

## **Interim Consolidated Financial Statements**

for the half-year ended 31 December 2012

The information in this report has been compiled by Stephen Biggins (BSc(Hons)Geol, MBA) as Managing Director of Core Exploration Ltd and 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. As a Competent Person, he has a minimum of 5 years relevant experience in the style of mineralisation and types of activities being reported and has given written consent to the above report 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 Level 2, 143 Hutt Street Adelaide SA 5000

## 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 2012 and the Independent Review Report thereon.

#### **DIRECTORS**

The following persons were directors of Core since the end of the financial year.

- Gregory English
- Stephen Biggins
- Michael Schwarz

#### **REVIEW OF OPERATIONS AND FINANCIAL RESULTS**

Core Exploration Ltd holds exploration projects comprising prospective tenements in the Gawler Craton and Curnamona Craton of South Australia and the newly confirmed, highly prospective IOCG Aileron Province geology in the Northern Territory.

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

In the half year to 31 December 2012, Core's maiden drilling program on the Fitton Project in South Australia resulted in a high grade uranium discovery at the Scott Lee Prospect. The Company's drilling success at Fitton followed rock chip sampling, geological mapping and airborne and ground magnetic and radiometric surveys at Fitton. Follow-up drilling at Fitton is planned in March 2013.

Core has also built a strong strategic holding in the newly recognised, highly prospective IOCG Aileron Province in the NT, through joint venture, acquisition and new tenement applications during the period. The Company's Albarta Project now covers over 2,000km² within the highest prospective IOCG (Iron-Oxide-Copper-Gold) zone of the Aileron province, 100km NE of Alice Springs.

The net loss of the Company, from the six months to 31 December 2012, was \$886,175 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 2 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.

Stephen Biggins

**Managing Director** 

1 March 2013



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# 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 review of Core Exploration Ltd for the half-year ended 31 December 2012, 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

Grant Thornton

J L Humphrey Director – Audit & Assurance

Adelaide, 1 March 2013

## Statement of Profit or Loss and Other Comprehensive Income For the half year ended 31 December 2012

	Notes	31 December 2012	31 December 2011
Interest income		<b>\$</b> 46,540	<b>\$</b> 115,906
Administration costs		(246,449)	(224,071)
Employee benefits expense		(110,762)	(117,960)
Exploration expense		(70,151)	-
Impairment of exploration assets		(460,966)	-
Depreciation		(18,159)	(19,580)
Share based payments		(15,731)	(22)
Other expenses		-	(1,200)
Loss before tax		(875,678)	(246,927)
Income Tax (expense) / benefit		(10,497)	-
Loss for the reporting period		(886,175)	(246,927)
Other Comprehensive income		-	-
Total Comprehensive loss for the period		(886,175)	(246,927)
Loss attributable to:			
Owners of the parent entity		(886,175)	(246,927)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(886,175)	(246,927)
Earnings Per Share from Continuing Operations Basic Loss – cents per share	2	(2.11)	(0.60)

## Statement of Financial Position As at 31 December 2012

7.5 dt 51 December 2012	Notes	31 December 2012 \$	30 June 2012 \$
ASSETS Current assets		Ψ	<b>J</b>
Cash and cash equivalents		1,718,028	2,221,037
Trade and other receivables		63,370	139,398
Total current assets	_	1,781,398	2,360,435
Non-current assets			
Exploration and evaluation expenditure	3	3,605,741	3,359,841
Plant and equipment		101,115	113,506
Total non-current assets	_	3,706,856	3,473,347
TOTAL ASSETS	_	5,488,254	5,833,782
LIABILITIES Current liabilities			
Trade and other payables		102,140	84,402
Employee provisions		31,228	24,340
Total current liabilities	<del>-</del>	133,368	108,742
TOTAL LIABILITIES	_	133,368	108,742
NET ASSETS	_	5,354,886	5,725,040
EQUITY			
Issued capital		7,646,050	7,145,760
Reserves		414,047	398,316
Accumulated losses		(2,705,211)	(1,819,036)
TOTAL EQUITY	_	5,354,886	5,725,040

# Statement of Changes in Equity For the half year ended 31 December 2012

	Share capital	Option reserve	Retained earnings	Total equity
Balance at 1 July 2011	<b>\$</b> 7,146,570	<b>\$</b> 394,350	<b>\$</b> (623,539)	<b>\$</b> 6,917,381
Issue Costs	(810)	-	-	(810)
Issue of options to employees	-	22	-	22
Transactions with owners	7,145,760	394,372	(623,539)	6,916,593
Other comprehensive income:				
Total comprehensive income for the reporting period	-	-	(246,925)	(246,927)
Balance 31 December 2011	7,145,760	394,372	(870,464)	6,669,666
Balance at 1 July 2012	7,145,760	398,316	(1,819,036)	5,725,040
Issue of placement shares	500,000	-	-	500,000
Issue of shares for contract services	24,783	-	-	24,783
Issue Costs (net of tax)	(24,493)	-	-	(24,493)
Issue of options to employees	-	15,731	-	15,731
Transactions with owners	7,646,050	414,047	(1,819,036)	6,241,061
Other comprehensive income:				
Total comprehensive income for the reporting period	-	-	(886,175)	(886,175)
Balance 31 December 2012	7,646,050	414,047	(2,705,211)	5,354,886

## Statement of Cash Flows For the half year ended 31 December 2012

	Notes	31December 2012 \$	31December 2011 \$
Operating activities		φ	Φ
Interest received		52,568	168,267
Payments to suppliers and employees		(481,215)	(411,430)
Net cash used in operating activities		(428,647)	(243,163)
Investing activities			
Payments for plant and equipment		(8,871)	(86,418)
Payments for capitalised exploration expenditure		(531,221)	(589,297)
Net cash used in investing activities	-	(540,092)	(675,715)
Financing activities			
Proceeds from issue of share capital		500,000	-
Capital raising costs		(34,270)	(810)
Net cash from financing activities	-	465,730	(810)
Net change in cash and cash equivalents	-	(503,009)	(919,688)
Cash and cash equivalents, beginning of reporting period	-	2,221,037	4,363,411
Cash and cash equivalents, end of year	<u>-</u>	1,718,028	3,443,723
	-		

## Notes to the consolidated financial statements For the period ended 31 December 2012

#### 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 condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2012 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 2012 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 interim financial statements have been approved and authorised for issue by the board of directors on 1 March 2013.

#### c) Significant accounting Policies

The significant accounting policies that have been used in the preparation of these consolidated interim financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by the Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2012.

The accounting policies have been applied consistently throughout the Group for the purposed 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.

# e) New and revised accounting standards applicable for the first time to the current half-year reporting

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its half-year financial statements.

#### 2. 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 2012 #	6 months to December 2011 #
Weighted average number of shares used in basic earnings per share	42,097,510	41,500,000

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

#### 3. EXPLORATION AND EVALUATION EXPENDITURE

	31December 2012 \$	30 June 2012 \$
Opening balance	3,359,841	2,555,208
Expenditure on exploration during the period	777,017	1,432,114
Impairment of capitalised exploration	(460,966)	(602,032)
Exploration expenditure expensed	(70,151)	(25,449)
Closing balance	3,605,741	3,359,841

#### 4. SHARE CAPITAL

31 December 2012	Number of shares	31 December 2012 \$
(a) Issued and paid up capital		Ψ
Fully paid ordinary shares	48,080,444	7,635,553
	48,080,444	7,646,050
(b) Movements in fully paid shares		
Opening balance	41,500,000	7,145,760
Share placement	6,250,000	500,000
Issue as consideration under a contract	330,444	24,783
Capital raising costs (net of tax)	-	(24,493)
Balance as at 31 December 2012	48,080,444	7,646,050

30 June 2012	Number of shares	30 June 2012 \$
(a) Issued and paid up capital		•
Fully paid ordinary shares	41,500,000	7,145,760
	41,500,000	7,145,760
(b) Movements in fully paid shares		
Balance as at 1 July 2011	41,500,000	7,146,570
Capital raising costs	-	(810)
Balance as at 30 June 2012	41,500,000	7,145,760

#### 5. 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.

#### 6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting date.

#### 7. 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.

#### 8. 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 2012 the consolidated group recorded a net cash outflow from operating and investing activities of \$968,739 and an operating loss of \$886,175.

The forward looking cash projections of the group indicate that it is reliant on the completion of further capital raising for continued operations. The group will be seeking to raise equity to fund operations, including exploration and working capital.

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.

#### 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 31 December 2012 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 1 March 2013



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

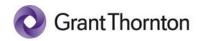
We have reviewed the accompanying half-year financial report of Core Exploration Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description 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 Ltd 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 Core Exploration Ltd consolidated entity's financial position as at Core Exploration Ltd 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 Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we 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 Ltd 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 2012 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 review conclusion, attention is drawn to the financial statements which indicates the consolidated entity incurred a net loss of \$886,175 for the half-year ended 31 December 2012 and generated a net cash outflow of \$968,739 from operating and investing activities. These conditions, along with other matters identified in Note 8, 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

Grant Thornton

Director – Audit & Assurance

Adelaide, 1 March 2013

J L Humphrey