

CORE EXPLORATION LTD
ACN: 146 287 809



Interim Consolidated Financial Statements

for the half-year ended 31 December 2014

The information in this Report which relates to exploration results in accordance with the JORC Code 2012 based on information supplied by Stephen Biggins (BSc(Hons)Geol, MBA) as Managing Director of Core Exploration Ltd. The Company confirms that it is not aware of any new information included in this half-year report. Core confirms that all material assumptions underpinning the estimates in this report continue to apply and have not materially changed. The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified.

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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

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 2014 and the Independent Review Report thereon.

DIRECTORS

The following persons were directors of Core throughout the period.

- Gregory English
- Stephen Biggins
- Michael Schwarz
- Heath Hellewell (appointed 15 September 2014)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Core Exploration Ltd holds exploration projects comprising prospective tenements in the highly prospective east Arunta Proterozoic 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 copper, 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 2014, Core commenced exploration activities on its 100%-owned tenements in the Jervois region in the Northern Territory north east of Alice Springs. Airborne Electromagnetic (AEM) surveys on the Company's Jervois Domain tenements identified conductive targets within a large magnetic zone of prospective Bonya Schist. Thick zones of silver and lead mineralisation were intersected by Core's second RC drill program at Inkheart Prospect and drilling was completed at the Virginia and Copper Royals Prospects in the NT.

The net loss of the Company, from the six months to 31 December 2014, was \$226,646 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

27 February 2015

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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 period ended 31 December 2014, 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


J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 February 2015

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Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2014

	Notes	31 December 2014 \$	31 December 2013 \$
Interest income		15,590	13,600
Administration costs		(320,264)	(224,668)
Employee benefits expense		(64,687)	(99,911)
Exploration expense		(16,137)	(9,281)
Impairment expense		(19,887)	-
Depreciation		(16,583)	(12,577)
Share based payments		(11,865)	(90,840)
Other expenses		(4,844)	-
Loss before tax		(438,677)	(423,677)
Income Tax (expense) / benefit		212,031	(13,998)
Loss for the reporting period		(226,646)	(437,675)
Other Comprehensive income		-	-
Total Comprehensive loss for the period		(226,646)	(437,675)
Loss attributable to:			
Owners of the parent entity		(226,646)	(437,675)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(226,646)	(437,675)
Earnings Per Share from Continuing Operations			
Basic Loss – cents per share	2	(0.18)	(0.59)
Diluted Loss – cents per share	2	(0.18)	(0.59)

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

Statement of Financial Position
As at 31 December 2014

	Notes	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,154,931	683,138
Trade and other receivables		416,387	390,638
Total current assets		1,571,318	1,073,776
Non-current assets			
Exploration and evaluation expenditure	3	5,983,418	4,470,318
Plant and equipment		89,664	60,304
Total non-current assets		6,073,082	4,530,622
TOTAL ASSETS		7,644,400	5,604,398
LIABILITIES			
Current liabilities			
Trade and other payables		284,727	161,780
Employee provisions		12,602	44,826
Total current liabilities		297,329	206,606
TOTAL LIABILITIES		297,329	206,606
NET ASSETS		7,347,071	5,397,792
EQUITY			
Issued capital	4	11,928,892	9,757,722
Reserves	5	519,090	514,335
Accumulated losses		(5,100,911)	(4,874,265)
TOTAL EQUITY		7,347,071	5,397,792

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 2014

	Share capital	Share based payments reserve	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2013	7,631,419	414,047	(3,756,124)	4,289,342
Issue of rights issue entitlement and shortfall shares	981,609	-	-	981,609
Issue Costs (net of tax)	(32,658)	-	-	(32,658)
Fair value of performance rights issued to officers	-	90,840	-	90,840
Transactions with owners	948,951	90,840	-	1,039,791
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(886,175)	(886,175)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2013	8,580,370	504,887	(4,193,799)	4,891,458
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

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 2014

	31 December 2014 \$	31 December 2013 \$
Operating activities		
Interest received	18,445	14,888
Payments to suppliers and employees	(463,381)	(317,418)
Research and development tax concession received	296,140	-
Net cash used in operating activities	<u>(148,796)</u>	<u>(302,530)</u>
Investing activities		
Payments for plant and equipment	(52,919)	(518)
Payments for capitalised exploration expenditure	(957,678)	(393,970)
Net cash used in investing activities	<u>(1,010,597)</u>	<u>(394,488)</u>
Financing activities		
Proceeds from issue of share capital	1,750,373	969,623
Payments for capital raising costs	(119,187)	(142,870)
Net cash from financing activities	<u>1,631,186</u>	<u>826,753</u>
Net change in cash and cash equivalents	<u>471,793</u>	<u>129,735</u>
Cash and cash equivalents, beginning of reporting period	<u>683,138</u>	<u>570,257</u>
Cash and cash equivalents, end of period	<u>1,154,931</u>	<u>699,992</u>

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 2014

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 2014 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 2014 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 27 February 2015.

c) Significant accounting Policies

The half-year 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 2014, except for the application of the following standards as of 1 July 2014:

AASB 1031: Materiality

AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments

Management has reviewed the new requirements of the above standards and has concluded that there is no effect on the classification or presentation of balances.

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. 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 2014 #	6 months to December 2013 #
Weighted average number of shares used in basic earnings per share	126,612,083	73,962,222
Weighted average number of shares used in diluted earnings per share	126,612,083	73,962,222
Loss per share – basic (cents)	0.18	0.59
Loss per share – diluted (cents)	0.18	0.59

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

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014 \$	30 June 2014 \$
Opening balance	4,470,318	3,800,341
Expenditure on exploration during the period	1,549,124	1,193,340
Impairment of capitalised exploration	(19,887)	(497,751)
Exploration expenditure expensed	(16,137)	(25,612)
Closing balance	5,983,418	4,470,318

4. SHARE CAPITAL

31 December 2014	Number of shares	31 December 2014 \$
(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
Issue of shares upon acquisition of joint venture interests in Northern Territory tenements	10,000,000	500,000
Issue of shares on exercise of unlisted performance rights	500,000	7,110
Issue of shares on exercise of listed options	3,729	373
Share placements (August 2014 and December 2014)	33,181,818	1,750,000
Capital raising costs (net of tax)	-	(86,313)
Balance as at 31 December 2014	150,486,287	11,928,892

30 June 2014	Number of shares	30 June 2014 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	106,800,740	9,757,722
	<hr/>	<hr/>
	106,800,740	9,757,722
(b) Movements in fully paid shares		
Balance as at 1 July 2013	49,080,444	7,631,419
Rights issue – including placement of shortfall	32,720,296	981,609
Share placement	15,000,000	750,000
Share purchase plan – including placement of shortfall with underwriter	10,000,000	500,000
Issue costs (net of tax)	-	(105,306)
	<hr/>	<hr/>
Balance as at 30 June 2014	106,800,740	9,757,722

5. RESERVES

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

Reconciliation of options / rights reserve

	31December 2014 \$	30 June 2014 \$
Opening balance	514,335	414,047
Issue of options during the period	3,628	9,448
Issue of performance rights during the period	8,237	90,840
Exercise of performance rights during the period	(7,110)	-
	<hr/>	<hr/>
Closing balance	519,090	514,335
	<hr/>	<hr/>
Share option reserve	427,123	423,495
Performance rights reserve	91,967	90,840
	<hr/>	<hr/>
Total	519,090	514,335

Share Option Reserve – 31 December 2014	Number of options	31 December 2014 \$	Weighted average exercise price
Opening balance	2,700,000	423,495	\$0.179
Issued to employees	200,000	3,628	\$0.085
Issued to shareholders as part of share placement	15,000,000	-	\$0.100
Cancelled / lapsed	(1,500,000)	-	\$0.2463
Balance at 31 December 2014	16,400,000	427,123	\$0.164

During the six months to 31 December 2014, 200,000 unlisted options were issued to an employee as remuneration under their employment agreement and a further 15,000,000 unlisted options were issued to shareholders under a placement completed on 12 December 2014.

During the six months to 31 December 2014 1,500,000 unlisted options lapsed.

Share Option Reserve – 30 June 2014	Number of options	30 June 2014 \$	Weighted average exercise price
Opening balance	10,750,000	414,047	\$0.238
Issued to employees	200,000	2,186	\$0.075
Issued to contractors	1,000,000	7,262	\$0.100
Cancelled / lapsed	(9,250,000)	-	\$0.233
Balance at 30 June 2014	2,700,000	423,495	\$0.179

Performance Rights Reserve – 31 December 2014	Number of rights	31 December 2014 \$
Opening balance	9,000,000	90,840
Exercised of rights upon meeting KPI	(500,000)	(7,110)
Issued to KMP	1,175,000	8,237
Balance at 31 December 2014	9,675,000	91,967

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

Performance Rights Reserve – 30 June 2014	Number of rights	30 June 2014 \$
Opening balance	-	-
Issued to KMP	9,000,000	90,840
Balance at 30 June 2014	9,000,000	90,840

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.

6. 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.

7. CONTINGENT LIABILITIES

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

8. 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 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.

On 30 January 2015, Core Exploration announced that 5,750,000 unlisted performance rights lapsed on 29 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.

9. 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 2014 the consolidated group recorded a net cash outflow from operating and investing activities of \$1,159,393 and an operating loss of \$226,646.

The forward looking cash projections of the group will be reliant on the completion of further capital raisings for continued operations including exploration and working capital in the future.

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 2014 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
27 February 2015

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67 Greenhill Rd
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS 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 2014, 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 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 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 Core Exploration Limited consolidated entity’s financial position as at 31 December 2014 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.

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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 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 2014 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 qualification to the conclusion expressed above, we draw attention to Note 9 to the financial statements. We note the financial statements indicate a net loss of \$226,646 was incurred during the half year ended 31 December 2014 and the Company generated a net cash outflow of \$1,159,393 from operating and investing activities. These conditions, along with other matters identified in Note 9, indicate the existence of a significant 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



J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 February 2015