



ABN 46 006 045 790

ASX Symbol: CUL

7 June 2012

## ASX ANNOUNCEMENT

### Study Received - Catho Well Channel Iron deposit, Mt Stuart Iron Ore Joint Venture

**MT STUART IRON ORE JOINT VENTURE** – ELs 08/1135, 1292, 1330, 1341, API Management Pty Limited (**API**) 70%, Cullen Exploration Pty Limited (**Cullen**) 30%. Cullen retains 100% of Other Mineral Rights.

This announcement provides some background regarding the Mt Stuart Iron Ore Joint Venture (**MSIOJV**) before referring to the Study received by Cullen from API, the Manager of the MSIOJV.

#### **Background**

The MSIOJV is between Cullen - 30%, and API - 70%. The shareholders of API are the parties to the unincorporated joint venture known as the Australian Premium Iron Joint Venture (**APIJV**). The APIJV comprises Aquila Steel Pty Ltd (a subsidiary of Aquila Resources Limited, ASX: AQA) 50%, and AMCI (IO) Pty Ltd 50%.

The MSIOJV owns the Catho Well Channel Iron Deposit one of four starter pits for the proposed West Pilbara Iron Ore Project – Stage 1 (**WPIOP**). API has advised Cullen that it is currently undertaking a feasibility study for the WPIOP (**WPIOP Feasibility Study**), a proposed 30Mtpa iron ore operation incorporating rail and port infrastructure and based upon the combined iron Resources of the APIJV, the Red Hill Iron Ore Joint Venture and the MSIOJV.

Subject to successful execution of several commercial agreements, including a mine gate sales agreement with the APIJV, ore derived from the Catho Well Channel Iron Deposit may contribute to the main, blended product stream throughout the proposed mine life of the WPIOP.

**Table 1 - Mineral Resource estimate for the Catho Well Channel Iron Deposit**

JORC Classification	Mt	Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	S %	Mn %	MgO %	LOI %
Measured	2.00	55.1	0.041	6.61	3.64	0.020	0.058	0.208	9.99
Indicated	73.00	55.1	0.037	6.91	3.16	0.016	0.079	0.178	10.26
Inferred	23.00	54.6	0.037	7.53	3.10	0.015	0.102	0.209	10.40
<b>TOTAL</b>	<b>98.00</b>	<b>55.0</b>	<b>0.037</b>	<b>7.05</b>	<b>3.15</b>	<b>0.016</b>	<b>0.084</b>	<b>0.186</b>	<b>10.29</b>

*The Mineral Resource estimate is reported at a 53% Fe cut-off. The resource estimate has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).*

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In December 2010, Cullen reported the maiden JORC Ore Reserve Estimate for the Catho Well Channel Iron Deposit based on the Resource Estimate (Table 2).

**Table 2 – Mt Stuart Iron Ore Joint Venture Ore Reserve Estimate**

<b>Category</b>	<b>Tonnes Mt</b>	<b>Fe %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>SiO<sub>2</sub> %</b>	<b>P %</b>	<b>LOI %</b>
Proved	1	55.28	3.33	6.57	0.043	10.03
Probable	69	54.80	3.23	7.23	0.037	10.31
<b>Total</b>	<b>70</b>	<b>54.81</b>	<b>3.23</b>	<b>7.22</b>	<b>0.037</b>	<b>10.30</b>

A Mining Lease Application for the proposed mining area at Catho Well has been lodged.

### **Study**

During the March quarter 2012, API as Manager of the MSIOJV, continued work on the mining feasibility study for the Catho Well deposit which included revision and upgrade of the life-of-mine schedule, progress on development of Management Plans for performance under Environmental Approvals and progressing negotiations with the Native Title parties towards completion of a Native Title Mining Agreement.

API has subsequently prepared and provided to Cullen a document entitled “Mount Stuart Iron Ore Project Feasibility Study” (**Study**).

The Study contains extensive detailed information on technical and financial matters, including the following:

1. The Study confirms the technical and economic viability of the Mount Stuart Iron Ore Project at an average 5 million tonnes per annum iron for 14 years.
2. The Study indicates substantial net present value for the MSIOJV of \$125 million should the MSIOJV reach an agreement to participate in the shared ownership of the mine area infrastructure.
3. The Study provides clear average Life of Mine Operating costs to the “mine gate”, estimated at A \$14.10 (nominal) per dry metric tonne excluding royalties.
4. The Study states that the MSIOJV Ore Reserve estimate is 70Mt with an overburden to ore ratio of 0.88:1.
5. The Study confirms that all mining environmental approval have been obtained in November 2011 and API is working closely with Government departments to expeditiously meet requirements and have all other necessary approvals in place in line with the project schedule.
6. The Study confirms that sales based on a Mine Gate sale structure, with first sales planned from Q3 2015, will be in place.
7. The Study contains a clear execution profile which foresees the commencement of development activities during FY 2012 and first sales in Q3 2015. The WPIOP-Stage 1 execution strategy involves an Owners Team and Project Management Contractor (PMC). A Contracting and Procurement Plan is in place and engineering standards have been drafted. Construction risks have been identified and mitigation strategies developed. Risk reduction measures will be part of the detailed design process.
8. The Study states that the estimated WPIOP - Stage 1 mining operations workforce is around 500. The MSIOJV mining operation will be integrated with the broader WPIOP-Stage 1 and mine planning and mining activity for the MSIOJV will be undertaken by the Manager in an integrated manner. Attributable operating costs of the MSIOJV will benefit from economies of scale (for example by utilising a shared airport, accommodation village and power plant as well as a single mining contractor across all deposits) as well as through resource maximisation.

Cullen does not accept that the Study is a “Feasibility Study” as defined in the Mt Stuart Iron Ore Joint Venture Agreement (**JVA**). This is because in Cullen’s view it is not a study, as required by the JVA, that would be acceptable to a reputable lending institution for the purposes of raising finance sufficient to establish and bring into production an economically viable commercial mining operation, primarily given the number and nature of the conditions to which the conclusions of the Study are subject.

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Important considerations include:

- The Study identifies key sensitivities as including the mine gate sale prices. While API has advised Cullen that the APIJV is prepared to negotiate to purchase RoM ore from the MSIOJV on the basis of a "net-back" model and that a draft contract is currently under development based on this model and the assumptions in the Study, no sale agreements are in place for iron ore produced by the MSIOJV;
- The Study states that MSIOJV project is dependent on the development of infrastructure associated with the WPIOP and the WPIOP Feasibility Study has yet to be produced.

Cullen is continuing to review all aspects of the Study, with the assistance of external advisors, and intends to discuss the results of its review with API.

**Dr Chris Ringrose**  
**Managing Director**  
**7 June 2012**

**ABOUT CULLEN:** Cullen is a Perth-based minerals explorer with a multi-commodity portfolio including projects managed through a number of JVs with key partners (FMG, APIJV (Aquila-AMCI), Advaita, Hannans Reward, Northern Star, Matsa and Thundelarra), and a number of projects in its own right. The Company's strategy is to identify and build targets based on: data compilation, field reconnaissance and early-stage exploration (particularly geochemistry). Projects are sought for most commodities mainly in Australia but with selected consideration of overseas opportunities, with current activities in Namibia, Canada and Scandinavia. A number of Cullen's 100%-owned projects have now reached the target drill-testing stage.

#### **ATTRIBUTION - Competent Person Statement**

*The information in this report that relates to Exploration Results is based on information compiled by Dr Chris Ringrose, Managing Director, Cullen Resources Limited who is a Member of the Australian Institute of Mining and Metallurgy. Dr Ringrose is a full-time employee of Cullen Resources Limited. 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 for the Mt Stuart JV, is based on information compiled by Mr 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.*

*The information in this announcement that relates to Mineral Resources for the Mt Stuart JV has been supervised by Mr Stuart Tuckey and Mr Richard Gaze who are members of the Australasian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of Australian Premium Iron. Mr Gaze is a full-time employee of Golder Associates Pty Ltd. Messrs Tuckey and Gaze have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey and Mr Gaze consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

*The information in this release that relates to Ore Reserves for the Mt Stuart JV is based on information compiled by Mr Steve Craig, Managing Director of ORElogy (Mining Consultants). Mr Craig is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Craig consents to the inclusion of the matters based on his information in the form and context in which it appears in this release*