CORE
EXPLORATION LTD



Annual Report 2011

for the period from registration
(10 September 2010) to 30 June 2011

CORPORATE INFORMATION

DIRECTORS

Greg English
Non-Executive Chairman

Stephen Biggins
Managing Director

Michael Schwarz
Executive Director

CFO/COMPANY SECRETARY

Jarek Kopias

REGISTERED & PRINCIPAL OFFICE

Level 2, 143 Hutt St
Adelaide, SA Australia 5000
Telephone | +618 7324 2987
Facsimile | +618 8312 2002

POSTAL ADDRESS

P.O. Box 7298
Hutt St,
Adelaide, SA 5000

AUDITORS

Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Rd
Wayville, SA 5034

SOLICITORS

Norman Waterhouse Lawyers
Level 15, 45 Pirie St
Adelaide, SA 5000

HOME STOCK EXCHANGE

Australian Securities Exchange
Level 30, 91 King William St
Adelaide, SA 5000
ASX Code | CXO

SHARE REGISTRY

Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Stephen Biggins who is a member of the Australasian Institute of Mining and Metallurgy. Mr Biggins is the Managing Director of Core Exploration Ltd. Mr Biggins 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Biggins consents to the inclusion in this ASX Release of the matters based on his information in the form and context in which it appears.

Contents

This Annual Report covers Core Exploration Ltd ("Core" or the "Company") as a Group consisting of Core Exploration Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in the Australian currency.

Core is a company limited by shares, incorporated and domiciled in Australia.
Its registered office and principal place of business is:

Core Exploration Ltd | Level 2, 143 Hutt Street, Adelaide SA 5000

CHAIRMAN'S LETTER

In its first 4 months of operations since listing on the Australian Securities Exchange (ASX), on 11 February 2011, the Company has made considerable progress towards its objective of the discovery of copper deposits on the Yorke Peninsula and Fitton (formerly Mt Painter) projects in South Australia.

This progress has continued since the 30 June 2011 balance date with heightened activity at Core's flagship projects.

Prior to ASX listing, the Company commenced an airborne magnetic survey over its Yorke Peninsula Project area which identified several drill targets and confirmed the prospectivity of the Project. Within two months of ASX listing, the Company had also commenced an extensive gravity survey and soil sampling program at the Yorke Peninsula Project and reconnaissance exploration at Fitton where anomalous copper and uranium was discovered. Within six months of ASX listing, the Company commenced its maiden drilling program at Yorke Peninsula.

We see the above substantial outcomes as a direct result of efficiently establishing all appropriate business systems and support services. Core has therefore delivered on its stated objectives, for the immediate post float period, and established the foundations to further progress the Company into the next year.

The Company's immediate objective is to finish drilling at Yorke Peninsula and to escalate the exploration program at Fitton which we believe will unlock the potential of the area for copper and uranium discoveries. As well as Yorke Peninsula, Fitton and the other tenements the Company held at the time of listing in the ASX, Core will continue to identify and evaluate numerous other projects and opportunities. For more details on the Company's activities, I encourage you to read the Project Overview section of this report.

The past few months have been challenging for all exploration companies, due largely to the effects of the European and United States debt crises and an associated decline in Australian and world share markets. Consequently, despite the excellent achievements of the Company, its share price has declined since ASX listing. This underperformance is of great concern to the Board and management and we are committed to confronting these challenges and driving future increases in shareholder value.

In meeting these challenges we have been able to draw on the diversity and breadth of our people, combined with robust and evolving systems and processes. This depth of talent, combined with our diversity of minerals and 100% ownership of all of the Company's tenements, gives us a significant competitive edge and the flexibility needed to confront the current economic and share market challenges.

In March, the Board announced the appointment of Michael Schwarz as Exploration Manager and Executive Director, Exploration. Michael is a qualified geologist with 15 years of experience in mineral exploration and prospectivity assessment. As the founding Managing Director of Monax Mining Ltd (ASX:MOX), he built a portfolio of multi-commodity projects, including iron oxide copper-gold (IOCG), uranium, gold and base metals. Mike's appointment and day to day involvement in the management of Core's exploration program further strengthens the Company's level of expertise.

Core is very fortunate in having assembled an outstanding geological team led by Managing Director, Stephen Biggins. Through Stephen's leadership and Michael's experience we have achieved the ASX listing and implemented a comprehensive exploration program. I thank Stephen and Michael for their tremendous contributions throughout the year.

We are also fortunate to have an experienced and diverse Board that provides strong support and leadership to our employees.

The Board continues to review its corporate governance policies and procedures to ensure it fulfils its obligations and meets the expectations of shareholders. Further details of the Company's corporate governance practices are set out in the Corporate Governance Statement of this report.

Finally, my sincere thanks to all those who have made the past six months a success for Core. This includes our shareholders, for their initial support with the ASX listing, and their ongoing support. I also thank members of Core's operating team for their efforts during the year. The successful exploration program and subsequent maiden drill program provides a sound platform to build on with further exploration success in 2011/12.

In closing, we are excited about the potential of the Yorke Peninsula and Fitton (formerly Mt Painter) projects and of our other tenements and believe that we will continue to grow and evolve.

Greg English
Chairman

MANAGING DIRECTOR'S REPORT

Core Exploration proceeded directly into its exploration programs after a successful $5 million Initial Public Offering (IPO) and subsequent ASX listing in February 2011.

The Company's exploration portfolio in South Australia and the Northern Territory comprises approximately 2,000km^2 of tenements, in highly prospective copper and uranium mining provinces.

Our exploration focus on the Company's key prospects commenced with airborne magnetic surveys on the Yorke Peninsula Project in South Australia. The gravity surveys that followed identified multiple drill targets over an extensive 12km strike length.

Importantly, these large-scale gravity and magnetic drill targets are hosted in an analogous geological setting to Rex Minerals' (ASX:RXM) Hillside Project (Inferred and Indicated Resource of 217Mt at 0.7% copper and 0.2g/t gold) on the adjacent tenement.

At the time of writing, drilling is complete on these gravity and magnetic targets identified by Core's surveys on the Yorke Peninsula Project.

In addition, our exploration activities have identified high levels of copper and uranium in surface rock-chips sampled from the Company's Fitton (formerly Mt Painter) project, also in South Australia.

Rock chips collected as part of our first exploration program at Fitton assayed to 10.5% copper and 624ppm uranium. The rocks were sourced from a shear zone that varies from a few metres up to 25 metres wide and was mapped by the Company for a strike length of more than 650 metres.

Core is negotiating access with the Native Title Holders in the Fitton area and we plan to return to the site shortly to undertake more detailed mapping and sampling of this shear zone and explore the surrounding prospective area for additional related shear zones.

I would like to acknowledge Michael Schwarz for his commitment in his newly appointed role as our Exploration Manager and Executive Director, Exploration, and also to thank Josh Ward, who was Core's Company Secretary and Chief Financial Officer, during its IPO process, before handing over these responsibilities to Jarek Kopias who is based in our Adelaide office.

We look forward to building on these early exploration results to unlock the potential and increase the value of the Company's assets for our shareholders.

Stephen Biggins
Managing Director

PROJECT OVERVIEW

Yorke Peninsula

At the time of writing, the Company's first drill program is complete on its Yorke Peninsula Project in South Australia (Figure 1).

Initial drill targets were identified following the completion of three-dimensional (3D) modelling of the Company's magnetic surveys flown in January 2011.

Interpretation of the 3D model has confirmed the presence of a number of structurally controlled magnetic bodies which are consistent with Iron Oxide Copper-Gold (IOCG) style mineralisation.

Figure 1: Location diagram

Prior to undertaking regional gravity and soil sampling surveys to further refine its chosen drill targets, the Company negotiated access to farming properties to undertake drilling on these targets.

Infill gravity surveys were then undertaken to better define the large-scale set of magnetic and gravity drill targets identified within the 12 kilometre long, 2-4 kilometre wide, Palace Structural Zone (Figure 2).

The semi coincident magnetic and gravity anomalies, identified by Core, are strong indicators of magnetite/hematite iron oxide alteration systems and potentially IOCG style mineralisation.

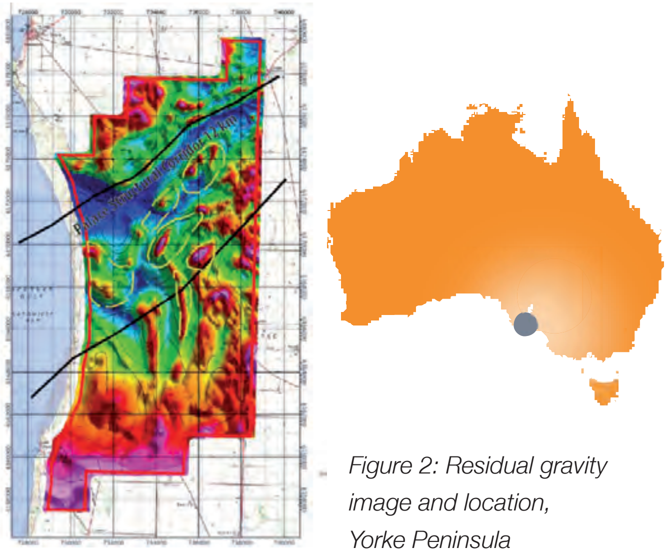
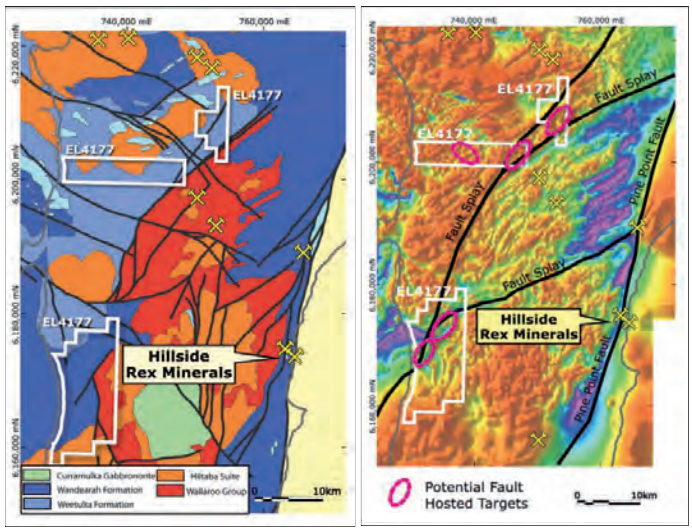


Figure 2: Residual gravity image and location, Yorke Peninsula

Importantly, these large-scale gravity and magnetic drill targets are hosted in an analogous geological setting to Rex Minerals' (ASX:RXM) Hillside Project (Inferred and Indicated Resource of 217Mt at 0.7% copper and 0.2g/t gold) on the adjacent tenement (Figure 3a & 3b).

Results from Core's gravity survey work led to the Board's decision to increase the size of the Company's maiden drill program, to 4,000 metres, as a result of its increasing level of confidence in the IOCG potential of the Yorke Peninsula Project.



Figures 3a & 3b: Regional magnetics and geology, Yorke Peninsula, South Australia

Fitton Project (Formerly Mt Painter)

Core's exploration activities have identified high levels of copper and uranium in surface rock-chip samples from its Fitton project, also in South Australia.

Rock-chips collected as part of the Company's first exploration program, assayed up to 10.5% copper and 624ppm uranium. The rocks were sourced from a shear zone that varies from a few metres up to 25 metres wide and was mapped for a strike length of more than 650 metres (Figure 4).

Core's Fitton Project covers 106km² adjacent to the Mt Painter Inlier. The region is well known for its numerous breccia complex and large-scale secondary uranium occurrences. Examples of nearby secondary uranium deposits include the Beverley mine and Beverley 4-Mile deposits to the east of the Core tenement (Figure 5).

The project covers areas of Radium Creek metamorphics and other prospective host rocks within the Mt Painter Inlier. The Radium Creek package of uranium-rich rocks is a very prospective exploration target for the Company's exploration activities.

The first assays from Core's initial rock-chip samples are very encouraging, and the Company will soon return to the site to undertake more detailed mapping of this shear zone and to explore the surrounding prospective area for additional related shear zones. The program will also include systematic rock-chip sampling along the extent of the exposed shear zone.

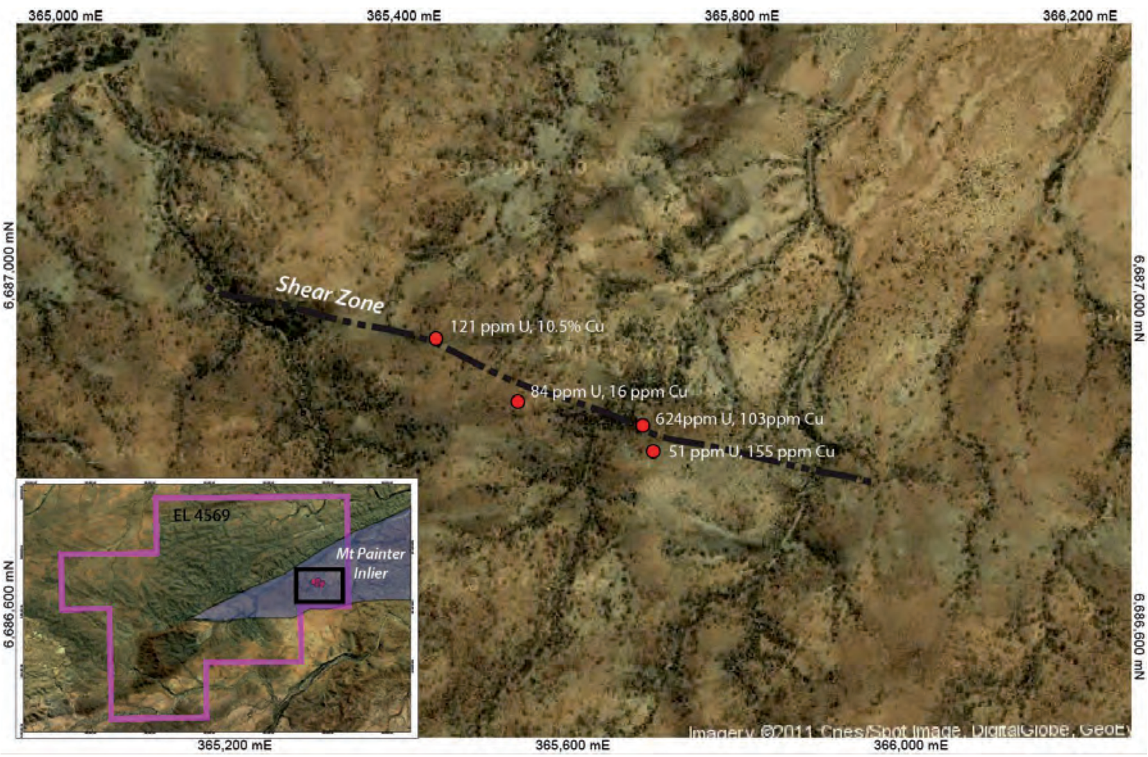


Figure 4: Copper and uranium assays and sample locations, Fitton Project

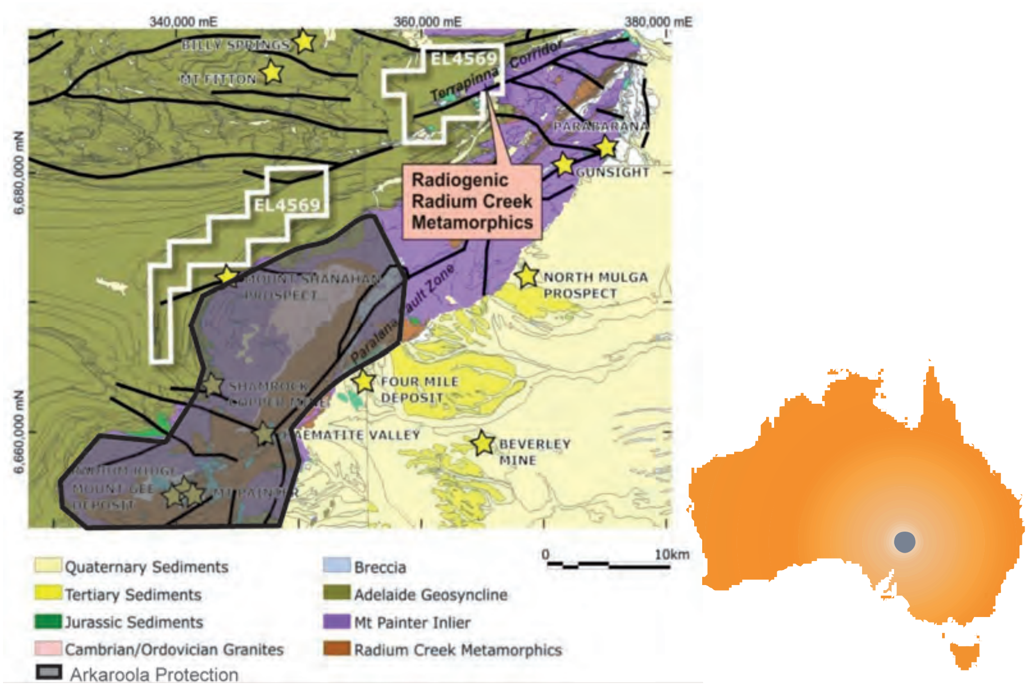


Figure 5: Fitton Project EL 4569 geology and location, northern South Australia

Photo: Radioactive outcrop of shear zone in northern tenement

Roxby Downs Project

The Company's Roxby Downs (ELA 227/09) and Horse Well (Sandy Point) (ELA 55/10) tenement applications cover approximately 522km^2 of the Olympic Dam Copper-Gold Province of the Gawler Craton. The tenements are located approximately 30 kilometres southwest of the world class Olympic Dam Cu–Au-U mine and within kilometres, of known Iron-Oxide-Copper-Gold (IOCG) mineralisation at the Acropolis, Acropolis West and Aphrodite prospects.

Core's projects are located on the eastern margin of the Gawler Craton in South Australia, within the Olympic IOCG Province. The Olympic IOCG Province is host to the massive Olympic Dam mine, Oz Minerals' Prominent Hill mine, and also the Carrapateena Project recently acquired by Oz Minerals for $250 million (Inferred Resource of 203 Mt at 1.3% copper and 0.6g.t gold) (Figure 6).

Previous explorers have undertaken a number of detailed gravity surveys to determine potential targets for IOCG mineralisation. Initial wide-spaced gravity surveys were completed across Core's Roxby Downs and Horse Well tenements and regions of interest were then covered with detailed gravity surveys to accurately define targets for drill testing.

The tenements have a number of anomalies which the Company considers are yet to be adequately drill tested.

The Acropolis West prospect, defined by gravity extends into ELA 227/09, although at depths in excess of 800 metres and with little apparent associated magnetic anomalism. If economic mineralisation is located at the Aphrodite or Horse Well prospects, it may extend into ELA 55/10, while more subtle anomalies, which may prove to be due to mineralisation, may merit drill testing in their own right.

Given the improved access for mineral explorers to the Woomera Prohibited Area, we are expecting these exploration licence applications to be moving toward grant in the near future.

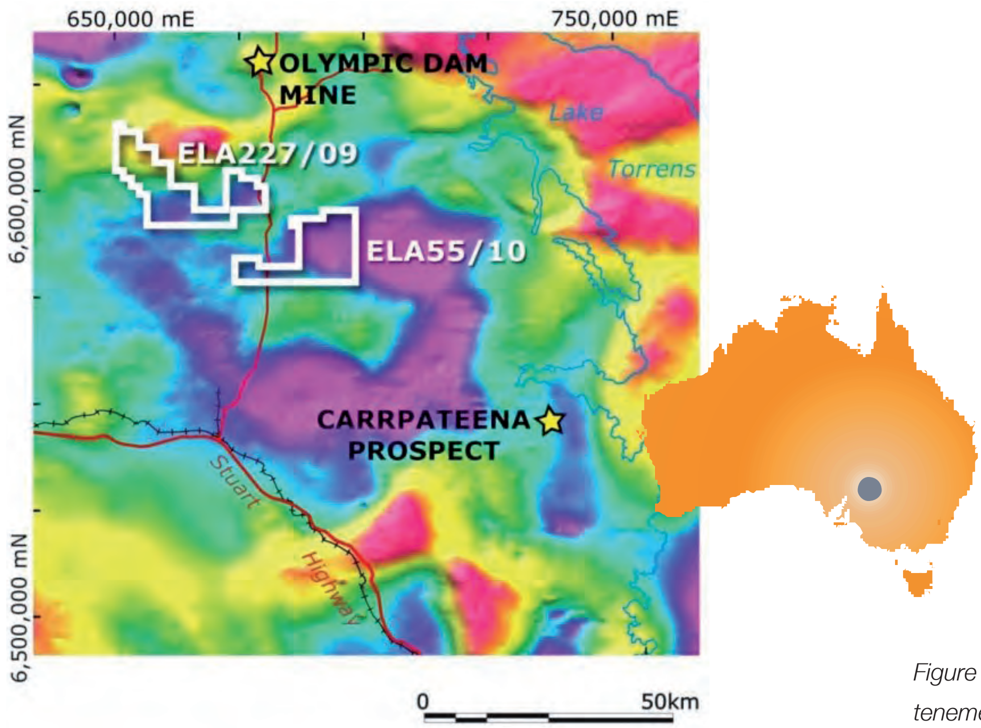


Figure 6: Roxby Downs and Horse Well tenements on Bouguer gravity image

Honeymoon South Project

Core's Honeymoon South Project comprises two granted exploration licences (EL 4174 and EL 4568). The project covers approximately 350 km^2 and is located 15 kilometres south of the Honeymoon ISL uranium mine (owned by Uranium One in Joint Venture with Mitsui) on the uranium rich Curnamona Craton.

Recent exploration has better defined the Yarramba palaeochannel which hosts the Honeymoon uranium deposit and ISL mine. The Yarramba palaeochannel now appears to lead upstream into Core's EL 4174 (Figure 7).

The palaeochannel sediments within the Honeymoon South Project are believed to be derived from the same package of uranium-rich source rocks (Willyama Complex, eg Radium Hill, Crockers Well) as the nearby Honeymoon deposit.

The Honeymoon South licences are prospective for various types of uranium mineralisation, both in older basement rocks and in the overlying younger sediments.

Core's exploration for sedimentary uranium will be directed at the prospective Yarramba palaeochannel system where it enters licence EL 4174. There is also potential to trace known palaeochannels and to locate new channels, in the southern area of the exploration licences, through interpretation of recently released airborne electromagnetic data flown by a Geoscience Australia/PIRSA collaboration.

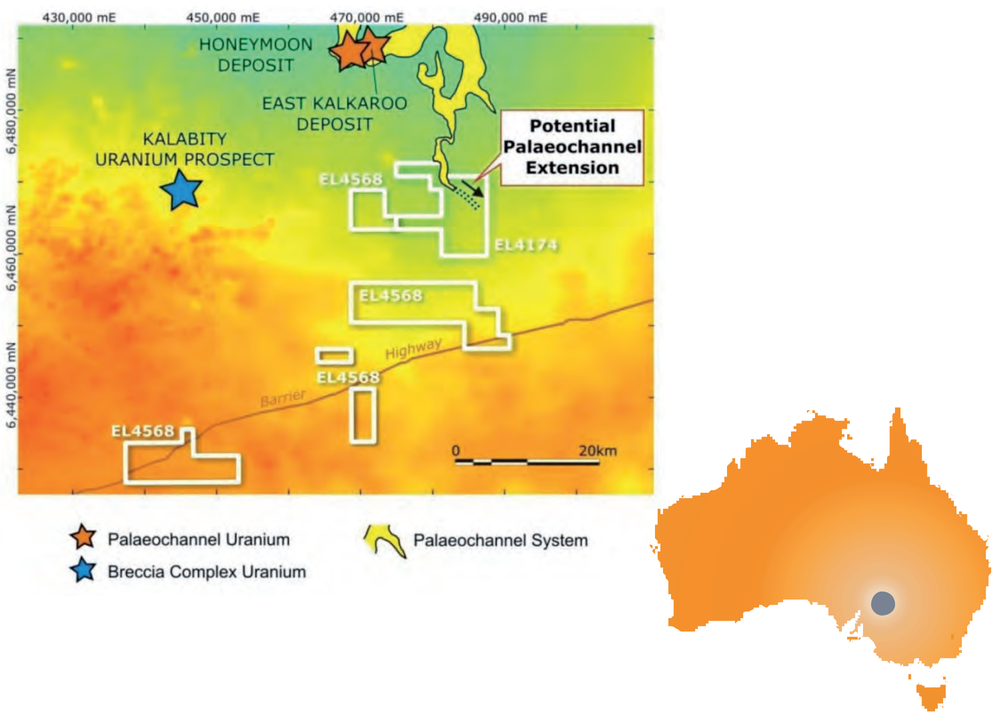


Figure 7: Honeymoon Mine and palaeochannel location, Curnamona Craton, South Australia

Frome Project

The Company's Frome Project comprises one exploration licence (EL 4379) that covers 331 km^2 within the area of the Beverley and Honeymoon Uranium Mines, the Beverley Four Mile and Gould's Dam and Oban uranium projects, and is situated in a similar geological setting (Figure 8).

Roll-front uranium deposits are located to the northwest and southeast of the Frome licences and Core considers it likely that palaeochannels, or even multiple palaeochannels on different sedimentary horizons, cross the licence area. There is potential to locate roll-front type uranium mineralisation in these channels.

Exploration will comprise geophysical techniques to look for channels followed by shallow aircore or similar drilling with radiometric logging.

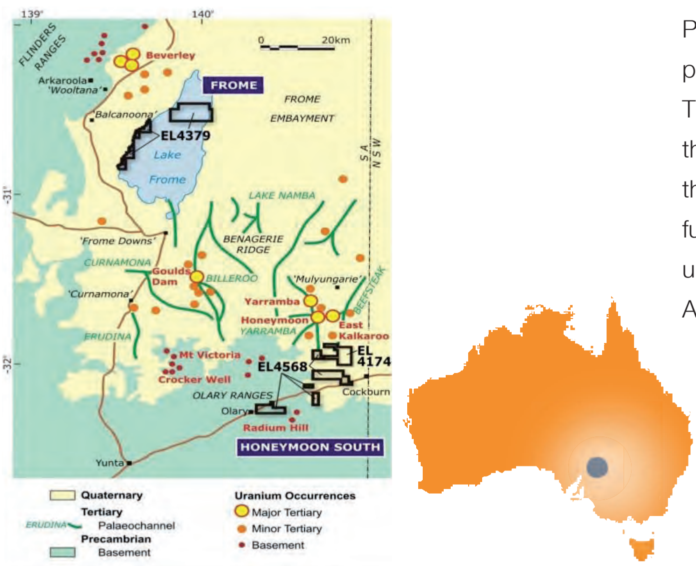


Figure 8: Frome and Honeymoon South Project location and uranium mines and projects, Curnamona Craton South Australia

Amandeus Project

The Amadeus project comprises of an exploration licence in the Northern Territory (EL 28349) within the Amadeus Basin, which was the centre of active uranium exploration during the 1970's, with a focus on roll front uranium mineralisation.

The Company was pleased to recently receive grant of this exploration licence.

A number of significant uranium occurrences have been identified within the Amadeus Basin, including the sizeable Pamela Angela uranium project (Inferred Resource of 10.7Mt at 1,130 ppm U_3O_8 for 30.8 million pounds of U_3O_8) held in joint venture by Cameco and Paladin. The Pamela and Angela uranium projects are located along the northern basin margin approximately 10 kilometres west of Core's exploration licence area (Figure 9).

Past work in the Amadeus Basin has demonstrated the potential of the area to host significant uranium mineralisation. This, coupled with the limited exploration undertaken during the past 20 years, and the occurrence of anomalous zones at the Orange Creek Project, indicates the potential for further roll front uranium mineralisation within the relatively under-explored parts of the basin, covered by Core's Amadeus Project.

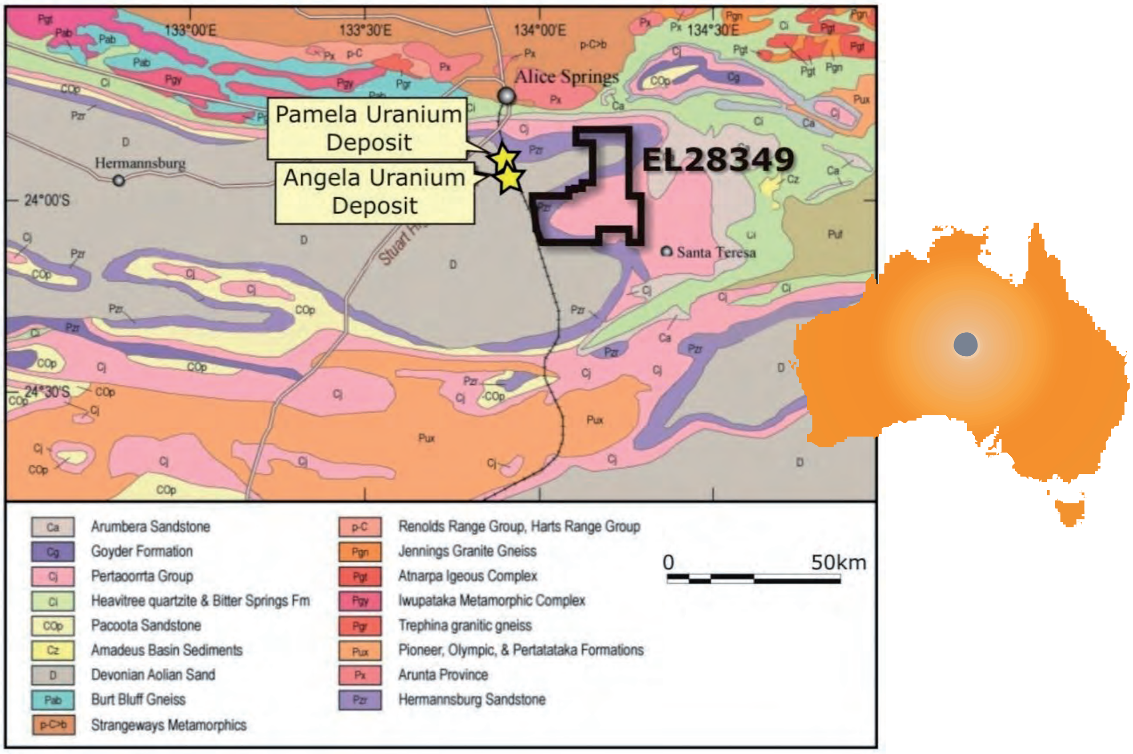


Figure 9: Amadeus Project and Pamela Angela uranium deposit location, Amadeus Basin, Northern Territory

TENEMENT SCHEDULE

Project	Tenement	Status	Equity %
York Peninsula	EL4177	Granted	100%
Honeymoon South	EL4174	Granted	100%
	EL4568	Granted	100%
Fitton (formerly Mt Painter)	EL 4569	Granted	100%
Roxby Downs	ELA227/09	Application	100%
	ELA55/10	Application	100%
Frome	EL4379	Granted	100%
Amadeus	EL28349	Granted	100%

DIRECTORS' REPORT

Core's Directors have pleasure in submitting their first report on the Company and its subsidiaries, for the period from 10 September 2010 (registration) to 30 June 2011 (reporting period).

Directors

The names and details of Directors in office at any time during the reporting period are:

Greg English, B.E. (Hons) Mining, LLB
Non-Executive Chairman
(appointed 10 September 2010)

Experience and expertise

Greg is a qualified Mining Engineer and Lawyer with 20 years' experience in multi-commodity projects throughout Australasia. Greg is currently a Non-Executive Chairman of ASX listed Archer Exploration (ASX:AXE) and was a Director of Gawler Resources (ASX:GRL) prior to its merger with Elixir Petroleum (ASX:EXR).

As a Mining Engineer, Greg worked on numerous underground and open pit mines in Australia and gained a First Class Mine Manager's Ticket in Northern Territory and Western Australia. During this time, Greg worked for a number of large mining companies (MIM, Shell Coal and Normandy Mining) in various mine production, mine planning, mine management, project management and various commercial and business development roles.

Greg is currently Team Leader of the Corporate and Commercial Team at Norman Waterhouse Lawyers, one of Adelaide's oldest and largest law firms.

Other current directorships of listed companies

Non-Executive Director of Archer Exploration, appointed 16 February 2007, and Non-Executive Chairman, appointed 14 July 2008.

Other directorships held in listed companies in the last three years

None

Interest in shares

5,665,000 Ordinary Shares held directly and by an entity in which Mr English has a beneficial interest.

Interest in options

3,000,000 unlisted Options, exercisable at $0.25 expiring on 30 June 2014, held by an entity in which Mr English has a beneficial interest.

Stephen Biggins, MBA, BSc(Hons) Geol, MAusIMM
Managing Director
(appointed 10 September 2010)

Experience and expertise

Stephen has accumulated broad experience as a geologist and geophysicist in the mining industry throughout Australia and Internationally for 20 years.

Stephen has built prospective portfolios of gold, uranium and base metal exploration projects in Australia, Asia and Africa. These earlier projects provided the foundation for Southern Gold Ltd (ASX:SAU), which Stephen took to market through an Initial Public Offer (IPO) in early 2005.

As the founding Managing Director of Southern Gold, Stephen raised equity finance to develop the Company's projects whilst attracting prominent major shareholders and a range of retail brokers and institutional investors. In addition, Stephen has negotiated Joint Ventures with corporate and government organisations from Australia, Canada, Japan and China.

Stephen applied his MBA (Master of Business Administration), as the Managing Director of Southern Gold Ltd, to the finance and management of exploration and resources projects.

Stephen was also a Non-Executive Director of Southern Gold's uranium spin-out, Southern Uranium Ltd (ASX:SNU).

Other current directorships of listed companies

None

Other directorships held in listed companies in the last three years

Managing Director of Southern Gold Limited from April 2005 until 2 July 2010.
Non-Executive Director of Southern Uranium Limited from April 2007 until 24 February 2009.

Interest in shares

5,791,000 Ordinary Shares held by an entity in which Mr Biggins has a beneficial interest.

Interest in options

3,000,000 unlisted Options, exercisable at $0.25 expiring 30 June 2014, held by an entity in which Mr Biggins has a beneficial interest.

Michael Schwarz, BSc (Hons) Mining, AIG
Executive Director
(appointed 10 September 2010 as Non-Executive Director and 12 March 2011 as Executive Director)

Experience and expertise

Michael is a qualified geologist with 15 years' experience in mineral exploration and prospectivity assessment. As the founding Managing Director of Monax Mining Ltd (ASX:MOX) he built a portfolio of multi-commodity projects, including iron oxide copper-gold (IOCG), uranium, gold and base metals. Michael was also a founding Director of uranium explorer Marmota Energy Ltd (ASX:MEU).

Michael has over 15 years' experience in mineral exploration within industry and government. He has extensive experience on South Australian and Gawler Craton geology and mineralisation styles and has led research projects with the SA Government, Geoscience Australia and various universities.

As the former Managing Director of Monax Mining Ltd, Michael has been responsible for building a portfolio of highly prospective tenements with a focus on iron-oxide copper-gold and uranium. From this base, the Company successfully listed on the ASX in 2005 with an oversubscribed $5 million IPO. During his time with the Company, he was instrumental in the discovery of both the Punt Hill IOCG project and Waddikee Manganese project with over $10 million of equity finance raised to develop these projects.

Michael was also a founding Director of Marmota Energy Ltd. He built a strong portfolio of prospective uranium tenements and successfully managed the heavily oversubscribed IPO process, raising a total of $15 million in 2007.

Other current directorships of listed companies

None

Other directorships held in listed companies in the last three years

Managing Director of Monax Mining Limited, from 21 September 2005 to until 31 August 2009.

Interest in shares

250,000 Ordinary shares held by an entity in which Mr Schwarz has a beneficial interest.

Interest in options

1,000,000 unlisted Options exercisable at $0.25 expiring 30 June 2014 held by Mr Schwarz.

Directors have been in office since the start of the reporting period to the date of this report unless otherwise stated.

DIRECTOR'S REPORT CONT.

Company Secretary

Jarek Kopias, BCom, CPA, ACIS
Company Secretary / Chief Financial Officer
(appointed 7 June 2011)

Jarek is a qualified Certified Practising Accountant who has worked extensively in the resource sector in various corporate and mine site roles. He holds a Bachelor of Commerce Degree, from the Flinders University of South Australia, is a Chartered Secretary and an Associate of the Institute of Certified Practising Accountants in Australia.

Mr Joshua Ward was the Company Secretary and CFO during the course of the IPO and listing on the ASX. Joshua is a Chartered Accountant.

Principal activities

Core's principal activities are the exploration for iron oxide copper gold uranium (IOCGU) deposits in South Australia.

Operating and financial review

Core Exploration has projects comprising nine tenements covering over 2,000km^2 in the highly prospective Gawler Craton and Curnamona Craton of South Australia and Amadeus Basin in the Northern Territory.

The net loss of the Company, from the date of registration to 30 June 2011, was $623,539 after providing for income tax.

Yorke Peninsula Projects

Core Exploration's flagship Yorke Peninsula Copper Project covers 243km^2 of the Olympic Dam Copper-Gold-Uranium Province of the Gawler Craton. The Yorke Peninsula Project is located adjacent to the west of Rex Minerals' (ASX:RXM) tenements on the Yorke Peninsula in South Australia.

The Project is considered highly prospective for the discovery of IOCGU's similar to Hillside, Olympic Dam, Prominent Hill and Carrapateena; as well as shear zone hosted massive sulphide copper-gold deposits like those found in the Moonta area.

The recent discovery of the nearby Hillside Copper Project by Rex Minerals Ltd and subsequent definition of an inferred and indicated resource of 217 million tonnes at 0.7% copper and 0.2g/t gold, shows that the area remains highly prospective for large copper discoveries.

Roxby Project

The Roxby Downs (ELA 227/09) and Horse Well (ELA 55/10) tenement applications cover approximately 522km^2 of the Olympic Dam Copper-Gold-Uranium Province of the Gawler Craton. The tenements are located approximately 30km southwest of the world class Olympic Dam Cu – Au - U mine and within kilometres, and adjacent to, known IOCG(U) mineralisation at the Acropolis, Acropolis West and Aphrodite prospects.

The projects are located on the eastern margin of the Gawler Craton within the Olympic Iron-Oxide-Copper-Gold (IOCG) Province. The Olympic IOCG Province is host to the world class Olympic Dam deposit, Prominent Hill, and recently discovered Carrapateena Prospect.

Fitton (Formerly Mt Painter) project

The Fitton covers 106 km^2 adjacent to the Mt Painter Inlier, host to the large Mt Gee uranium deposit of 68 million lbs (31,300 tonnes) U_3O_8. Mt Gee is the fifth largest uranium deposit in Australia (Resource of 51 Mt @ 615ppm). The region is well known for its numerous breccia complex uranium occurrences within the Mt Painter Inlier.

Honeymoon South Project

The Honeymoon South Project covers approximately 350 km^2 of granted exploration licence located 15km south of Honeymoon ISL uranium mine on the uranium rich Curnamona Craton.

Frome Project

The Frome Project covers 331 km^2 within the area of the Beverley – Four Mile, Honeymoon, Goulds Dam and Oban roll front uranium mines and projects and is situated in a similar geological setting.

Roll-front uranium deposits are located to the northwest and southeast of the Frome licences and it is likely that palaeochannels, or even multiple palaeochannels on different sedimentary horizons cross the licence area. There is the potential to locate roll-front type uranium deposits in these channels.

Amadeus Project

The Amadeus Project comprises an exploration licence in the Northern Territory within the Amadeus Basin. The Amadeus Basin was the centre of active uranium exploration during the 1970's, with the focus on roll front uranium mineralisation.

A number of significant uranium deposits and occurrences were identified within the Amadeus Basin, including the Inferred Resource of 10.7Mt at 1,130 ppm U_3O_8 for 30.8 million pounds of U_3O_8, Pamela Angela uranium deposit held in Joint Venture by Cameco and Paladin. The Pamela and Angela uranium deposits are located along the northern basin margin approximately 10km west of the Group's exploration licence area and around 25km south of Alice Springs.

Corporate

Michael Schwarz was appointed Executive Director commencing 1 March 2011.

Jarek Kopias was appointed as the locally based Chief Financial Officer on 7 June 2011 and Company Secretary on 21 June 2011.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company that occurred during the reporting period that has not otherwise been disclosed in this report or the financial statements.

Dividends

There were no dividends paid or declared during the reporting period or to the date of this report.

Events arising since the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments

The likely developments for the Company include completion of drilling at Yorke Peninsula and escalation of the exploration program at Fitton to unlock expected potential of the area for copper and uranium discoveries. As well as Yorke Peninsula, Fitton and other tenements held by the Company, Core will continue to identify and evaluate numerous other projects and opportunities.

DIRECTOR'S REPORT CONT.

Directors' meetings

The number of Directors' meetings held during the reporting period and the number of meetings attended by each Director is as follows:

Directors	Meetings attended	Meetings entitled to attend
GD English	5	5
SR Biggins	5	5
MP Schwarz	5	5

At this time there are no separate Board committees as all matters usually delegated to such committees are handled by the Board as a whole.

Unissued shares under option

Unissued ordinary Shares of Core under option at the date of this report are:

Date options Granted	Expiry Date	Exercise price of shares	Number under option
11 November 2010	30 June 2014	$0.25	3,000,000
11 November 2010	31 October 2014	$0.25	1,500,000
31 January 2011	30 June 2014	$0.25	4,000,000
Total			8,500,000

All options are unlisted.

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the reporting period no ordinary shares were issued as a result of the exercise of an option.

REMUNERATION REPORT (AUDITED)

The Directors of Core Exploration Limited present the Remuneration Report in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based remuneration

A. Principles used to determine the nature and amount of remuneration

The Company's remuneration policy has been designed to align objectives of Directors and executives with objectives of shareholders and the business, by providing a fixed remuneration component and offering specific long-term incentives through the issue of options. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and Directors to run and manage the Company. The key management personnel of the Company are the Board of Directors and Executive Officers.

The Board's policy for determining the nature and amount of remuneration for its members and key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and key management personnel, was developed by the Board. All key management personnel are remunerated on a consultancy or salary basis based on services provided by each person. The Board annually reviews the packages of key management personnel by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

- Key management personnel are also entitled to participate in employee share and option arrangements.

- The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee option plans, which may exist from time to time.

During the reporting period, the Board has not completed a performance evaluation for senior executives. This is expected to take place in the 2012 financial year.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

REMUNERATION REPORT (AUDITED) CONT.

B. Details of remuneration

Details of the nature and amount of each element of the remuneration of the Company's key management personnel (KMP) are shown below:

2011	Short term benefits		Post-employment benefits	Share-based payments		% of remuneration that is equity based
	Salary and fees $	Contract Payments $	Superannuation $	Options $	Total $	
Non Executive Directors						
G English	-	22,500	-	34,500	57,000	61%
Executive Directors						
S Biggins	-	84,375	-	34,500	118,875	29%
M Schwarz	73,394	-	6,606	34,500	114,500	30%
Other Key Management Personnel						
J Kopias[1]	-	4,258	-	-	4,258	0%
J Ward[2]	-	39,051	-	-	39,051	0%
Total	**73,394**	**150,184**	**6,606**	**103,500**	**333,684**	**0%**

(1) Fees paid to Kopias Consulting Pty Ltd – commenced 7 June 2011

(2) Fees paid to Ventnor Capital Pty Ltd – ceased 30 June 2011

No component of remuneration is performance based other than through participation in the issue of options.

C. Service agreements

Remuneration and other terms of employment for the Executive Directors and other KMP are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below:

Name	Base Remuneration	Unit of measure	Term of agreement	Notice period	Termination benefits
S Biggins[1]	$225,00	per annum contract	2 years	Three months	Three months' notice
M Schwarz	$240,00	per annum salary	3 years	Three months	Three months' notice
J Kopias[2]	variable	hourly contract rate	Unspecified	One month	None
J Ward[3]	variable	monthly retainer contract	Unspecified	One month	None

(1) S Biggins is to provide on average 3 days per week, during normal working hours.

(2) J Kopias commenced providing services on 7 June 2011.

(3) J Ward ceased providing services on 30 June 2011.

D. Share-based remuneration

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

Details of options over ordinary shares in the Company that were granted as remuneration to each KMP during the period are set out below:

Granted		Terms and conditions of each grant				
2011	Number granted	Grant date	Fair value at grant date	Exercise price $	First Exercise date	Last exercise date
G English	1,000,000	11/11/2010	$0.0345	$0.25	11/11/2010	30/6/2014
S Biggins	1,000,000	11/11/2010	$0.0345	$0.25	11/11/2010	30/6/2014
M Schwarz	1,000,000	11/11/2010	$0.0345	$0.25	11/11/2010	30/6/2014

All options issued to Directors have vested.

During the reporting period, there were no ordinary shares issued on the exercise of options previously granted as compensation and no options that were previously granted as compensation lapsed.

On the resignation of Directors, any options issued as remuneration are retained by the relevant party.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' REPORT CONT.

Environmental legislation

The Directors believe that the Company has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Company's operations are subject to various environmental regulations under the Commonwealth and State Laws of Australia. The majority of its activities involve low level disturbance associated with exploration drilling programs. Approvals, licences, hearings and other regulatory requirements are performed, as required, by the Company's management for each permit or lease in which the Company has an interest.

Indemnities given and insurance premiums paid to auditors and officers

During the reporting period, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all officers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with Section 327 of the Corporation Act 2001.

Non-audit services

During the reporting period Grant Thornton performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the reporting period by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company and its related practices for audit and non-audit services provided during the reporting period are set out in note 14 to the Financial Statements. A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 22 of this Financial Report and forms part of this Directors' Report.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2011 for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Directors.

Stephen Biggins
Managing Director

Adelaide
28 September 2011

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CORE EXPLORATION LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Core Exploration Ltd for the period ended 30 June 2011, I declare that, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Director – Audit & Assurance Services

Adelaide, 28 September 2011

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Core Exploration Ltd and its controlled entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Information about the Company's corporate governance practices are set out below. All of these practices were put in place subsequent to the listing of the Company in February 2011.

The Board of Directors

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

The Board is aware of the importance of diversity amongst its members as discussed above and more specifically gender diversity. The Board currently has no female members due to the size of the business and any demand for additional members will consider gender as one of the factors in assessing suitability.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following their last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

The Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of other separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Appointments to other boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent professional advice

The Board has determined that individual Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous review of corporate governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies, from time to time, in light of changing circumstances and economic conditions. The Directors recognise that exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

Code of conduct and trading policy

The Company has adopted a Code of Conduct its executives that promotes the highest standards of ethics and integrity in carrying out their duties to the Company. The Company has adopted a trading blackout period which requires that executives in possession of confidential information are prohibited from trading in the Company's securities until two days after the information has been released to the market.

The Code of Conduct and the Trading Policy can be found on the Company's website at www.coreexploration.com.au.

Risk management systems

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

Management, through the Managing Director, is responsible for developing, maintaining and improving the Company's risk management and internal control system. Management provides the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified, and actively monitors, risks inherent in the industry in which it operates.

The Board also receives a written assurance from the Chief Executive Officer and Chief Financial Officer that, to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Chief Executive Officer and Chief Financial Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

CORPORATE GOVERNANCE STATEMENT CONT.

ASX principles of good corporate governance

The Board has reviewed its current practices in light of the ASX Corporate Governance Principles and Recommendations 2nd Edition with a view to making amendments where applicable after considering the Company's size and available resources.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

Checklist of Corporate Governance Principles and Recommendations		
Principle 1 - Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	
1.2	Disclose the process for evaluating the performance of senior executives.	
1.3	Provide the information indicated in Guide to reporting on Principle 1.	
Principle 2 - Structure the Board to add value		
2.1	A majority of the board should be independent directors.	
2.2	The chair should be an independent director.	
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual.	
2.4	The board should establish a nomination committee.	
2.5	Disclosure the process for evaluating the performance of the board, its committees and individual directors.	
2.6	Provide the information indicated in Guide to reporting on Principle 2.	
Principle 3 - Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity; • the practice necessary to take into account their legal obligations and the reasonable expectations of stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	
3.2	Establish a policy concerning trading in Company securities by directors, officers and employees and disclose the policy or a summary of that policy.	
3.3	Provide the information indicated in Guide to reporting on Principle 3.	

Principle 4 - Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	
4.2	Structure the audit committee so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not the chair of the board; and • has at least three members.	
4.3	The audit committee should have a formal charter.	
4.4	Provide the information indicated in Guide to reporting on Principle 4.	
Principle 5 - Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	
5.2	Provide the information indicated in Guide to reporting on Principle 5.	
Principle 6 - Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of the policy.	
6.2	Provide the information indicated in Guide to reporting on Principle 6.	
Principle 7 - Recognise and manage risk		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	
7.4	Provide the information indicated in Guide to reporting on Principle 7.	
Principle 8 - Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	
8.3	Provide the information indicated in Guide to reporting on Principle 8.	

CORPORATE GOVERNANCE STATEMENT CONT.

Where the Group has not complied with the Corporate Governance Principles, comments are included below:

ASX Principle		Reference / Comment
Principle 2 - Structure the Board to add value		
2.1	A majority of the Board should be independent Directors	Given the Company's present size and scope, it is currently not Company policy to have a majority of independent Directors. Persons have been selected as Directors to bring specific skills and industry experience to the Company.
2.2	The Chair should be an independent Director.	The Chairman, Greg English, is not independent under definition in the ASX Corporate Governance Guidelines. The Board believes the alignment of the interests of Directors with those of shareholders as being the most efficient way to ensure shareholders' interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.4	The Board should establish a nomination committee	The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4 - Safeguard integrity in financial reporting		
4.1 to 4.4	The Board should establish an audit committee	The Company does not have an Audit Committee. The Board believes that, with only three Directors, the Board itself is the appropriate forum to deal with this function.
Principle 8 - Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
8.2	Clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	The Board acknowledges the grant of options to Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to be reasonable in the circumstances, given the necessity to attract and retain the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.

STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 30 June 2011

	Notes	2011 $
Interest Income		125,957
Administration costs		(405,594)
Employee benefits expense		(197,900)
Depreciation	7	(3,008)
Other Expenses		(3,460)
Loss before tax		(484,005)
Income tax (expense) / benefit		(139,534)
Loss for the reporting period		(623,539)
Other Comprehensive income		-
Total Comprehensive loss for the reporting period		(623,539)
Loss attributable to:		
Owners of the parent entity		(623,539)
Earnings Per Share form Continuing Operations Basic Loss - cents per share	3	2.84

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

ASSETS Current assets	Notes	2011 $
Cash and cash equivalents	4	4,363,411
Trade and other receivables	5	111,933
Total current assets		4,475,344
Non Current assets		
Exploration and evaluation expenditure	6	2,555,208
Plant and equipment	7	77,039
Total non-current assets		2,632,247
TOTAL ASSETS		7,107,591
LIABILITIES Current Liabilities		
Trade and other payables	8	180,770
Employee provisions	9	9,440
Total current Liabilities		190,210
TOTAL LIABILITIES		190,210
NET ASSETS		6,917,381
EQUITY		
Issued capital	10	7,146,570
Reserves	11	394,350
Accumulated losses		(623,539)
TOTAL EQUITY		6,917,381

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the reporting period ended 30 June 2011

2011	Share Capital $	Option Reserve $	Retained Earnings $	Total Equity $
Balance at registration	-	-	-	-
Issue of founders' shares	25,000	-	-	25,000
Issue of seed shares, net of issues costs	494,250	-	-	494,250
Issue of shares and options to acquire Sturt Exploration Pty Ltd and DBL Blues Pty Ltd	2,100,000	138,000	-	2,238,000
Issue of IPO shares, net of issues costs and tax	4,680,170	-	-	4,680,170
Issue of options to advisors and directors	(152,850)	256,350	-	103,500
Transactions with owners	7,146,570	394,350	-	7,540,920
Other comprehensive income:				
Total comprehensive income for the reporting period	-	-	(623,539)	(623,539)
Balance 30 June 2011	**7,146,570**	**394,350**	**(623,539)**	**6,917,381**

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

For the reporting period ended 30 June 2011

Operating activities	Notes	2011 $
Interest received		52,936
Payments to suppliers and employees		(418,923)
Net cash used in operating activities	12	(365,987)
Investing activities		
Payments for plant and equipment		(64,399)
Payments for capitalised exploration expenditure		(266,089)
Net cash used in investing activities		(330,488)
Financing activities		
Proceeds from issue of share capital		5,525,000
Capital raising costs		(465,114)
Net cash from financing activities		5,059,886
Net change in cash and cash equivalents		4,363,411
Cash and cash equivalents, beginning of reporting period		-
Cash and cash equivalents, end of year	4 (a)	4,363,411

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2011

1. Statement of significant accounting policies

This consolidated general purpose financial statements of the Group has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Core Exploration Limited is a listed company, registered and domiciled in Australia.

The consolidated financial statements for the reporting period ended 30 June 2011 were approved and authorised by the Board of Directors on 28 September 2011.

The Financial Report has been prepared on an accruals basis, and is based on historical costs, modified by the measurement at fair value of selected on-current assets, financial assets and financial liabilities.

Comparatives
As the company was registered on 10 September 2010 there is no 30 June 2010 comparative information.

The significant policies which have been adopted in the preparation of this financial report are summarised below.

a) Principles of consolidation

Subsidiaries
The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2011. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

A list of controlled entities is contained in note 13 to the Financial Statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) Business combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

b) Business combinations cont.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in the Statement of Comprehensive Income immediately.

c) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments.

d) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in the Statement of Comprehensive Income, using the effective interest rate method. All income is stated net of goods and services tax (GST).

e) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they were incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

Exploration equipment	3 years
Office and IT equipment	3 years
Leasehold improvements	5 years

The assets residual values and useful lives are reviewed and adjusted at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is the Group's policy to transfer any amounts included in other revenues in respect of those assets to retained earnings.

f) Exploration, development and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Accumulated costs, in relation to an abandoned area, are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

g) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets this is equivalent to date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss', in which case the costs are expensed to the statement of comprehensive income immediately.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

g) Financial instruments cont.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the interest method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settle, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value.

The Group does not designate any interest in subsidiaries as being subject to the requirements of accounting standards specifically applicable to financial instruments:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at cost.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

h) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not probable to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

j) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently amortised cost using the effective interest rate method.

Trade and other payables are stated at amortised cost.

k) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Company and its wholly-owned Australian resident subsidiaries will form a tax-consolidated group upon lodgement of the taxation return.

l) Leases

In accordance with AASB 117 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

l) Leases cont.

charged to profit or loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

m) Earnings per share

i) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

o) Share-based payments

The Group has provided payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black and Scholes methodology depending on the nature of the option terms.

The Black and Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

p) Employee benefits

The Group provides post-employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits, including annual leave entitlement, are current liabilities included in 'employee provisions', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

r) Parent entity

The financial information of the parent entity, Core Exploration Limited, disclosed in the notes to the financial report has been prepared on the same basis as the consolidated financial statements.

s) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

i) Key estimates- impairment
The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii) Key judgements - exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

s) Critical accounting estimates and judgements cont.

(including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors with reference to quoted market prices or using the Black-Scholes valuation method taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in note 11. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

t) Carbon tax

On 10 July 20111, the Commonwealth Government announced the “Securing a Clean Energy Future – the Australian Climate Change Plan”. Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be passed by both houses of Parliament. In addition, as the Group does not fall within the “Top 500 Australian Polluters”, the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon burden to their customers in the form of increased prices.

u) Adoption of the new and revised accounting standards

i) Overall Considerations

The Group has adopted the following revisions and amendments to AASB’s issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group’s financial statements for the annual period beginning 1 July 2010:

- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – AASB 2009-5
- Improvements to IFRS’s – AASB 2010-03

ii) Adoption of Improvements to IFRSs 2009 - AASB 2009-5

The Improvements to IFRS’s 2009 (issued as AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project) made several minor amendments to IFRS’s. The only amendment relevant to the Group relates to AASB 117 Leases. The amendment requires that leases of land are classified as finance or operating by applying the general principles of AASB 117. Prior to this amendment, AASB 117 generally required a lease of land to be classified as an operating lease. The Group has no land elements of unexpired leases at registration date.

iii) Adoption of Improvements to IFRSs 2010 - AASB 2010-3

The IASB has issued Improvements to IFRS 2010 (2010 Improvements) which was issued in Australia as AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvement Project. Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 Improvements amend certain provisions of AASB 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The 2010 Improvements did not have a material impact on the Group's financial statements.

v) Recently issued accounting standards to be applied in future accounting periods

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Group.

i) Consolidated Financial Statements

IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation- Special Purpose Entities". The new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the Group from 1 July 2013 and it is believed there will be insignificant impact.

ii) Joint Arrangements

IFRS 11: "Joint Arrangements" was issued by the IASB in May 2011 and provides for a more realistic reflection of joint venture arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interest in jointly controlled entities. This standard is applicable from 1 July 2013, with early adoption permitted. Management is assessing the impact on the Group, but at this stage it is believed there will be insignificant impact.

iii) Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in other Entities" was issued by the IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms on interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only. There have also been consequential amendments to IAS 28: "Investments in Associates" as a result of above new standard. These amendments are applicable from 1 July 2013.

iv) Fair Value Measurement

IFRS 13: "Fair Value Measurements" was issued by the IASB in May 2011 and provides a precise definition of fair value, as a single source of fair value measurement and prescribes disclosure requirements for use across IFRS.
The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to the Group from 1 July 2013 and at this stage it is believed there will be no impact.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

v) Other

In addition to the above recently issued accounting standards that are applicable in future years, we not the following new accounting standards that are applicable in future years:

AASB 124: "Related Party Disclosures";
AASB 2009-12: "Amendments to Australian Accounting Standards";
AASB 2010-4: "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
AASB 2010-5: "Amendments to Australian Accounting Standards";
AASB 2010-8: "Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets" and
AASB 2011-4: "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements".

We do not expect these standards to materially impact our financial results upon adoption.

2. Income tax expense

	2011 $
Loss before tax	(484,005)
Domestic tax rate	30%
Expected tax benefit	(145,201)
Deferred tax assets not recognised for capital raising costs	139,534
Other differences	(64,606)
Actual tax benefit	(70,273)
Deferred tax asset not brought to account	70,273
Income tax (benefit) / expense attributable to operating loss	139,534

A deferred tax asset in relation to accumulated tax losses ($209,808) has not been recognised as future taxable profits are not considered probable in the near term.

3. Earnings per share

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Loss per share (cents)	2011 $
Weighted average number of shares used in basic earnings per share	2.84	21,971,088

In accordance with AASB 133 ‘Earnings per Share’, there are no dilutive securities.

4. Cash and cash equivalents

Cash and cash equivalents include the following:

	2011 $
Cash at hand and in bank:	
Cash at bank	349,268
Short-term deposits	4,014,143
Cash and cash equivalents	4,363,411

(a) Reconciliation of cash at the end of the period.

The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows as follows:

Cash and cash equivalents	4,363,411

5. Trade and other receivables

Trade and other receivables include the following:

Interest receivable	73,021
GST receivable	38,912
Total recievables	111,933

No receivables are considered past due and / or impaired.

6. Exploration and evaluation expenditure

	2011 $
Opening balance	-
Acquired on acquisition of subsidiaries - refer to note 13	2,236,354
Expenditure on exploration during the year	318,854
Closing balance	2,555,208

7. Plant and equipment

2011	Exploration equipment $	Office and IT equipment $	Leasehold improvements $	Total $
Gross carrying amount **Balance at registration**	-	-	-	-
Additions	20,060	29,640	31,297	80,997
Balance 30 June 2011	20,060	29,640	31,297	80,997
Depreciation and impairment				
Balance at registration	-	-	-	-
Depreciation	(950)	(2,622)	(386)	(3,958)
Balance 30 June 2011	(950)	(2,622)	(386)	(3,958)
Carrying amount 30 June 2011	19,110	27,018	30,911	77,039

Exploration equipment depreciation is charged to exploration assets.

The remaining depreciation of $3,008 is charged to the statement of comprehensive income.

8. Trade and other payables

Trade and other payables, which are all current, recognised in the statement of financial position can be analysed as follows:

	2011 $
Trade and other payables	163,270
Accrued expenses	17,500
Total trade and other payables	180,770

9. Short term provisions

All provisions are considered current. The carrying amounts may be analysed as follows:

Carrying amount at registration	-
Additional provisions - employee entitlements	9,440
Closing balance	9,440

10. Issued capital

	Number of shares	2011 $
(a) Issued and paid up capital		
Fully paid ordinary shares	41,500,000	7,146,570
	41,500,000	7,146,570
(b) Movements in fully paid shares		
Issued on registration	1,000,000	25,000
Seed capital issued	5,000,000	500,000
Issued on acquisition of subsidiaries - refer to note 13	10,500,000	2,100,000
Issued on initial public offering	25,000,000	5,000,000
Capital raising costs	-	(478,430)
Balance as 30 June 2011	41,500,000	7,146,570

The share capital of Core Exploration Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Core Exploration Ltd.

None of the parent's shares are held by any company in the Group.

The shares do not have a par value and the Company does not have a limited amount of authorised capital.

In the event of winding up the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(c) Capital management

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure accordingly. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The responses include share issues. The Group's capital is shown as issued capital in the statement of financial position.

11. Reserves

Share based payments are in line with the Core Exploration Limited remuneration policy, details of which are outlined in the director' report. Listed below are summaries of options granted:

Share Option Reserve	Number of options	2011 $	Weighted average exercise price
Balance at registration	-	-	-
Issued to Directors - November 2010 as remuneration	3,000,000	103,500	$0.25
Issued to IPO advisors - November 2010	1,500,000	152,850	$0.25
Issued on acquisition of subsidiaries - January 2011	4,000,000	138,000	$0.25
Balance at 30 June 2011	8,500,000	394,350	$0.25

On 11 November 2010, 3,000,000 share options were granted to directors as remuneration under the Core Exploration Limited to take up ordinary shares at an exercise price of $0.25 each. These options are exercisable on or before 30 June 2014 (refer note 17).

On 11 November 2010, 1,500,000 share options were granted to the IPO financial advisor of the Company to take up ordinary shares at an exercise price of $0.25 each. These options are exercisable on or before 31 October 2014.

On 31 January 2011, 4,000,000 share options were granted as consideration as part of the acquisition of Sturt Exploration to take up ordinary shares at an exercise price of $0.25 each. These options are exercisable on or before 30 June 2014 (refer note 13).

The fair value of the options granted was calculated using the Black-Scholes option pricing model applying the following inputs:

Share Option Reserve	Director options	Advisor options	Vendor options
Grant date	Nov 2010	Feb 2011	Jan 2011
Vesting period ends	30 Jun 2014	31 Oct 2014	30 Jun 2014
Underlying share price (cents)	$0.10	$0.20	$0.10
Underlying share price volatility	75%	75%	75%
Risk free interest rate	4.75%	4.75%	4.75%
Fair value per option	$0.035	$0.102	$0.035

For information relating to share options issued to directors during the year, refer to note 17.

Nature and purpose of reserves

The share option reserve is used to recognise the fair value of all options.

12. Reconciliation of cashflows from operating activities

Operating Activities	2011 $
Loss after tax	(623,539)
Deferred tax asset written off	139,534
Share based payments expense	103,500
Depreciation expense	3,008
Net change in working capital	11,510
Net cash used in operating activities	(365,987)

13. Investments in controlled entities

(a) Controlled Entities

The Company has the following subsidiaries:

Name of Subsidiary	Country of incorporation	Class of Shares	Percentage held 2011
Sturt Exploration Pty Ltd	Australia	Ordinary	100%
DBL Blues Pty Ltd	Australia	Ordinary	100%

(b) Acquisition of Controlled Entities

On 31 January 2011 the parent entity acquired 100% of Sturt Exploration Pty Ltd (Sturt) and DBL Blues Pty Ltd (DBL). The consideration for the purchases were as follows:

	Sturt $	DBL $
Purchase consideration:		
Ordinary Shares	1,600,000	500,000
Fair value of Options	138,000	-
Total fair value of purchase consideration	1,738,000	500,000

The assets and liabilities arising from the Sturt Exploration Pty Ltd acquisition were as follows:

	Pre-acquisition Carrying amount $	Fair value adjustment $	Recognised values on acquisition $
Cash	200	-	200
Trade and other receivables	675	-	675
Exploration expenditure	5,910	1,734,566	1,740,476
Trade and other payables	(3,351)	-	(3,351)
Total purchase consideration	3,434	1,734,566	1,738,000

The assets and liabilities arising from the DBL Blues Pty Ltd acquisition are as follows:

	Pre-acquisition Carrying amount $	Fair value adjustment $	Recognised values on acquisition $
Cash	200	-	200
Trade and other receivables	400	-	400
Exploration expenditure	819	498,581	499,400
Total purchase consideration	1,419	498,581	500,000

14. Auditor Remuneration

	2011 $
Audit services	
Auditors of Core Exploration Limited - Grant Thornton	
- Audit and review of Financial Report	21,000
Audit services remuneration	21,000
Other services	
Auditors of Core Exploration Limited - Grant Thornton	
- Investigating accountant report for IPO prospectus	9,250
- Taxation compliance and advice	3,800
Total other services remuneration	13,050
Total remuneration received by Grant Thornton	34,050

15. Commitments and Contingencies

Lease commitments

The Company has entered into a three year operating lease in relation to its head office premises at Level 2, 143 Hutt Street, Adelaide commencing 1 June 2011. Minimum lease payments recognised as an expense during the period amount to $11,402.

Remaining amounts due are:

Within one year	45,833
Within two years to five years	95,833
Greater than five years	-
	141,666

The Group's operating lease agreements do not contain any contingent rent clauses. The rental lease contains a renewal clause for a further three years.

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure. It will be necessary for the Group to incur expenditure in order to retain present interests in exploration licences.

Contingent liabilities

The Group has no contingent assets or liabilities.

16. Related party transactions

The Group's related party transactions include its Subsidiaries and key management personnel.

(a) Transactions with subsidiaries

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

(b) Transactions with key management personnel

Transactions with key management personnel are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Greg English

Under the Sturt Exploration Pty Ltd and the DBL Blues Pty Ltd Share Sale Agreements, entities associated with Mr English received consideration of 5,250,000 shares and 2,000,000 options exercisable at 25 cents with a fair value of $1,119,000. Mr English was a shareholder of both entities.

Stephen Biggins

Under the Sturt Exploration Pty Ltd and the DBL Blues Pty Ltd Share Sale Agreements, entities associated with Mr Biggins received consideration of 5,250,000 shares and 2,000,000 options exercisable at 25 cents with a fair value of $1,119,000. Mr Biggins was a shareholder of both entities.

BR1 Holdings Pty Ltd, a company of which Mr Biggins holds a beneficial interest, was paid Managing Director and consulting fees during the period totalling $84,375. The total amount of fees due to BR1 Holdings Pty Ltd as at 30 June 2011 was $Nil.

Mr Biggins incurred expenses on behalf of the Group and is owed $1,943 at 30 June 2011.

Michael Schwarz

Trinium Resources Pty Ltd, a company of which Michael Schwarz is a Director, was paid consulting fees during the period totalling $4,000. The total amount of fees due to Trinium Resources Pty Ltd as at 30 June 2011 was $Nil. Mr Schwarz was appointed as an executive Director on 1 March 2011.

16. Related party transactions cont.

Jarek Kopias

Kopias Consulting, a business of which Jarek Kopias is a Director, was paid consulting fees during the period totalling $4,258. The total amount of fees due to Kopias Consulting as at 30 June 2011 was $4,258.

(c) Share holdings of key management personnel

The number of ordinary shares of Core Exploration Limited held, directly, indirectly or beneficially, by each Director and Company Secretary, including their personally-related entities as at balance date:

Directors and Company Secretaries	Held at registration	Movement during year [1]	Options exercised	Held at 30 June 2011
G English	-	5,665,000	-	5,665,000
S Biggins	-	5,791,000	-	5,791,000
M Schwarz	-	250,000	-	250,000
J Kopias[2]	-	15,000	-	15,000
J Ward	-	10,000	-	10,000
Total	-	11,731,000	-	11,731,000

(1) Movement represents issue of director and vendor shares and purchases during the year.

(2) J Kopias movement relates to a purchase of shares by an entity associated with Mr Kopias during the year.

(d) Options holdings of key management personnel

The number of options over ordinary shares in Core Exploration Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities as at balance date, is as follows:

Directors	Held at registration	Movement during year	Exercised	Held at 30 June 2011	Vested and exercisable at 30 June 2011
G English	-	3,000,000	-	3,000,000	3,000,000
S Biggins	-	3,000,000	-	3,000,000	3,000,000
M Schwarz	-	1,000,000	-	1,000,000	1,000,000
J Kopias	-	-	-	-	-
Total	-	7,000,000	-	7,000,000	7,000,000

17. Employee remuneration

(a) Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2011 $
Salaries / contract payments for Managing Director	177,037
Share based payments - Director options	103,500
Superannuation	8,340
Employee benefits expense	24,049
Less: Transfer to exploration assets	(115,026)
	197,900

17. Employee remuneration cont.

(b) Share based employee remuneration

As at 30 June 2011 the Group maintained an option plan for employee and director remuneration. On 11 November 2010 the Company issued 3,000,000 Director Options to Directors or their nominees. There are no voting rights attached, the options are transferable by instrument in the form commonly used for the transfer of options, and they may be exercised at any time until 30 June 2014. The details of the options issued to Directors are as follows:

Granted		Terms and conditions of each grant				
2011	Number granted	Grant date	Fair value at grant date	Exercise price $	First Exercise date	Last exercise date
G English	1,000,000	11/11/2010	$0.0345	$0.25	11/11/2010	30/6/2014
S Biggins	1,000,000	11/11/2010	$0.0345	$0.25	11/11/2010	30/6/2014
M Schwarz	1,000,000	11/11/2010	$0.0345	$0.25	11/11/2010	30/6/2014

All options issued to Directors have vested.

Share options and weighted average exercise prices are as follows:

2011	Number of shares	Weighted average exercise price ($)
Granted as remuneration on 11 November 2010	3,000,000	0.25
Forfeited / expired	-	-
Outstanding as at 30 June 2011	3,000,000	0.25

Fair value of options granted

The fair value at grant date of the Director options has been determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

18. Financial risk management and capital management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The total for each category of financial instruments are as follows:

	2011 $
Financial assets	
Cash and cash equivalents	4,363,411
Loans and receivables	111,933
	4,475,344
Financial Liabilities	
Trade and other payables	180,770

Financial risk management policy

Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate and credit risk.

a) Liquidity risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the board.

Financial liabilities are expected to be settled within 12 months.

b) Interest rate risk
The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates. Cash is the only asset affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

The Group is exposed to interest rate risk on cash balances and term deposits held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities.

18. Financial risk management and capital management cont.

The Group's net exposure to interest rate risk at 30 June 2011 approximates the value of cash and cash equivalents.

c) Sensitivity analysis

Interest rate

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

2011		Effect on:	
	Sensitivity[1]	Profit $	Equity $
Interest rate	+ 1.50%	+60,000	+60,000
	- 1.50%	-60,000	-60,000

[1]The method used to arrive at the possible change of 150 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, interest rate movements ranged between 0 to 150 basis points. It is considered that 150 basis points a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

d) Net fair values of financial assets and financial liabilities

Fair values are amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The net fair values of financial assets and liabilities are determined by the Group based on the following:

i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.

ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the Statement of financial position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

19. Parent entity information

Information relating to Core Exploration Limited (the parent entity).

	2011 $
Statement of financial position	
Current assets	4,475,343
Total assets	7,111,423
Current and total liabilities	190,210
Issued capital	7,146,570
Retained losses	(623,539)
Share based payment reserve	394,350
	6,921,212
Statement of comprehensive income	
Loss for the period	(623,539)

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the end of the reporting period.

20. Operating segments

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded that at this time there are no separately identifiable segments.

21. Events arising since the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

CORE
EXPLORATION LTD

DIRECTORS' DECLARATION

In the opinion of the Directors of Core Exploration Limited:

a) the consolidated financial statements and notes of Core Exploration Limited are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of its financial position as at 30 June 2011 and of its performance for the financial period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that Core Exploration Limited will be able to pay its debts when they become due and payable.

The directors have been given the declaration required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

The consolidated financial statements comply with International Financial Reporting Standards.

Signed is made in accordance with a resolution of the Directors:

Stephen Biggins
Managing Director

Adelaide
28 September 2011

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CORE EXPLORATION LIMITED

Report on the financial report

We have audited the accompanying financial report of Core Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

INDEPENDENT AUDIT REPORT CONT.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Core Exploration Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Core Exploration Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Director – Audit & Assurance Services

Adelaide, 28 September 2011

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 2 September 2011.

The Group has used its cash and assets readily convertable to cash in a way consistent with its business objectives.

The Company is listed on the Australian Securities Exchange.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Nowak Investments Pty Ltd	5,791,000
Greg English, LEC Nominees Pty Ltd and GDE Exploration (SA) Pty Ltd	5,665,000
HSBC Custody Nominees (Australia) Ltd	2,236,977

Voting Rights

Ordinary Shares	On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
Options	No voting rights

Distribution of equity by security holders

	Ordinary shares	
Holding	Shares	Options
1 - 1,000	2	-
1,001 - 5,000	17	-
5,001 - 10,000	103	-
10,001 - 100,000	255	3
100,001 and over	52	8
	429	11

There were 14 holders of less than a marketable parcel of ordinary shares ($500 amounts to 4,348 shares).
There are 13,875,000 ordinary restricted securities on issue.

Twenty largest shareholders

	Twenty largest shareholders	No. of Shares Held	% Held
1	Nowak Investments Pty Ltd	5,250,000	12.65
2	GDE Exploration (SA) Pty Ltd	4,000,000	9.64
3	HSBC Custody Nominees (Australia) Ltd	2,236,977	5.39
4	UBS Wealth Management Australia Nominees Pty Ltd	1,829,312	4.41
5	LEC Nominees Pty Ltd	1,250,000	3.01
6	Kahala Keys Pty Ltd	1,164,000	2.80
7	Number 7 Investments Pty Ltd	970,000	2.34
8	Carnethy Investments Pty Ltd	750,000	1.81
9	CVC Ltd	600,000	1.45
10	Bill Brooks Pty Ltd	550,000	1.33
11	Mr William Douglas Goodfellow	500,000	1.20
12	Forty Traders Ltd	500,000	1.20
13	Nowak Investments Pty Ltd	475,000	1.14
14	LEC Nominees Pty Ltd	375,000	0.90
15	Mr Mark Herdman & Mrs Heather Fletcher Herdman	350,000	0.84
16	Mr Craig Raymond Mattschoss & Mrs Pamela Marie Mattschoss	341,000	0.82
17	Bruce Birnie Pty Ltd	300,000	0.72
18	Milstern Enterprises Pty Ltd	300,000	0.72
19	Swan Australia Pty Ltd	300,000	0.72
20	Avanteos Investments Ltd	300,000	0.72
		22,341,289	53.81

NOTES

CORE EXPLORATION LTD

Level 2, 143 Hutt Street
Adelaide, SA Australia 5000
T +618 7324 2987 | F +618 8312 2002

ACN 146 287 809