

# CULLEN RESOURCES LIMITED

ABN 46 006 045 790

**FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2015**

## Directors' Report

Your directors submit their report for the half-year ended 31 December 2015 for Cullen Resources Limited ("the Company or Cullen").

### 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 Chris Ringrose, BSc, PhD, MBA, MAIMM, MAICD (Managing Director)  
Grahame Hamilton, BSc, MSc, MAIG (Non -Executive Director)  
John Horsburgh, BSc MSc, FAIMM (Non-Executive Director)  
Wayne John Kernaghan, BBus, ACA, FAICD, ACIS (Non-Executive Director & Company Secretary)

### 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 \$467,583 after income tax [2014: Loss of \$958,228].

### Review of Operations

Cullen is a mineral exploration company currently seeking deposits of gold, nickel, and iron ore either in its own right, or managed by other partners in joint operations.

During the half-year under review, the Company continued its mineral exploration activities including: project generation, database reviews, field mapping and drilling. Company exploration activities, including Joint Operator managed projects, were focused in Western Australia with additional activities in New South Wales as follows:

- Ashburton Province, WA (Mt Stuart JV, Wyloo JV - iron ore projects)
- North Eastern Goldfields, WA (Mt Eureka - gold and nickel project)
- Eastern Goldfields, WA (Killaloe JV - gold and nickel project)
- Murchison Province, WA (North Tuckabianna – gold and base metals project)
- Forrestania, WA (Forrestania JV - gold project)
- Central Lachlan Fold Belt, NSW (Minter - tungsten project)

During the half year the Company sold its interest in the Wyloo Joint Venture for cash and a royalty to its Joint venture partner Fortescue Metals Group Limited.

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**Directors' Report (continued)**

**Events Subsequent to Reporting Date**

There are no known events subsequent to reporting date that would have a material effect on these financial statements other than the issue of 40 million shares at \$0.002 to raise \$80,000 on 25 February 2016.

**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.



**C. Ringrose**  
**Director**

Perth  
4 March 2016

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

As lead auditor for the review of Cullen Resources Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cullen Resources Limited and the entities it controlled during the financial period.



Ernst & Young



V L Hoang  
Partner  
4 March 2016

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**Consolidated Statement of Financial Position  
 as at 31 December 2015**

	Note	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	584,977	867,152
Trade and other receivables		16,047	93,804
<b>Total Current Assets</b>		<u>601,024</u>	<u>960,956</u>
<b>Non Current Assets</b>			
Other financial assets	4	10,000	10,000
Plant and equipment		6,835	-
Exploration and evaluation	5	5,668,525	5,329,287
<b>Total Non Current Assets</b>		<u>5,685,360</u>	<u>5,339,287</u>
<b>Total Assets</b>		<u>6,286,384</u>	<u>6,300,243</u>
<b>Current Liabilities</b>			
Trade and other payables		204,529	299,480
Provisions		93,665	111,171
<b>Total Current Liabilities</b>		<u>298,194</u>	<u>410,651</u>
<b>Total Liabilities</b>		<u>298,194</u>	<u>410,651</u>
<b>Net Assets</b>		<u>5,988,190</u>	<u>5,889,592</u>
<b>Equity</b>			
<b>Equity attributable to equity holders of the Parent</b>			
Issued capital	6	42,842,268	42,276,087
Share based payment reserve	7	1,459,725	1,459,725
Accumulated losses		(38,313,803)	(37,846,220)
<b>Total Equity</b>		<u>5,988,190</u>	<u>5,889,592</u>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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**Consolidated Statement of Comprehensive Income  
 for the half-year ended 31 December 2015**

	Note	Consolidated 31 December 2015 \$	Consolidated 31 December 2014 \$
Revenue	3	78,050	6,781
Rent		(19,216)	(19,197)
Salaries and consultants' fees		(148,726)	(218,870)
Compliance expenses		(77,671)	(92,524)
Share based payments		-	(135,600)
Impairment of exploration expenditure	5	(222,776)	(398,284)
Depreciation		(615)	(432)
Other expenses		(76,629)	(100,102)
Loss before income tax benefit/(expense)		(467,583)	(958,228)
Income tax benefit/(expense)		-	-
Net loss after tax		<u>(467,583)</u>	<u>(958,228)</u>
Other comprehensive income			
Total comprehensive income/(loss) for the period		<u>(467,583)</u>	<u>(958,228)</u>
Basic loss per share attributable to ordinary equity holders of the parent (cents per share)		<u>(0.03)</u>	<u>(0.09)</u>
Diluted loss per share attributable to ordinary equity holders of the parent (cents per share)		<u>(0.03)</u>	<u>(0.09)</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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**Consolidated Statement of Cash Flows  
 for the half-year ended 31 December 2015**

	Note	Consolidated 31 December 2015 \$	Consolidated 31 December 2014 \$
<b>Cash flows from operating activities</b>			
Cash payments in the course of operations		(356,942)	(333,236)
Interest received		3,050	6,781
Net cash flows used in operating activities		<u>(353,892)</u>	<u>(326,455)</u>
<b>Cash flows from investing activities</b>			
Payments for exploration & evaluation	5	(562,014)	(986,850)
Receipts from sale of tenements		75,000	-
Payments for plant & equipment		(7,450)	-
Net cash flows used in investing activities		<u>(494,464)</u>	<u>(986,850)</u>
<b>Cashflow from financing activities</b>			
Proceeds from issue of shares	6	566,181	901,700
Share issue costs		-	(21,780)
Net cash flows from financing activities		<u>566,181</u>	<u>879,920</u>
Net increase/(decrease) in cash and cash equivalents		(282,175)	(433,385)
Cash and cash equivalents at beginning of the financial period		<u>867,152</u>	<u>1,073,739</u>
Cash and cash equivalents at end of the financial period	8	<u>584,977</u>	<u>640,354</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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**Consolidated Statement of Changes in Equity  
 for the half-year ended 31 December 2015**

	Contributed Equity	Share Based Payment reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2014</b>	40,521,766	1,301,725	(36,431,251)	5,392,240
Loss for the period	-	-	(958,228)	(958,228)
Other comprehensive Income (net of tax)	-	-	-	-
Total comprehensive Loss for the period	-	-	(958,228)	(958,228)
Issue of share capital	901,700	-	-	901,700
Share issue costs	(21,780)	-	-	(21,780)
Share based payments	-	135,600	-	135,600
<b>At 31 December 2014</b>	<b>41,401,686</b>	<b>1,437,325</b>	<b>(37,389,479)</b>	<b>5,449,532</b>
<b>At 1 July 2015</b>	42,276,087	1,459,725	(37,846,220)	5,889,592
Loss for the period	-	-	(467,583)	(467,583)
Other comprehensive Income (net of tax)	-	-	-	-
Total comprehensive Loss for the period	-	-	(467,583)	(467,583)
Issue of share capital	566,181	-	-	566,181
Share issue costs	-	-	-	-
Share based payments	-	-	-	-
<b>At 31 December 2015</b>	<b>42,842,268</b>	<b>1,459,725</b>	<b>(38,313,803)</b>	<b>5,988,190</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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## Notes to the Half-Year Financial Statements for the half-year ended 31 December 2015

### Note 1 Corporate Information

The financial report of Cullen Resources Limited and its subsidiaries ("the consolidated entity") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 4 March 2016. 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 & Accounting Policies

#### (a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2015 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 2015 and considered together with any public announcements made by Cullen Resources Limited and its controlled entities during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

#### Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The consolidated entity had cash assets of \$ 584,977 at 31 December 2015. The directors acknowledge that continued exploration and development of the consolidated entity's mineral exploration projects will necessitate further capital raisings.

The consolidated entity remains dependent on its ability to raise funding in volatile capital markets. However, the directors continue to believe that the going concern basis of accounting by the consolidated entity is appropriate as the company and consolidated entity have successfully completed capital raisings during the current period and in the prior year to 30 June 2015, notwithstanding the challenging conditions in equity markets.

In consideration of the above matters, the directors have determined that it is reasonably foreseeable that the consolidated entity will continue as going concern and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the consolidated entity is unable to continue as a going concern (due to inability to raise future funding requirements), it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Accordingly, the financial statements do not include adjustments relating to the recoverability and classification of assets amount or to the amounts and classification of liabilities that might be necessary if the consolidated entity does not continue a going concern.

**Notes to the Half-Year Financial Statements  
 for the half-year ended 31 December 2015**

**(b) New and Amending Accounting Standards and Interpretations**

The accounting policies adopted in the preparation of the half year report are consistent with those followed in the preparation of the consolidated entity's annual financial statements for the year ended 30 June 2015, except for the mandatory adoption of new standards and interpretations. The adoption of these standards and interpretations did not have a material effect on the financial statements or the financial position or performance of the consolidated entity.

**Note 3 Revenue & Other Income**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	\$	\$
Interest revenue	3,050	6,781
Gain on sale of tenements	75,000	-
	<u>78,050</u>	<u>6,781</u>

**Note 4 Other Financial Assets**

	<b>31 December 2015</b>	<b>30 June 2015</b>
	\$	\$
Security deposits	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

**Note 5 Exploration & Evaluation**

	<b>6 months ended 31 December 2015</b>	<b>12 months ended 30 June 2015</b>	<b>6 months ended 31 December 2014</b>
	\$	\$	\$
Costs carried forward in respect of areas of interest in the exploration and evaluation phase			
Opening balance	5,329,287	4,483,886	4,483,886
Expenditure incurred	562,014	1,490,268	986,850
Impairment during the period	(222,776)	(644,867)	(398,284)
Closing balance	<u>5,668,525</u>	<u>5,329,287</u>	<u>5,072,452</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.

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**Notes to the Half-Year Financial Statements  
for the half-year ended 31 December 2015 (cont'd)**

**(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 dispose. In determining fair value less costs to dispose the directors had regard to the best evidence of what a willing participant would pay in an arm's 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 (level 3 fair value). The consolidated entity will continue to look to attract farm-in partners and/or recommence exploration should circumstances change.

**Note 6 Contributed Equity**

Contributed Equity	31 December 2015	30 June 2015
	\$	\$
1,661,560,131 Ordinary shares (issued and fully paid)* (30 June 2015 : 1,378,469,841)	42,842,268	42,276,087

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

Movement in issued shares for the half year:

	31 December 2015		30 June 2015	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period:	1,378,469,841	42,276,087	1,038,472,843	40,521,766
Movement:				
Issued at 0.6 cents each(i)	-	-	60,500,000	363,000
Issued at 1.2 cents each(ii)	-	-	44,891,671	538,701
Issued at 0.38 cents each(i)	-	-	75,000,000	285,000
Issued at 0.38 cents each (iii)	-	-	159,605,327	606,500
Issued at 0.20 cents each (ii)	283,090,290	566,181	-	-
Less share issue expenses	-	-	-	(38,880)
End of the financial period:	<u>1,661,560,131</u>	<u>42,842,268</u>	<u>1,378,469,841</u>	<u>42,276,087</u>

- (i) Issued under a placement
- (ii) Issued under a rights issue to shareholders
- (iii) Issued under a Share Purchase Plan to shareholders

During the period, no outstanding options were exercised.

**Notes to the Half-Year Financial Statements  
 for the half-year ended 31 December 2015 (cont'd)**

**Note 7 Share Based Payments**

The share based payment reserve represents the cost of share-based payments to directors, employees and third parties.

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Beginning of the period	1,459,725	1,301,725
Share based payments	-	158,000
End of the period	<u>1,459,725</u>	<u>1,459,725</u>

On 1 December 2014 the directors were issued with a total of 20,000,000 unlisted options exercisable immediately at 1.6 cents and expiring on 30 November 2017. The terms of the options are contained in the notice of meeting which was approved by shareholders on 23 November 2014.

The following table lists the inputs to the models used at the date of allocation for Director options:

	31 December 2014
Dividend yield	-
Expected volatility	155.19%
Risk free interest rate	2.135%
Exercise price	0.016
Share price at measurement date	0.008
Fair value at grant date	0.006

No options were issued during the half year ended 31 December 2015.

As at 31 December 2015, the number of options outstanding were 26,000,000.

**Note 8 Cash & Cash Equivalents**

For the purpose of the consolidated statement of cash flows and consolidated statement of financial position, cash and cash equivalents are comprised of the following:

	<b>31 December 2015</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at Bank and in Hand	584,977	867,152	640,354
	<u>584,977</u>	<u>867,152</u>	<u>640,354</u>

**Note 9 Operating Segments**

For management purposes, the consolidated entity is organised into one main operating segment, which involves the exploration of minerals in Australia. All of the consolidated entity'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 consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

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## Notes to the Half-Year Financial Statements for the half-year ended 31 December 2015 (cont'd)

### Note 10 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 11 Contingent Liabilities

There are no contingent liabilities at 31 December 2015. (30 June 2015: Nil)

### Note 12 Events Subsequent to Reporting Date

There are no known events subsequent to reporting date that would have a material effect on these financial statements other than the issue of 40 million shares at \$0.002 to raise \$80,000 on 25 February 2016.

### Note 13 Commitments

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

- \$263,730 for the Mt Stuart Joint Venture; and
- \$399,000 for other tenements.

The aggregate lease expenditure contracted for at reporting date but not provided for is \$14,084 which is for the lease of the premises for the period 1 January 2016 to 30 April 2016.

### Note 14 Related Parties

#### *Payments to director related companies*

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Consultancy payments were made to Mosman Corporate Services Pty Ltd totalling \$23,750 (2014: \$27,250) which is a company controlled by Mr W Kernaghan. There was \$2,875 outstanding at 31 December 2015.

### Note 15 Fair Value

The fair values of the consolidated entity's financial assets and liabilities are approximately the same as their carrying value.

## CULLEN RESOURCES LIMITED

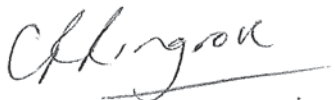
### Directors' Declaration

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 2015 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) subject to the achievement of the matters outlined in Note 2, 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  
4 March 2016

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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 consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### 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 a Financial Report 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 2015 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:


- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 to the financial report which describes the principal conditions that raise doubts about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



Ernst & Young



V L Hoang  
Partner  
Perth  
4 March 2016