

12 Mar. 10

CULLEN RESOURCES LIMITED

ABN 46 006 045 790

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Directors' Report

Your directors submit their report for the half-year ended 31 December 2009.

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)

Dr 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 Non-Executive Chairman of Beaconsfield Gold NL and Non-Executive Director of Anglo Australian Resources NL.

Dr Chris Ringrose, BSc, PhD, MBA, MAIMM, MAICD (Managing Director)

Dr 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. Dr Ringrose has also completed an MBA at Deakin University and brings to the Company significant management, exploration and project evaluation experience gained both in Australia and overseas.

Grahame Hamilton, BSc, MSc, MAIG (Non -Executive Director)

Mr 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, Mr Hamilton worked with Getty Oil Development Co. minerals division as Queensland Manager.

John Horsburgh, BSc MSc, FAIMM (Non-Executive Director)

Mr 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. Mr Horsburgh is Executive Chairman of AIM-listed public company Mariana Resources Limited.

Wayne John Kernaghan, BBus, ACA, FAICD, ACIS (Non-Executive Director and Company Secretary)

Mr 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 Gulf Resources Limited and ETT Limited.

Directors' Report (continued)

Principal Activities

The principal activity for the economic entity during the course of the half year was 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 \$1,127,117 [2008: Loss of \$1,953,148].

Review of Operations

During the half-year under review, the Company continued its mineral exploration activities which included: field review; project evaluations; database reviews and new project area identification. The Company also advanced its discussions and documentation relating to new farm-out arrangements with other companies for certain projects.

Company activities, including those of the Joint Venture managers, occur across Australia in New South Wales, Queensland, Northern Territory, South Australia and Western Australia, as follows:

- In Western Australia, in the Ashburton and West Pilbara: North East and Eastern Goldfields, and Forrestania Region;
- In the Northern Territory in the Amadeus and Arunta Regions;
- In Queensland the Company has a Joint Venture in the Mt Isa Region;
- In New South Wales the company has one project in the Lachlan Fold Belt.

During the second quarter, in December 2009, the company initiated a review of exploration opportunities in Namibia, Southern Africa. It is envisaged that this review will include discussion with legal and geological companies in Namibia and could lead to tenement application activities and on-ground fieldwork if the prospectivity is judged to be attractive. A new subsidiary has been established in Namibia should the Consolidated Entity peg any tenements in this country.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which follows the Directors Report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'C. Ringrose', with a long horizontal flourish extending to the right.

C. Ringrose
Director
Perth
12 March 2010

Auditor's independence declaration to the Directors of Cullen Resources Limited

In relation to our review of the half-year financial report of Cullen Resources Limited for the half-year ended 31 December 2009, 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



J C Palmer
Partner
Perth

12 March 2010

**Consolidated Statement of Financial Position
 for the half-year ended 31 December 2009**

	Consolidated 31 December 2009 \$	Consolidated 30 June 2009 \$
Current Assets		
Cash and cash equivalents (note 6)	3,188,477	4,523,164
Trade and other receivables	<u>36,759</u>	<u>235,336</u>
Total Current Assets	<u>3,225,236</u>	<u>4,758,500</u>
Non Current Assets		
Other financial assets	10,000	20,000
Plant and equipment	11,982	27,604
Exploration and evaluation (note 4)	<u>2,344,218</u>	<u>1,976,601</u>
Total Non Current Assets	<u>2,366,200</u>	<u>2,024,205</u>
Total Assets	<u>5,591,436</u>	<u>6,782,705</u>
Current Liabilities		
Trade and other payables	478,439	547,076
Provisions	<u>77,863</u>	<u>78,383</u>
Total Current Liabilities	<u>556,302</u>	<u>625,459</u>
Non Current Liabilities		
Provisions	<u>28,294</u>	<u>23,289</u>
Total Non Current Liabilities	<u>28,294</u>	<u>23,289</u>
Total Liabilities	<u>584,596</u>	<u>648,748</u>
Net Assets	<u>5,006,840</u>	<u>6,133,957</u>
Equity		
Equity attributable to equity holders of the Parent		
Issued capital (note 5)	31,524,656	31,524,656
Share based payment reserve	630,225	630,225
Accumulated losses	<u>(27,148,041)</u>	<u>(26,020,924)</u>
Total Equity	<u>5,006,840</u>	<u>6,133,957</u>

**Consolidated Statement of Comprehensive Income
 for the half-year ended 31 December 2009**

	Consolidated 31 December 2009 \$	Consolidated 31 December 2008 \$
Revenue and other income (note 3)	51,650	269,761
Rent expense	(18,989)	(20,210)
Salaries and consultant expense	(170,069)	(194,657)
Share based payments expense	-	(93,905)
Compliance costs	(78,504)	(79,500)
Exploration and evaluation expense (note 4)	(764,479)	(1,792,858)
Depreciation expense	(15,622)	(15,521)
Administration expense	(9,308)	(6,538)
Other expenses	<u>(121,796)</u>	<u>(19,721)</u>
Loss before income tax expense	(1,127,117)	(1,953,148)
Income tax expense	-	-
Net loss	<u>(1,127,117)</u>	<u>(1,953,148)</u>
Other comprehensive income (net of tax)	-	-
Total comprehensive income for the period	<u>(1,127,117)</u>	<u>(1,953,148)</u>
Basic loss per share attributable to ordinary equity holders of the parent (cents per share)	<u>(0.20)</u>	<u>(0.35)</u>
Diluted loss per share attributable to ordinary equity holders of the parent (cents per share)	<u>(0.20)</u>	<u>(0.35)</u>

**Consolidated Statement of Cash Flows
 for the half-year ended 31 December 2009**

	Consolidated 31 December 2009 \$	Consolidated 31 December 2008 \$
Cash flows from operating activities		
Payments to suppliers and employees	(264,241)	(587,226)
Interest received and other expenses	<u>51,650</u>	<u>266,524</u>
Net cash flows used in operating activities	<u>(212,591)</u>	<u>(320,702)</u>
Cash flows from investing activities		
Payments for exploration activities	(1,132,096)	(1,353,275)
Payment for plant and equipment	-	-
Refund of security deposits	<u>10,000</u>	<u>80,000</u>
Net cash flows used in investing activities	<u>(1,122,096)</u>	<u>(1,273,275)</u>
Net (decrease) in cash and cash equivalents	(1,334,687)	(1,593,977)
Cash and cash equivalents at beginning of the financial period	<u>4,523,164</u>	<u>7,426,212</u>
Cash and cash equivalents at end of the financial period	<u>3,188,477</u>	<u>5,832,235</u>

**Consolidated Statement of Changes in Equity
 for the half-year ended 31 December 2009**

	Contributed Equity	Share Based Payment reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2008	<u>31,524,656</u>	<u>532,895</u>	<u>(19,713,531)</u>	<u>12,344,020</u>
Loss for the period	-	-	(1,953,148)	(1,953,148)
Other comprehensive (expense)	-	-	-	-
Total comprehensive Income for the period	-	-	<u>(1,953,148)</u>	<u>(1,953,148)</u>
Transaction with owners In their capacity as owners				
Share based payments	-	<u>93,905</u>	-	<u>93,905</u>
At 31 December 2008	<u>31,524,656</u>	<u>626,800</u>	<u>(21,666,679)</u>	<u>10,484,777</u>
At 1 July 2009	<u>31,524,656</u>	<u>630,225</u>	<u>(26,020,924)</u>	<u>6,133,957</u>
Loss for the period	-	-	(1,127,117)	(1,127,117)
Other comprehensive (expense)	-	-	-	-
Total comprehensive Income for the period	-	-	<u>(1,127,117)</u>	<u>(1,127,117)</u>
Transaction with owners In their capacity as owners				
	-	-	-	-
At 31 December 2009	<u>31,524,656</u>	<u>630,225</u>	<u>(27,148,041)</u>	<u>5,006,840</u>

Notes to the Half-Year Financial Statements For the half-year ended 31 December 2009

Note 1 Corporate Information

The financial report of Cullen Resources Limited (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 12 March 2010. Cullen Resources Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

Note 2 Basis of Preparation and Accounting Policies

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report has been prepared on an historical cost basis.

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

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.

It is recommended that the half-year financial report should be read in conjunction with the annual Financial Report of Cullen Resources Limited as at 30 June 2009 and considered together with any public announcements made by Cullen Resources Limited and its controlled entities during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) New and Amending Accounting Standards and Interpretations

From 1 July 2009 Cullen Resources Limited and its subsidiaries have adopted all Accounting Standards and Interpretations mandatory for annual periods beginning on 1 July 2009, including:

AASB 8 and AASB 2007 - 3	Operating segments and consequential amendments to other Australian Accounting Standards
AASB 101 (Revised), AASB 2007 -8 and AASB 2007 - 10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards. This mainly resulted in the replacement of the income statement with the statement of comprehensive income.
AASB3 (Revised)	Business Combinations
AASB 127 (Revised)	Consolidated and Separate Financial Statements
AASB 2008 - 5	Amendment to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2008 - 6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009 - 2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]
AASB 2009 - 4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]

Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the consolidated entity.

Cullen Resources Limited and its controlled entities have not early adopted any other standards or amendments that are issued but not yet effective.

(c) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

(d) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Cullen Resources Limited and its subsidiaries as at 31 December 2009 (“the consolidated entity”).

Notes to the Half-Year Financial Statements
For the half-year ended 31 December 2009 (cont'd)

Note 3 Revenue and other income

Loss before income tax has been determined after:

	31 December 2009	31 December 2008
	\$	\$
Revenue and other income		
Interest revenue	51,650	266,524
Other income	-	3,237
	<u>51,650</u>	<u>269,761</u>

Note 4 Exploration and evaluation

	31 December 2009	30 June 2009
	\$	\$
Costs carried forward in respect of areas of interest in the exploration and evaluation phase.		
Opening balance	1,976,601	5,214,517
Expenditure incurred	1,132,096	2,682,015
Written off during the period	<u>(764,479)</u>	<u>(5,919,931)</u>
Closing balance	<u>2,344,218</u>	<u>1,976,601</u>

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on successful development and commercial exploration or alternatively by the sale of the respective areas of interest.

(a) Impairment

The directors have reviewed all exploration projects for indicators of impairment in light of approved budgets. Where substantive expenditure is neither budgeted or planned the area of interest has been written down to its fair value less costs to sell. In determining fair value less costs to sell the directors had regard to the best evidence of what a willing participant would pay in an arms length transaction. Where no such evidence was available, areas of interest were written down to nil pending the outcome of any future farm out arrangement. The Company will continue to look to attract farm-in partners and/or recommence exploration should circumstances change.

Notes to the Half-Year Financial Statements
For the half-year ended 31 December 2009 (cont'd)

Note 5 Contributed Equity

Contributed Equity	31 December 2009	30 June 2009
	\$	\$
554,839,763 Ordinary shares (issued and fully paid)*		
(30 June 2009: 554,839,763)	<u>31,524,656</u>	<u>31,524,656</u>

Movement in issued shares for the half year

	31 December 2009		30 June 2009	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period:	554,839,763	31,524,656	554,839,763	31,524,656
Movement	-	-	-	-
End of the financial period:	<u>554,839,763</u>	<u>31,524,656</u>	<u>554,839,763</u>	<u>31,524,656</u>

* Fully paid ordinary shares carry one vote per share and carry the right to dividends.

No share options have been issued in the period.

Note 6 Cash and Cash Equivalents

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2009	31 December 2008
	\$	\$
Cash at Bank and in Hand	677,921	832,235
Short Term Deposits	<u>2,510,556</u>	<u>5,000,000</u>
	<u>3,188,477</u>	<u>5,832,235</u>

**Notes to the Half-Year Financial Statements
For the half-year ended 31 December 2009 (cont'd)**

Note 7 Operating Segments

For management purposes, the Company is organised into one main operating segment, which involves the exploration of minerals in Australia. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Note 8 Dividends paid or provided for on ordinary shares

No amounts have been paid, declared or recommended by Cullen Resources Limited by way of dividend since the commencement of the half-year, and up to the date of this report.

Note 9 Contingent Liabilities

There are no contingent liabilities at 31 December 2009.

Note 10 Events Subsequent to Balance Date

There are no known events subsequent to balance date that would have a material effect on these financial statements except for the issue of 3,000,000 ordinary shares on 29 January 2010 at \$0.067 each raising \$200,000.

Note 11 Commitments

The Consolidated entity has the following minimum expenditure commitments to keep its tenements and ownership interests in good standing:

- \$331,000 for the Mt Stuart Joint Venture; and
- \$906,680 for other tenements.

Note 12 Changes in composition of the Consolidated Entity

The consolidated entity established a new subsidiary to explore opportunities in Namibia, Southern Africa.

CULLEN RESOURCES LIMITED

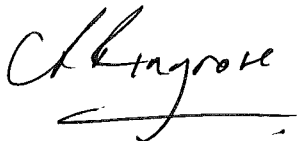
Directors' Declaration

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 are in accordance with Corporations Act 2001 including;
 - (i) give a true and fair view of the financial position as at 31 December 2009 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



C Ringrose
Director

Perth
12 March 2010

To the members of Cullen Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cullen Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the period.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cullen Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

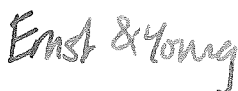
Independence

In conducting our review, we have complied with the independence requirements of 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cullen Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of J C Palmer.

J C Palmer
Partner
Perth
12 March 2010