

CULLEN RESOURCES LIMITED

ACN 006 045 790

HALF-YEAR FINANCIAL REPORT

AT

31 DECEMBER 2003

CULLEN RESOURCES LIMITED

Directors' Report

The directors present the financial report of the economic entity at 31 December 2003 including the consolidated statement of financial position as at 31 December 2003 and the statement of financial performance and statement of cashflows for the half-year then ended and report as follows:

Directors

The directors of the company in office during the half year and until the date of this report are:

Dr Denis Clarke BSc, BA, PhD, FAIMM (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 28 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 30 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 (Non-Executive Director)

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 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.

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Principal Activities

The principal activities for the economic entity during the course of the half year were gold exploration and general investment. 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 \$373,844 [2002: \$227,153].

Review of Operations

Exploration in the half-year has focused on the economic entity's three main projects, being:

- Ashburton Province (Yanks Bore, Red Hill West, De Courcy, Slate Bore, Hardey Junction, Mt Stuart, Cardo Bore and Catho Well Gold Projects)
- Northern Goldfields (Gunbarrel Gold and Nickel Projects, Irwin Bore and White Well/Wonganoo Projects)
- Eastern Goldfields (Killaloe Gold and Nickel Projects)

Consultant group Newexco Services Pty Ltd reviewed the nickel sulphide potential of the Killaloe project following the withdrawal of Sipa Resources Limited from the Joint Venture.

A total of 82 RAB holes for 2,903m and 8 Aircore holes for 564m were completed by Barrick Gold of Australia Limited. Overall results were disappointing and Barrick Gold of Australia Limited has withdrawn from the Wyloo Joint Venture. The results are still to be reviewed prior to seeking a new joint venture partner.

State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the economic entity that occurred during the half-year under review.

Dated at Sydney this 4th day of March 2004.

Signed in accordance with a resolution of the directors

J Horsburgh
Director

G Hamilton
Director

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Statement of Financial Position at 31 December 2003

	Consolidated 31 December 2003	Consolidated 30 June 2003 \$	Consolidated 31 December 2002 \$
Current Assets			
Cash Assets	<u>1,940,868</u>	<u>1,513,155</u>	<u>1,458,707</u>
Total Current Assets	<u>1,940,868</u>	<u>1,513,155</u>	<u>1,458,707</u>
Non Current Assets			
Other Financial Assets (note 6)	12,800	12,800	107,000
Property & Equipment	48,074	60,333	20,130
Other - Exploration	<u>4,730,928</u>	<u>3,935,422</u>	<u>3,479,109</u>
Total Non Current Assets	<u>4,791,802</u>	<u>4,008,555</u>	<u>3,606,239</u>
Total Assets	<u>6,732,670</u>	<u>5,521,710</u>	<u>5,064,946</u>
Current Liabilities			
Payables	48,781	47,920	11,385
Provisions	<u>47,434</u>	<u>30,358</u>	<u>24,502</u>
Total Current Liabilities	<u>96,215</u>	<u>78,278</u>	<u>35,887</u>
Total Liabilities	<u>96,215</u>	<u>78,278</u>	<u>35,887</u>
Net Assets	<u>6,636,455</u>	<u>5,443,432</u>	<u>5,029,059</u>
Equity			
Contributed Equity (note 4)	18,524,506	16,957,639	16,957,639
Accumulated Losses	<u>(11,888,051)</u>	<u>(11,514,207)</u>	<u>(11,928,580)</u>
Total Equity	<u>6,636,455</u>	<u>5,443,432</u>	<u>5,029,059</u>

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Statement of Financial Performance for the half-year ended 31 December 2003

	Consolidated 31 December 2003	Consolidated 31 December 2002
	\$	\$
Revenues from ordinary activities (note 3)	44,748	51,759
Rent	(50,496)	(27,082)
Salaries and Consultants	(111,529)	(111,163)
Compliance	(150,518)	(49,416)
Exploration expenditure written off	(32,108)	-
Depreciation	(12,258)	(3,978)
Administration	(21,706)	(15,870)
Other expenses from ordinary activities	<u>(39,977)</u>	<u>(71,403)</u>
 Loss from ordinary activities before income tax expense	 (373,844)	 (227,153)
 Income tax relating to ordinary activities	 <u> -</u>	 <u> -</u>
 Net loss from ordinary activities after income tax expense	 <u>(373,844)</u>	 <u>(227,153)</u>
 Total changes in equity other than those resulting from transactions with owners as owners	 <u>(373,844)</u>	 <u>(227,153)</u>
 Basic loss per share (cents per share)	 <u>(0.1)</u>	 <u>(0.1)</u>
 Diluted loss per share (cents per share)	 <u>(0.1)</u>	 <u>(0.1)</u>

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Statement of Cash Flows for the half-year ended 31 December 2003

	Consolidated 31 December 2003 \$ Inflows/ (Outflows)	Consolidated 31 December 2002 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Cash payments to suppliers and employees	(356,288)	(336,462)
Interest received	<u>44,748</u>	<u>51,759</u>
Net cash flows from operating activities	<u>(311,540)</u>	<u>(284,703)</u>
Cash flows from investing activities		
Payments for exploration	<u>(827,614)</u>	<u>(961,909)</u>
Net investing cash flows	<u>(827,614)</u>	<u>(961,909)</u>
Cash flows from financing activities		
Proceeds from issue of shares	<u>1,566,867</u>	_____ -
Net financing cash flows	<u>1,566,867</u>	_____ -
Net increase/(decrease) in cash held	427,713	(1,246,612)
Cash at beginning of the financial period	<u>1,513,155</u>	<u>2,705,319</u>
Cash at end of the financial period	<u>1,940,868</u>	<u>1,458,707</u>

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Notes to the Financial Report For the half-year ended 31 December 2003

Note 1 Basis of Preparation of Half-year Financial Statements

This general purpose consolidated financial report has been prepared for the half-year ended 31 December 2003 and is the consolidated financial report of the company, Cullen Resources Limited, and entities controlled at the end of, or during the half-year. These financial statements have been made out in accordance with applicable Australian accounting standards including AASB 1029: “ Interim Financial Reporting”, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. It is recommended that this Report should be read in conjunction with the 30 June 2003 Annual Report of Cullen Resources Limited and any public announcements made by Cullen Resources Limited and its controlled entities during the half-year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and Australian Stock Exchange Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year. The half year financial report has been prepared in accordance with the historical cost convention.

The notes to the financial statements do not include all information normally contained within notes to an 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.

Note 2 Other Assets-Exploration

The ultimate recoupment of capitalised expenditure relating to areas of interest in the exploration/evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest and the consolidated entity’s ability to continue to meet the financial obligations to maintain the areas of interest. Successful development and commercial exploitation is dependant upon the consolidated entity’s ability to raise further equity funds and/or enter into joint venture arrangements.

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Notes to the Financial Report For the half-year ended 31 December 2003

Note 3 Loss Before Income Tax

Loss before income tax has been determined after:

	31 December 2003	31 December 2002
	\$	\$
(a) Crediting as revenue		
Interest from other persons	<u>44,748</u>	<u>51,759</u>
(b) Charging as expense:		
Exploration expenditure written off	<u>32,108</u>	<u> -</u>

Note 4 Contributed Equity

Issued capital

320,981,282 (2002: 268,752,376)	<u>18,524,506</u>	<u>16,957,639</u>
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Movement in issued shares for the half year

Opening number of shares on issue	268,752,376	268,752,376
Issued at 3 cents under the shareholder share purchase plan	<u>52,228,906</u>	<u> -</u>
Closing number of shares on issue	<u>320,981,282</u>	<u>268,752,376</u>

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Note 5 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 6 Other Financial Assets

Non current	31 December 2003 \$	31 December 2002 \$
Shares quoted on stock exchanges	<u>12,800</u>	<u>107,000</u>

The market value of the listed shares at 31 December 2003 was \$428,571 (2002: \$935,666).

Note 7 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 8 Events subsequent to Balance Date

There are no known events subsequent to balance date that would have a material effect on these financial statements.

Note 9 Tax Consolidation

Since the substantive enactment of the Tax Consolidation Legislation, the Cullen consolidated group has not yet made a decision as to whether to enter the tax consolidation regime. It is possible that an election to enter the tax consolidation regime will be made for the 2004 taxation year.

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Directors' Declaration

The directors declare that:

- (a) the financial statements and associated notes of the consolidated entity comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001;
- (b) the financial statements and notes give a true and fair view of the financial position as at 31 December 2003 and performance of the consolidated entity for the half-year then ended; and
- (c) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of the directors.

J Horsburgh
Director

G Hamilton
Director

Sydney
4 March 2004

Independent review report to members of Cullen Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements, and the directors' declaration for the consolidated entity, for the six months ended 31 December 2003. The consolidated entity comprises both Cullen Resources Limited and the entities it controlled during that six months ended 31 December 2003.

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 1029 "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 1029 "Interim Financial Reporting" and other mandatory professional 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.

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 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 2003 and of its performance for the six months ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Michael Elliott
Partner

Sydney
4 March 2004