



ABN 46 006 045 790

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## ASX ANNOUNCEMENT

# Progress Report: Canning Basin Coal Project, Western Australia

### Background

Cullen's properties of ~4,500 square km cover ~250 strike km of interpreted Permian coal-bearing sequences in the Canning Basin of northern Western Australia. Cullen considers the Canning Basin is an important exploration frontier for coal with substantial upside potential that could be developed in the medium to long term for markets in China and India. This view is supported by recent exploration and corporate developments in relation to coal in the Basin which have included:

- A takeover bid for Rey Resources Limited (ASX: REY) announced by Gujarat NRE Minerals Limited (ASX: GNM), and a rival takeover bid announced by Crosby Capital of Hong Kong.
- The occurrence of a reported 511 million tonne thermal coal resource within Rey Resources' project area (ASX: REY - 20/8/09).
- The commencement of a 10,000m drilling programme for coal by the ASF Group Limited (ASX: AFA - 17/8/09) in an area east of Rey Resources' project area. ASF describes itself as "the integrator for Australia-China Energy & Resource business".

(It should be noted however, that no inference can be drawn regarding the coal potential of Cullen's property from these facts.)

Cullen's exploration licence E04/1836 has now been granted and reconnaissance fieldwork was completed in this area and across the project in late September.

### Results of Reconnaissance Fieldwork

- Surface expressions of the Lightjack Formation (the main host for Permian age coal in the Canning Basin) up dip of coal measures intersected in oil well and water bore drilling were identified in the field.

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- A trial soil gas geochemistry survey was carried out – 56 samples were taken along a traverse across the Lightjack Formation. Samples will be submitted to Actlabs, Ontario, for extraction of approximately 160 soil gas hydrocarbon compounds from each sample and these may identify a unique geochemical signature of the coal measures at depth, i.e. a geochemical “fingerprint”. Soil gas hydrocarbon analysis has been used in mineral and petroleum exploration, but to our knowledge, is a novel application in coal exploration. If successful, this technique may assist Cullen in prioritising initial coal targets and provide vectors to the vertical location of coal through thick cover, thereby reducing the amount of exploratory drilling.
- The positive field expression of the target Lightjack Formation in some parts of the project, suggests that interpretation of satellite imagery (Thematic Mapper and other remotely sensed data) may be useful to further outline potential coal measures. Soon to be released aeromagnetic data (Geological Survey of WA) from the Canning Basin region, may reveal the presence of any post-Permian intrusive bodies (sills, plugs, etc.) within the sedimentary sequence that may have upgraded the coal measures by heating and driving out volatiles. The new GSWA data is being flown at 400m spacing and should be released in late November 2009.
- Access to Cullen’s tenements via existing station tracks for exploration drilling is good.

## **Work Planned**

Cullen is progressing negotiations regarding the development of Heritage Agreements which will pave the way for the progressive approval of tenement applications over the next six to nine months. This will allow a comprehensive exploration programme to be initiated in the 2010 field season.

A preliminary review of potential markets and possible marketing strategies is underway and will be advanced.

Various funding options are to be assessed such as direct investment from overseas coal importers or an IPO spin off, for example.

## **Dr Chris Ringrose, Managing Director, +61 8 9474 5511**

### **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 Ltd who is a Member of the Australian Institute of Mining and Metallurgy. Dr. Ringrose is a full time employee of Cullen Resources Ltd. 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.*

# CULLEN'S CANNING BASIN COAL PROJECT



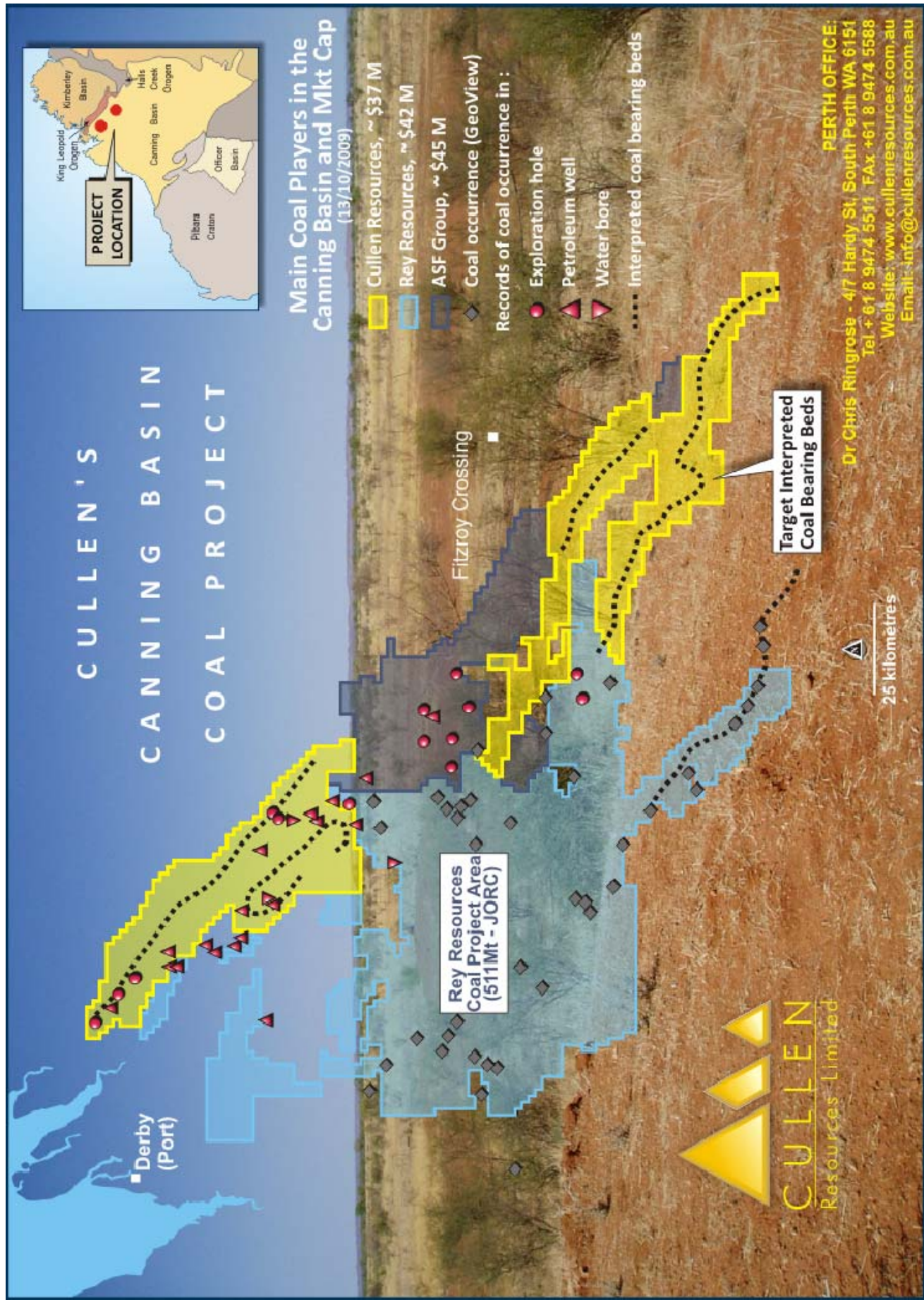
## Main Coal Players in the Canning Basin and Mkt Cap (13/10/2009)

- Cullen Resources, ~ \$37 M
- Rey Resources, ~ \$42 M
- ASF Group, ~ \$45 M

◆ Coal occurrence (GeoView)

Records of coal occurrence in :

- Exploration hole
- ▲ Petroleum well
- ▲ Water bore
- ..... Interpreted coal bearing beds



Target Interpreted Coal Bearing Beds

Rey Resources Coal Project Area (511Mt - JORC)

Fitzroy Crossing

Derby (Port)

25 kilometres



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