



# CULLEN RESOURCES LIMITED

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24 May 2001

Dear Shareholder,

The enclosed documents are important and I urge you to give them your full consideration.

## **Invitation to Participate in the Cullen Resources Shareholder Share Purchase Scheme**

I am pleased to advise that your Board of Directors has decided to introduce a Shareholder Share Purchase Scheme ("the Scheme"). The Scheme entitles shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$2,975 worth of shares in Cullen Resources Limited at an attractive price, free of all brokerage, commission, and stamp duty.

Details of the Scheme are set out in the enclosed Terms of the Cullen Resources Limited Shareholder Share Purchase Scheme. A blue Application Form is also enclosed, should you wish to participate.

The right to participate in this initial offer under the Scheme is available exclusively to persons who are registered as holders of fully paid ordinary shares in Cullen Resources Limited at 5pm on the record date of 28 May 2001 and whose registered address is in Australia or in any other jurisdictions in which it is lawful for the Company to offer shares under the Scheme.

As an incentive for shareholders, the purchase price of the new shares to be offered under the Scheme has, on this occasion, been set at 1.7 cents. This represents;

- a 22% discount to yesterday's closing sale price of 2.2 cents per share; and
- a 20% discount to the weighted average market price of the ordinary shares sold during the course of trading on the Australian Stock Exchange for the 5 trading days immediately preceding the announcement by the Company on 17 May 2001 of its intention to introduce the Scheme.

Each of the Directors, who are also shareholders in the Company and as such are entitled to participate in the Scheme, intend to top-up their own holdings to the \$2,975 maximum allowable under the Scheme.

The Scheme also provides an opportunity to shareholders with less than a marketable parcel of shares (\$500 worth) to increase their shareholding to at least the marketable parcel level.

## **Forthcoming Company Activities**

The Scheme has been introduced to afford shareholders the opportunity to acquire additional shares during an active period for the Company with separate drilling programs at two of its emerging West Australian projects. These programs comprise;

- A 2,100m program of RAB and Aircore drill testing at the Gunbarrel Project. The drilling component of this program, which targeted the Taipan Prospect and other new prospects, was completed on 19 May, 2001. Sampling and assaying of the holes is expected to take several weeks.
- A program, planned for June/July 2001, of up to 1,000m of percussion drilling at the Yanks Bore Joint Venture to test a surface rock chip anomaly of 20m @ 3.5g/t gold.

In addition, the Company has also announced on 16 May 2001 details of a proposed JV with Western Mining Limited covering exploration for nickel over Cullen's 100% owned Gunbarrel Project in the north east Yilgarn of WA. Importantly, the proposed JV excludes gold with Cullen retaining its full entitlement to continue its gold exploration activities in the area.

Success for the Company in any one of these advanced projects could see a positive re-rating of the Company's share price. With this in mind, the directors have decided to offer shareholders the opportunity to acquire further shares, at an attractive discount to recent prices.

Whilst my fellow directors and I have confidence in the future of the Company, it would be remiss of me if I did not also draw your attention to the fact that owning shares in an exploration company, like Cullen, is considered a speculative form of investment and that the future price of the Company's shares can rise or fall depending on exploration success and fluctuations on the stock market generally.

Also, shareholders should be aware that there is a risk that the market price of the shares may change between the date of this Offer and the date when the new shares are issued to you under the Scheme. The value of the shares you receive may rise or fall accordingly.

### **Additional information and key dates**

Further information on the Company, including an update on its current projects, is contained on the Cullen website, [www.cullenresources.com.au](http://www.cullenresources.com.au), and in the recently released research report issued by State One Stockbroking Ltd, a copy of which is enclosed. State One Stockbroking Ltd rates Cullen as a speculative buy.

If you would like to participate in the Scheme, please return your completed blue application form, together with your cheque representing the purchase price for the number of shares you wish to acquire, **on or before the closing date of 5.00pm on 19 June 2001**.

Please note that the **maximum investment** per shareholder is **\$2,975** (representing 175,000 shares at a purchase price of 1.7 cents per share). The **minimum number** that can be applied for is **5,000** shares at a total cost of \$85. Shareholders may also apply for any number of shares between the maximum and the minimum.

Shares allotted under the Scheme will be issued no later than 29 June 2001.

*If you have any questions on the Scheme, please call the Company's office on (02) 9437 4588 during business hours.*

### **Notice of General Meeting**

The other enclosure which I would draw your attention to is a Notice of General Meeting to be held at the Company's registered office at 10.30am on 26 June 2001.

The business of the meeting is to seek shareholders' approval in respect of two separate share placements made in December 2000 and May 2001, details of which are contained in the Notice of Meeting.

We are also seeking approval for the anticipated issue of new shares which will result from the participation by shareholders in the Shareholder Share Purchase Scheme described above.

Your board of directors unanimously supports the approval of the resolutions contained in the Notice of Meeting and we recommend that all shareholders, **whether or not you decided to participate in the Scheme**, vote in favour of the resolutions by completing and returning the enclosed Proxy Form or by attending the meeting in person.

Yours sincerely,

Denis E. Clarke  
Chairman