT

(See location map below)

Located in the Pilbara region of Western Australia, this area includes the Yanks Bore project and the De Courcy project.

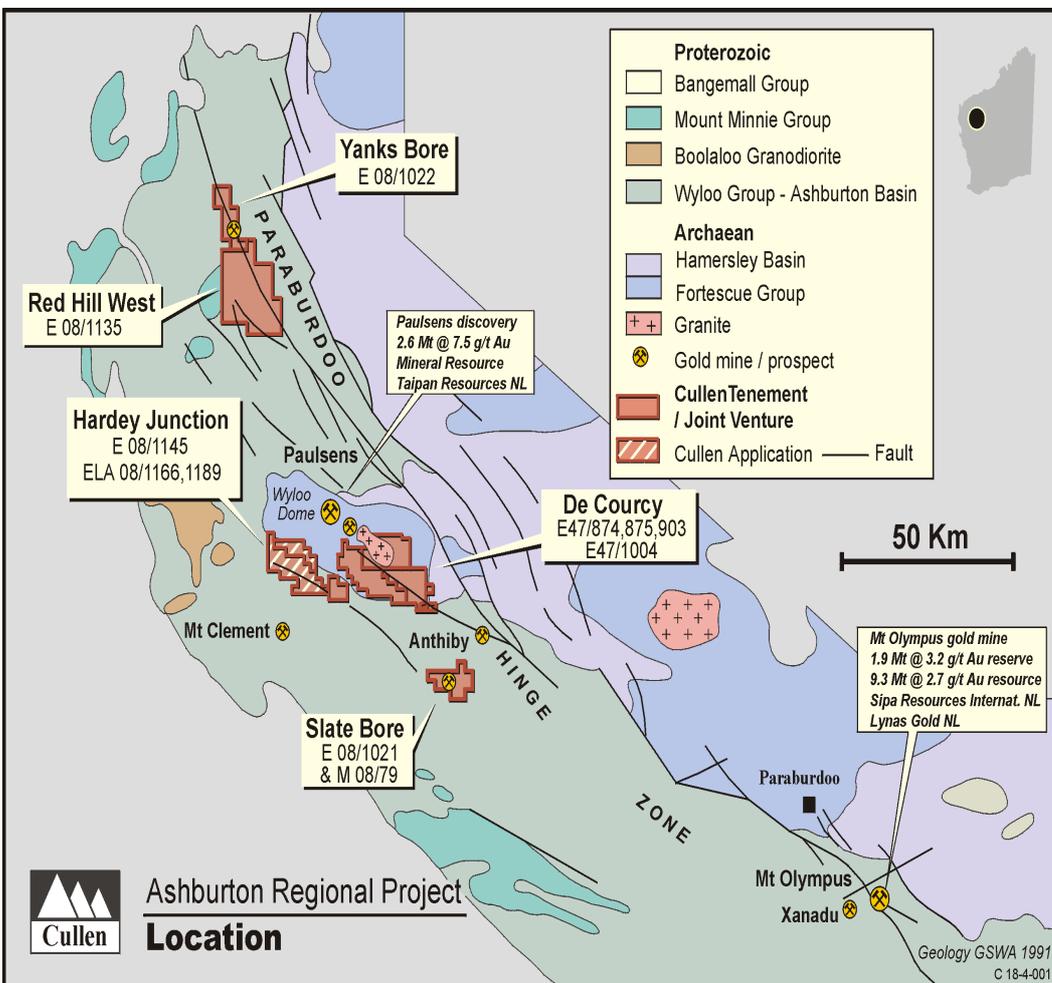
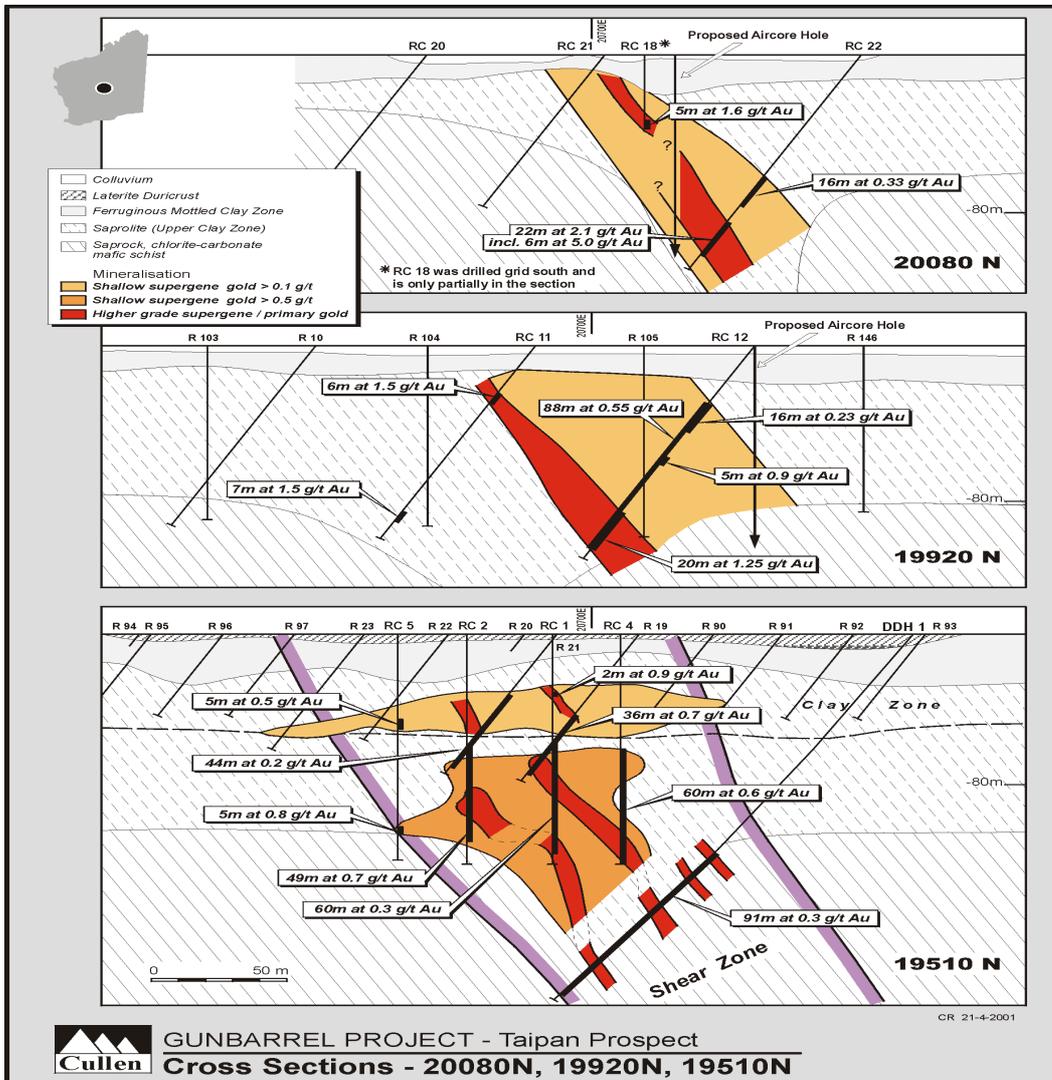
Yanks Bore

Cullen is planning the first exploration drilling of the extensive gold mineralised Hunter and Yanks Bore Fault zone in the June 2001 qtr. Rock chip traverses of up to 20m @ 3.5 g/t gold will be tested and further infil soil and rock chip sampling to identify other drillable targets is also proposed for the 2001 field season.

Cullen now has access to about 25 strike kilometres of the mineralised zone after following the acquisition of the prospective southern extensions from Goldfields, who located rock chips of up to 1.7 g/t gold within a 4km zone of soil anomalies.

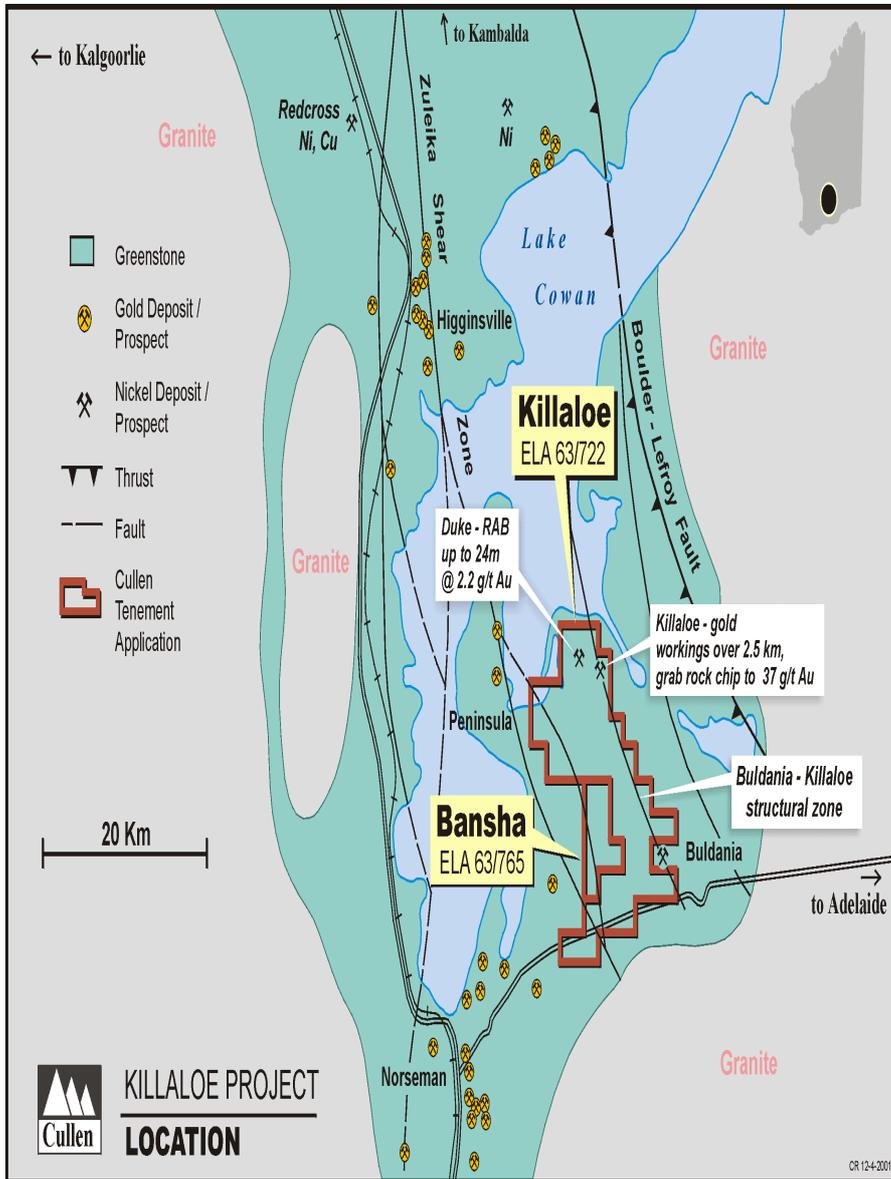
De Courcy

The De Courcy project may be analogous to the Paulsens project (recently acquired by St. Barbara Mines in its hostile takeover of Taipan Resources) on the western side of the Wyloo Dome. It is a major grassroots project and would ideally suit a larger company. Cullen is reviewing potential joint venture partners.



(C) KILLALOE GOLD/NICKEL PROJECT

Cullen has 100% of this project area located near Lake Cowan, just south of Kalgoorlie, in a region known for its mineral endowment. The tenement package contains highly prospective ground where previous geochemical work has generated anomalous copper and nickel in soils and isolated strong gold anomalies along some of the structures. A north-northwest trending shear zone passing through the area is interpreted to be the southern extension of the highly productive Zuleika Shear, which supports several mines north of Kalgoorlie.



5. RECENT CORPORATE ACTIVITY

The company completed a small fund raising early in the December 2000 quarter, raising \$360,000 via the placement of 20 million new shares at 1.8 cents per share. These funds will mainly be directed to drilling on the Gunbarrel and Yanks Bore projects and on new prospects generation. Cullen now has available cash of some \$550,000.

This should be sufficient to allow project generation and farm-out negotiations to continue for the next year or so.

6. OUTLOOK

The imminent drilling programs at Gunbarrel and Yanks Bore promise to put some flesh on the bones of last years' results. The number of targets and the extensive geochemical anomalism suggest Cullen is exploring in a gold-rich region. It only remains to convert some of these projects into something more substantial.

The large number of mergers and acquisitions in the mining sector last year may present opportunities for smaller companies to purchase non-core projects from the mining majors. Cullen's Board is now seeking to negotiate the purchase and finance of a sizeable acquisition. While exploration remains the company's main focus, management is expected to be opportunistic towards production or development projects. Such a transaction could transform the company.

DISCLAIMER & DISCLOSURE While the above-mentioned advice and information are based on information which State One Stockbroking Ltd ("State One") considers reliable, no responsibility or liability is accepted by State One for any errors or omissions or misstatements however caused. Any opinions, forecasts or recommendations reflect our judgment and assumptions at the date of publication and may change without notice. This publication is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. We are not aware that any recipient intends to rely on this publication or of the manner in which the recipient intends to use it. This report is made without consideration of any specific client's investment objectives, financial situation or particular needs. Clients should obtain individual financial advice before acting upon such recommendations. This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the recipient without the prior written consent of State One. The directors, employees and associated persons of State One have an interest in the securities discussed in this report and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such securities. State One has received a fee from Cullen for preparing this report.