

CULLEN RESOURCES LIMITED

ACN 006 045 790

HALF-YEAR FINANCIAL REPORT

AT

31 DECEMBER 2005

CULLEN RESOURCES LIMITED

Directors' Report

Your directors submit their report for the half-year ended 31 December 2005.

Directors

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for the entire period.

Dr Denis Clarke BSc, BA, PhD, FAIMM (Independent 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. Currently Dr. Clarke is a Non-Executive Director of Troy Resources NL and Anglo Australian Resources NL

Grahame Hamilton BSc,MSc, MAIG (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.

John Horsburgh BSc MSc, FAIMM (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.

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. Mr Kernaghan is also a Director of Goldlink IncomePlus Limited.

Dr Chris Ringrose BSc, Phd, MBA, MAIMM (Exploration 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 significance management, exploration and project evaluation experience gained both in Australia and overseas.

CULLEN RESOURCES LIMITED

Directors' Report (continued)

Principal Activities

The principal activities for the economic entity during the course of the half year were mineral exploration. There was no significant change in the nature of the economic entity during the half year.

Results for the half-Year

The loss of the economic entity for the half-year was \$980,867 [2004: Loss of \$352,933].

Review of Operations

During the half year under review, the Company continued its mineral exploration activities which included field programmes, project generation, and farm out of a number of projects to major company partners. Company activities, including Joint Venture managed projects, were focused in three main centres of Western Australia and in New South Wales as follows:

- Ashburton Province, WA (Yanks Bore, Red Hill West, De Courcy, Hardey Junction, Mt Stuart, Cardo Bore and Catho Well Projects);
- North Eastern Goldfields, WA (Gunbarrel Gold and Nickel Projects, Irwin Bore and Wonganoo Projects);
- Eastern Goldfield, WA (Killaloe Gold and Nickel Projects);
- Central Lachlan Fold Belt, NSW (Ardlethan, Mt Solitary, Gibsonvale and Walsh Gold Projects).

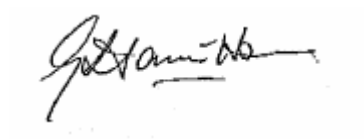
CULLEN RESOURCES LIMITED

Directors' Report (continued)

Auditor's Independence Declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to read "G Hamilton", with a horizontal line extending to the right from the end of the signature.

G Hamilton
Director
Sydney 28 February 2006

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

In relation to our review of the financial report of Cullen Resources Limited for the half-year ended 31 December 2005, 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



Michael Elliott
Partner
28 February 2006

CULLEN RESOURCES LIMITED

Condensed Balance Sheet at 31 December 2005

| | Consolidated 31 December 2005 \$ | Consolidated 30 June 2005 \$ |
|--------------------------------------|---|---------------------------------------|
| Current Assets | | |
| Cash and cash equivalents | <u>954,010</u> | <u>1,668,537</u> |
| Total Current Assets | <u>954,010</u> | <u>1,668,537</u> |
| Non Current Assets | | |
| Other Financial Assets | 100,000 | 100,000 |
| Property & Equipment | 14,957 | 27,708 |
| Other – Exploration | <u>4,649,200</u> | <u>4,864,496</u> |
| Total Non Current Assets | <u>4,764,157</u> | <u>4,992,204</u> |
| Total Assets | <u>5,718,167</u> | <u>6,660,741</u> |
| Current Liabilities | | |
| Payables | 97,529 | 70,861 |
| Provisions | <u>79,932</u> | <u>72,397</u> |
| Total Current Liabilities | <u>177,461</u> | <u>143,258</u> |
| Non Current Liabilities | | |
| Provisions | <u>26,295</u> | <u>22,205</u> |
| Total Non Current Liabilities | <u>26,295</u> | <u>22,205</u> |
| Total Liabilities | <u>203,756</u> | <u>165,463</u> |
| Net Assets | <u>5,514,411</u> | <u>6,495,278</u> |
| Equity | | |
| Issued Capital (note 3) | 20,214,506 | 20,214,506 |
| Accumulated Losses | <u>(14,700,095)</u> | <u>(13,719,228)</u> |
| Total Equity | <u>5,514,411</u> | <u>6,495,278</u> |

CULLEN RESOURCES LIMITED

Condensed Income Statement for the half-year ended 31 December 2005

| | Consolidated 31 December 2005 | Consolidated 31 December 2004 |
|--|--|--|
| | \$ | \$ |
| Revenue and other income (note 2) | 34,550 | 330,026 |
| Rent | (43,382) | (44,270) |
| Salaries and Consultants | (128,398) | (148,767) |
| Compliance | (44,653) | (52,511) |
| Exploration expenditure written off (note 2) | (716,442) | (337,648) |
| Depreciation | (12,751) | (13,115) |
| Administration | (54,284) | (51,219) |
| Other expenses from ordinary activities | <u>(15,507)</u> | <u>(35,429)</u> |
| | | |
| Loss from ordinary activities before income tax expense | (980,867) | (352,933) |
| | | |
| Income tax relating to ordinary activities | <u> -</u> | <u> -</u> |
| | | |
| Net loss attributed to parent | <u>(980,867)</u> | <u>(352,933)</u> |
| | | |
| Basic loss per share (cents per share) | <u>(0.3)</u> | <u>(0.1)</u> |
| | | |
| Diluted loss per share (cents per share) | <u>(0.3)</u> | <u>(0.1)</u> |

CULLEN RESOURCES LIMITED

Cash Flow Statement for the half-year ended 31 December 2005

| | Consolidated 31 December 2005 \$ Inflows/ (Outflows) | Consolidated 31 December 2004 \$ Inflows/ (Outflows) |
|---|---|---|
| Cash flows from operating activities | | |
| Cash payments to suppliers and employees | (247,931) | (344,399) |
| Interest received | <u>34,550</u> | <u>20,286</u> |
| Net cash flows from operating activities | <u>(213,381)</u> | <u>(324,113)</u> |
| Cash flows from investing activities | | |
| Payments for exploration | (501,146) | (600,151) |
| Payment for plant and equipment | - | (5,177) |
| Receipts from sale of investments | - | 316,140 |
| Repayment of security deposit | <u>-</u> | <u>10,000</u> |
| Net investing cash flows | <u>(501,146)</u> | <u>(279,188)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 1,715,000 |
| Share issue expenses | <u>-</u> | <u>(25,000)</u> |
| Net financing cash flows | <u>-</u> | <u>1,690,000</u> |
| Net increase/(decrease) in cash held | (714,527) | 1,086,699 |
| Cash at beginning of the financial period | <u>1,668,537</u> | <u>1,066,357</u> |
| Cash at end of the financial period | <u>954,010</u> | <u>2,153,056</u> |

CULLEN RESOURCES LIMITED

Condensed Statement of Changes in Equity for the half-year ended 31 December 2005

| | Issued Capital \$ | Accumulated Losses \$ | Total Equity \$ |
|---|----------------------------------|--------------------------------------|--------------------------------|
| At 1 July 2004 | <u>18,524,506</u> | <u>(12,962,367)</u> | <u>5,562,139</u> |
| Share Issue costs | <u>(25,000)</u> | - | <u>(25,000)</u> |
| Total income and expense for the Period recognised directly in Equity | (25,000) | - | (25,000) |
| Loss for the period | <u>-</u> | <u>(352,933)</u> | <u>(352,933)</u> |
| Total income / expense for the Period | (25,000) | (352,933) | (377,933) |
| Issue of share capital | 1,315,000 | - | 1,315,000 |
| Exercise of options | <u>400,000</u> | <u>-</u> | <u>400,000</u> |
| At 31 December 2004 | <u>20,214,506</u> | <u>(13,315,300)</u> | <u>6,899,206</u> |
| At 1 July 2005 | <u>20,214,506</u> | <u>(13,719,228)</u> | <u>6,495,278</u> |
| Loss for the period | <u>-</u> | <u>(980,867)</u> | <u>(980,867)</u> |
| Total income / expense for the Period | - | (980,867) | (980,867) |
| At 31 December 2005 | <u>20,214,506</u> | <u>(14,700,095)</u> | <u>5,514,411</u> |

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements For the half-year ended 31 December 2005

Note 1 Basis of Preparation of Half-year Financial Report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Cullen Resources Limited as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Cullen Resources Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1 (c) below.

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements For the half-year ended 31 December 2005

(c) Summary of significant accounting policies

(i) 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.

(ii) 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

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements For the half-year ended 31 December 2005

(ii) Taxes

Income Tax (continued)

- 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.

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.

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements for the half-year ended 31 December 2005

(iii) Investment and other financial assets

The group has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for investments and other financial assets applicable for the years ending 30 June 2006 and 30 June 2005.

(a) Accounting policies applicable for the half year ended 31 December 2005

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 assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

(b) Accounting policies applicable for the half year ended 31 December 2004

Listed shares held for trading were carried at cost. Changes in market value were not recognised as a revenue or expenses in determining the net profit for the period.

(iv) 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.

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements for the half-year ended 31 December 2005

(v) 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.

(vi) 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.

(a) Impairment

The carrying values of deferred exploration and evaluation costs are reviewed for impairment at each reporting date, with recoverable being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

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 deferred exploration and evaluation costs exceeds their estimated recoverable amount. The deferred 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.

(vii) Foreign Currency

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

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.

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements for the half-year ended 31 December 2005

(vii) Foreign Currency (continued)

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.

(viii) Plant and Equipment

Plant and equipment are depreciated over their useful economic lives as follows:

| | Life | Method |
|-------------------|-------------|---------------|
| Plant & Equipment | 3-8 years | Straight Line |

(ix) Revenue and other income

Other revenue includes interest income on short term deposit received from other persons. It is brought to account as it accrues.

(x) 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.

(xi) Financial Instruments

Included in assets are security deposits which are stated at nominal value.

(xii) 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.

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements for the half-year ended 31 December 2005

(xiii) 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.

(xiv) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis over the lease term.

(xv) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(xvi) 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.

(xvii) 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 LIMITED

Notes to the Half-Year Financial Statements for the half-year ended 31 December 2005

(xviii) Impact of Adoption of AIFRS

There are no material differences between losses, total equity and cashflow statements presented under AIFRS and those presented under AGAAP.

AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has elected to apply the option available under AASB1 of adopting AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' from 1 July 2005.

Note 2 Loss Before Income Tax

Loss before income tax has been determined after:

| | 31 December 2005 | 31 December 2004 |
|-------------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| (a) Revenue and other income | | |
| Interest from other persons | 34,550 | 20,286 |
| Profit on sale of investments | <u>-</u> | <u>309,740</u> |
| | <u>34,550</u> | <u>330,026</u> |
| (b) Charging as expense: | | |
| Exploration expenditure written off | <u>716,442</u> | <u>337,648</u> |

CULLEN RESOURCES LIMITED

Notes to the Half-Year Financial Statements For the half-year ended 31 December 2005

Note 3 Issued Capital

| Issued Capital | 31 December 2005 | 30 June 2005 |
|---|-----------------------------|-------------------------|
| | \$ | \$ |
| Ordinary shares (issued and fully paid) | | |
| 363,856,282 (2004: 363,856,282) | <u>20,214,506</u> | <u>20,214,506</u> |

Movement in issued shares for the half year

| | 31 December 2005 | | 30 June 2005 | |
|---|-------------------------|-------------------|---------------------|-------------------|
| | Number of Shares | \$ | Number of Shares | \$ |
| Beginning of the financial period: | 363,856,282 | 20,214,506 | 320,981,282 | 18,524,506 |
| Issued at 4 cents on exercise of options | - | - | 10,000,000 | 400,000 |
| Issued at 4 cents | - | - | 32,875,000 | 1,315,000 |
| Share issue expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>(25,000)</u> |
| End of the financial period: | <u>363,856,282</u> | <u>20,214,506</u> | <u>363,856,282</u> | <u>20,214,506</u> |

Note 4 Segment Information

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

The consolidated entity operated in one business segment being exploration.

Note 5 Contingent Liabilities

There are no known contingent liabilities. There have been no changes in contingent liabilities or contingent assets since the last annual reporting date.

Note 6 Events subsequent to Balance Date

On 24 February 2006 the company raised \$1,100,000 by the issue of 27,500,000 ordinary shares at \$0.04 each.

CULLEN RESOURCES LIMITED

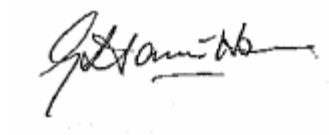
Directors' Declaration

In accordance with a resolution of the directors of Cullen Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and associated notes of the consolidated entity;
 - (i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the 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.

On behalf of the Board



G Hamilton
Director

Sydney
28 February 2006

Independent review report to members of Cullen Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Cullen Resources Limited and the entities it controlled during the interim period, and the directors' declaration for the company, for the period ended 31 December 2005.

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 consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", 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.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Cullen Resources Limited and the entities it controlled during the interim period is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the interim period ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 “Interim Financial Reporting” and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Michael Elliott
Partner
Sydney
28 February 2006