

CORE EXPLORATION LTD
ACN: 146 287 809



Interim Consolidated Financial Statements

for the half-year ended 31 December 2015

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Stephen Biggins (BSc(Hons)Geol, MBA) as Managing Director of Core Exploration Ltd who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Biggins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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This Interim 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
26 Gray Court
Adelaide SA 5000

Website www.coreexploration.com.au

Directors' Report

The Directors of Core Exploration Ltd present their Report together with the financial statements of the consolidated entity, being Core Exploration ("Core" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2015 and the Independent Review Report thereon.

DIRECTORS

The following persons were directors of Core throughout the period.

- Gregory English
- Stephen Biggins
- Heath Hellewell

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Core Exploration Ltd holds exploration projects comprising prospective tenements in the highly prospective geology in the Northern Territory and world-class mining provinces in South Australia.

The Company's project areas are focused on targets within prospective geological terrains for lithium, base metals and uranium in Northern Territory and South Australia, which host world-class mining operations including Olympic Dam and Four Mile and Beverley uranium mines.

In the half year to 31 December 2015, Core continued its exploration programs at its 100%-owned tenements in the Jervois region in the Northern Territory and at the Yerelina Zinc project in South Australia.

The net loss of the Company, from the six months to 31 December 2015, was \$719,769 after providing for income tax.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 3 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.



Stephen Biggins
Managing Director

25 February 2016

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67 Greenhill Rd
Wayville SA 5034

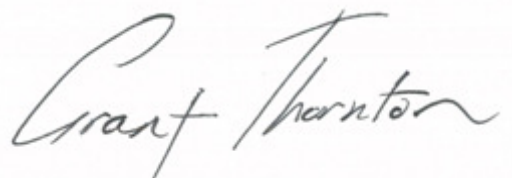
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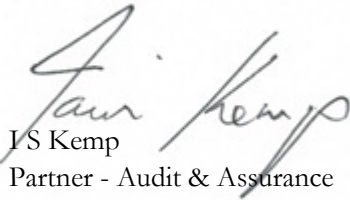
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CORE EXPLORATION LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Core Exploration Limited for the half-year ended 31 December 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner - Audit & Assurance

Adelaide, 25 February 2016

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Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
Interest income		3,214	15,590
Other income		22,188	-
Administration costs		(229,523)	(320,264)
Employee benefits expense		(37,314)	(64,687)
Exploration expense		(18,195)	(16,137)
Impairment expense		(577,015)	(19,887)
Depreciation		(9,664)	(16,583)
Other expenses		(563)	(16,709)
Loss before tax		(846,872)	(438,677)
Income tax benefit		127,103	212,031
Loss for the period from continuing operations attributable to owners of the parent		(719,769)	(226,646)
Other Comprehensive income attributable to owners of the parent		-	-
Total Comprehensive loss for the period attributable to owners of the parent		(719,769)	(226,646)
Earnings Per Share from Continuing Operations			
Basic and diluted Loss – cents per share	3	(0.43)	(0.18)

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

Statement of Financial Position
As at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		213,120	533,832
Trade and other receivables		220,147	56,205
Total current assets		433,267	590,037
Non-current assets			
Exploration and evaluation expenditure	4	5,877,311	5,780,273
Plant and equipment		71,902	87,487
Total non-current assets		5,949,213	5,867,760
TOTAL ASSETS		6,382,480	6,457,797
LIABILITIES			
Current liabilities			
Trade and other payables		181,837	131,137
Employee provisions		11,891	19,354
Total current liabilities		193,728	150,491
TOTAL LIABILITIES		193,728	150,491
NET ASSETS		6,188,752	6,307,306
EQUITY			
Issued capital	5	12,385,920	11,928,892
Reserves	6	671,267	527,080
Accumulated losses		(6,868,435)	(6,148,666)
TOTAL EQUITY		6,188,752	6,307,306

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

Statement of Changes in Equity
For the half year ended 31 December 2015

	Share capital	Reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2014	9,757,722	514,335	(4,874,265)	5,397,792
Share placement, issue of share upon purchase of joint venture interests and exercise of quoted options	2,250,373	-	-	2,250,373
Issue Costs (net of tax)	(86,313)	-	-	(86,313)
Fair value of performance rights and options issued to officers and employees	-	11,865	-	11,865
Vesting of Director performance rights	7,110	(7,110)	-	-
Transactions with owners	2,171,170	4,755	-	2,175,925
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(226,646)	(226,646)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2014	11,928,892	519,090	(5,100,911)	7,347,071
Balance at 1 July 2015	11,928,892	527,080	(6,148,666)	6,307,306
Rights issue, share purchase plan and settlement of invoices	604,450	77,120	-	681,570
Issue Costs	(147,422)	65,158	-	(82,264)
Fair value of performance rights and options issued to officers, employees and shareholders	-	1,909	-	1,909
Transactions with owners	457,028	144,187	-	601,215
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(719,769)	(719,769)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2015	12,385,920	671,267	(6,868,435)	6,188,752

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

Statement of Cash Flows
For the half year ended 31 December 2015

	31 December 2015 \$	31 December 2014 \$
Operating activities		
Interest received	4,632	18,445
Other income received	22,188	-
Payments to suppliers and employees	(305,917)	(463,381)
Research and development tax concession received	-	296,140
Net cash used in operating activities	(279,097)	(148,796)
Investing activities		
Proceeds on sale of assets	470	-
Payments for plant and equipment	(216)	(52,919)
Payments for capitalised exploration expenditure	(674,985)	(957,678)
Net cash used in investing activities	(674,731)	(1,010,597)
Financing activities		
Proceeds from issue of share capital	681,570	1,750,373
Subscriptions received	25,616	-
Payments for capital raising costs	(74,070)	(119,187)
Net cash from financing activities	633,116	1,631,186
Net change in cash and cash equivalents	(320,712)	471,793
Cash and cash equivalents, beginning of reporting period	533,832	683,138
Cash and cash equivalents, end of period	213,120	1,154,931

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

Notes to the consolidated financial statements

For the period ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of operations

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

b) General information and basis of preparation

The interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2015 and are presented in Australian dollars(\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 25 February 2016.

c) Significant accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

d) 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 (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.

2. GOING CONCERN BASIS OF ACCOUNTING

The interim financial report has been prepared on the basis of a going concern. During the six months ended 31 December 2015 the consolidated group recorded a net cash outflow from operating and investing activities of \$953,828 and an operating loss of \$719,769. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the entity successfully:

- continuing the development of its exploration assets
- raising additional funds which may be from a variety of means inclusive of, but not limited to issue of new equity, debt, asset sales or entering into joint venture arrangements on mineral properties.

The directors believe it is appropriate to prepare these accounts on a going concern basis because Directors have an appropriate plan to meet conditions.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

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:

	6 months to December 2015 #	6 months to December 2014 #
Weighted average number of shares used in basic earnings per share	166,385,955	126,612,083
Weighted average number of shares used in diluted earnings per share	166,385,955	126,612,083
Loss per share – basic and diluted (cents)	0.43	0.18

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

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 \$	30 June 2015 \$
Opening balance	5,780,273	4,470,318
Expenditure on exploration during the period	692,248	2,079,057
Impairment of capitalised exploration	(577,015)	(737,812)
Exploration expenditure expensed	(18,195)	(31,290)
Closing balance	5,877,311	5,780,273

During the period, a number of tenements were relinquished or planned to be relinquished. An impairment expense of \$577,015 is recognised in relation to these relinquishments.

5. SHARE CAPITAL

31 December 2015

	Number of shares	31 December 2015 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	174,664,295	12,385,920
	174,664,295	12,385,920
(b) Movements in fully paid shares		
Balance as at 1 July 2015	150,486,287	11,928,892
Share purchase plan (including underwriting)	24,000,008	600,000
Consideration for services	178,000	4,450
Capital raising costs	-	(147,422)
Balance as at 31 December 2015	174,664,295	12,385,920

30 June 2015

	Number of shares	30 June 2015 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	150,486,287	11,928,892
	150,486,287	11,928,892
(b) Movements in fully paid shares		
Balance as at 1 July 2014	106,800,740	9,757,722
Share placements	33,181,818	1,750,000
Consideration for purchase of NT tenements	10,000,000	500,000
Exercise of director performance rights	500,000	7,110
Exercise of quoted options	3,729	373
Issue costs (net of tax)	-	(86,313)
Balance as at 30 June 2015	150,486,287	11,928,892

6. RESERVES

Share based payments are in line with the Core Exploration Ltd remuneration policy. Listed below are summaries of options and performance rights granted:

Reconciliation of options / rights reserve

	31 December 2015 \$	30 June 2015 \$
Opening balance	527,080	514,335
Issue of options during the period	142,405	11,618
Issue of performance rights / options during the period	1,782	8,237
Exercise of performance rights during the period	-	(7,110)
Closing balance	671,267	527,080
Share option reserve	577,518	435,113
Performance rights reserve	93,749	91,967
Total	671,267	527,080

Share Option Reserve – 31 December 2015	Number of options	31 December 2015 \$	Weighted average exercise price
Opening balance	18,400,000	435,113	\$0.096
Issued to share purchase plan underwriters	12,000,000	65,158	\$0.050
Issued to shareholders under rights issue	25,706,705	77,120	\$0.050
Issued to a director	1,000,000	127	\$0.100
Lapsed	(1,200,000)	-	\$0.096
Balance at 31 December 2015	55,906,705	577,518	\$0.065

During the six months to 31 December 2015, 12,000,000 unlisted options were issued to underwriters of the Group's share purchase plan (these options were subsequently quoted). A further 25,706,705 quoted options were issued under a rights issue undertaken during the period. A further 1,000,000 options were issued to a director as approved by shareholders at the 2015 Annual General Meeting.

During the six months to 31 December 2015, 1,200,000 unlisted options lapsed.

Share Option Reserve – 30 June 2015	Number of options	30 June 2015 \$	Weighted average exercise price
Opening balance	2,700,000	423,495	\$0.179
Issued to employees	200,000	3,628	\$0.085
Issued to contractors	2,000,000	7,990	\$0.063
Issued to shareholders	15,000,000	-	\$0.100
Cancelled / lapsed	(1,500,000)	-	\$0.246
Balance at 30 June 2015	18,400,000	435,113	\$0.096

Performance Rights Reserve – 31 December 2015	Number of rights	31 December 2015 \$
Opening balance	3,925,000	91,967
Issued to KMP	800,000	1,782
Lapsed during the period	(800,000)	-
Balance at 31 December 2015	3,925,000	93,749

Performance rights were issued as KMP remuneration with related KPI's.

Performance Rights Reserve – 30 June 2015	Number of rights	30 June 2015 \$
Opening balance	9,000,000	90,840
Issued to KMP	1,175,000	8,237
Exercised upon meeting KPI	(500,000)	(7,110)
Lapsed during the period	(5,750,000)	-
Balance at 30 June 2015	3,925,000	91,967

Nature and purpose of reserves

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

7. 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.

8. CONTINGENT LIABILITIES

The Group has claimed the research and development tax offset for the year ended 30 June 2013 for a total amount of \$296,140. Of the total claim, \$257,735 is currently being reviewed by AusIndustry as part of their internal processes. AusIndustry has not advised the Company of a decision in relation to the claim. A negative result in relation to the review by AusIndustry may result in some or all of the research and development tax offset being repaid.

9. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances, other than those listed below, have arisen since the end of the half-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.

On 19 January 2016, Core Exploration announced that 17,959,369 quoted options were issued to the underwriters of the rights issue announced on 27 October 2015. The options have an exercise price of \$0.05 and expiry of 31 August 2017.

On 29 January 2016, the Group announced that 3,125,000 unlisted performance rights lapsed on 28 January 2015. The rights were issued to directors and officers as remuneration and lapsed as the performance conditions associated with these securities had not been met.

On 1 February 2016, the Group announced that 15,000,000 unlisted options with an exercise price of \$0.10 lapsed on 31 January 2016 in accordance with the terms of those options.

On 25 February 2016, Core Exploration announced that 43,511,385 shares were issued to sophisticated, professional and institutional investors under a share placement. The placement raised \$957,250 (before costs) with funds to be used to fund the Group's Lithium projects. The Company has committed to issue 43,511,385 free attaching quoted option to each applicant under the share placement and 10,000,000 quoted options to Hartleys exercisable at 5 cents and expiring 31 August 2017 (CXOOA) subject to shareholder approval at a subsequent meeting.

Directors' Declaration

In the opinion of the Directors of Core Exploration Ltd:

- a) the consolidated financial statements and notes of Core Exploration Ltd are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of its financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard 134 Interim Financial Reporting; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

Signed in accordance with a resolution of the Directors:



Stephen Biggins
Managing Director

Adelaide
25 February 2016

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

We have reviewed the accompanying half-year financial report of Core Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Core Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

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procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

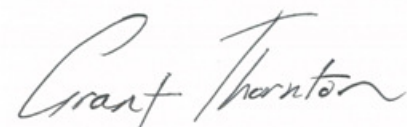
Conclusion

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

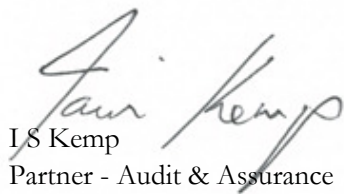
- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of \$719,769 during the half-year ended 31 December 2015 and, as of that date, the consolidated entity's cash outflows from operating and investing activities equates to \$953,828. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner - Audit & Assurance

Adelaide, 25 February 2016