

28 AUGUST 2015

AUSTRALIA (NT,SA)

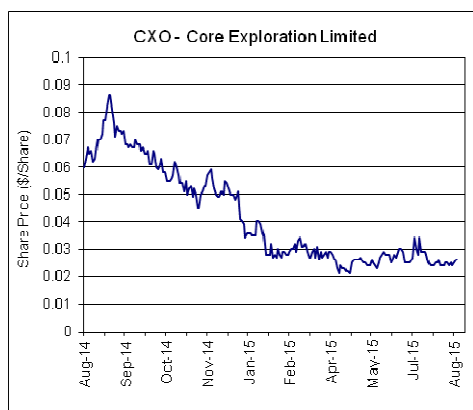
ZINC, COPPER, URANIUM

MID EXPLORATION

EXCHANGE: ASX:CXO

CAPITAL PROFILE

Share price (A\$)	0.028
52 week range (A\$/share)	0.020 to 0.090
Number of shares (M)	150.5
Options and warrants (M)	18.4
Performance rights (M)	3.9
Fully diluted (M)	172.8
Market capitalisation (undiluted) (A\$M)	4.2
Debt (A\$M) - Sep 15F	0.0
Enterprise value (A\$M)	4.2
Major shareholders: Top 20 shareholders (35%)	
Avg monthly volume (M)	10.2
Cash (A\$M) - Sep 15F	0.9
Price/Cash (x)	4.9
Listed company options:	No



DIRECTORS

Greg English (Non Exec Chairman)
Stephen Biggins (Managing Dir)
Heath Hellewell (Non Exec Dir)

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CORE EXPLORATION LIMITED

Australian focused exploration company targeting base metals and uranium with an active drill program 2H15.

Share Price: A\$0.028

Speculative Buy

CXO is in the rarefied field of ASX juniors with an active drill program 2H15. Drilling is planned on well defined targets for copper (near KGL's Bellbird discovery) and zinc - with potential for discovery hole share price appreciation. Midterm, CXO is strategically positioning itself for an expected rebound in the uranium price with a strategic tenement position near Beverley and Alliance Resources' Four Mile uranium mines in the Mt Painter region, South Australia - a favourable jurisdiction for uranium mining.

INVESTMENT POINTS

- ◆ **Yerelina Project - Zinc: (SA) Targeting high grade silver and base metals within a large structural system** over 2km by 8km. CXO drilling fault zones under outcropping Ag-Pb-Zn mineralisation containing up to 14.7% zinc.
- ◆ **Yerelina Project: Drilling to commence late August** (1000m diamond drilling), assays expected from late October. Sediment hosted target with grade at surface and historically mined at depth.
- ◆ **Jervois Domain - Copper: (NT) CXO maiden drill program to commence Sep Q** (4,000m RC) targeting a key geophysical anomaly **500m from the boundary with KGL's significant Cu, Pb-Zn Bellbird discovery**. Drilling multiple shallow targets within a 15km strike. It is the first drill program in the area due to shallow cover.
- ◆ **Fitton Project - Uranium: (SA)** is located in an established world-class uranium mining region. Hardrock and sedimentary targets in and around the Mt Painter Inlier near the Beverley/Four Mile ISR uranium mines. **CXO hardrock intercepts include 11m @ 0.13% U₃O₈ and 60m @ 0.05% U₃O₈**. Geochemical surveys and geological mapping 4Q15.
- ◆ **Capital raising - SPP** announced 16 July 2015 to raise \$1M at \$0.025/sh, an 11% discount to the previous closing price, and 19.5% discount to 5 day VWAP. The first \$600k is underwritten. **Closing date 26 August.**
- ◆ **Multiple drill programs 2H15:** Drilling Diary: 2H15 Yerelina (Aug, 1000m DD); zinc; Jervois Domain (Sep, 4000m+ RC); copper; Inkheart (4Q15, 1000m DD); zinc (MOU for JV earn in by third party, ann. 19 Aug '15, TBC).
- ◆ **Six month share price catalysts** include potential for Cu, Zn discovery hole drill results at Yerelina, Jervois and Inkheart 2H15; closing of the SPP 26 August; and closing of the revised Quaser offer for the nearby Four Mile uranium project from Alliance (ASX:AGS) for \$74M (EGM 11 September).

COMPANY STATISTICS

Year End June	Jun-15a	Sep-15F	2014A	2015F	2016F
Exploration and evaluation (A\$M)	0.17	0.30	1.17	1.52	1.20
Corporate (A\$M)	0.14	0.18	0.85	0.71	0.68
Exploration/(Expl.+ Corporate) (%)	55	63	58	68	64
Funding duration at current burn (years)			0.3	0.2	0.3
Shares on issue (pr end) (m shares)	150.5	182.5	106.8	150.5	222.5
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	1,000	3,000	0	2,000	11,000
Land holding ('000 ha)*	400	400	400	400	400
Capital raisings (A\$M)	0.0	0.8	0.0	1.8	1.8
Funding from JV partners (A\$M)	0.0	0.0	0.0	0.0	0.0
Cash (A\$M)	0.5	0.9	0.7	0.5	0.6
Cash backing (Ac/share)	0.4	0.5	0.6	0.4	0.3

*Est. of tenements held and under application. Quarters refer to calendar year. Drill metres are RCR estimates.

COMPANY COMMENT

Overview: Core Exploration listed on the ASX in 2011. It holds extensive, strategic exploration ground targeting base metals and uranium in mining friendly Australian jurisdictions (SA, NT).

Base and Precious Metals

Yerelina Project (100% CXO, SA, Zn): Extensive landholding (999km²) in the Northern Flinders Ranges; targeting sediment hosted base metals (MVT). High grade Ag-Pb-Zn was historically mined 100 years ago. Multiple old workings and outcropping mineralisation occurs in kilometer long vein sets over a large area. The company indicates there has been no systematic exploration of the region using modern exploration techniques and it has not been previously drilled. **Big Hill prospect** CXO mapped a 2km shear zone, up to 10m wide, containing high grade Pb-Zn (2Q15). Soil and rock chip sampling have identified additional prospective shear zone targets with high grade Pb-Zn values, including the **Grace Shear prospect**. CXO has a high priority drill program targeting fault zones under outcropping Ag-Pb-Zn mineralisation containing up to 14.7% zinc (Aug '15, 1000m diamond drilling). It was historically mined at depth and there is potential to detect a large mineralised system within a 2km by 8km area. Drilling to commence late August, assays expected from late October.

Jervois Domain Project (100% CXO, NT, Cu): 200km NE of Alice Springs. CXO tenements comprise 280km² targeting hybrid SEDEX-VHMS copper and base metals in the Eastern Arunta. Due to shallow cover, little exploration has been undertaken historically. Strong anomalies defined by conductivity, magnetic and Airborne Inductively Induced Polarisation (AIIP) defining a large target "Big-J" in conjunction with research partner CSIRO – using similar tools and an exploration model utilised successfully at **Bellbird** by **KGL Resources** (ASX: KGL, 500m from CXO tenement boundary) which intersected 13m @ 5.75% Cu, 23.2 g/t Ag, 0.32 g/t Au from 20m (announced Jul '14). KGL Jervois Copper Project resource: 26.7Mt @ 1.12%Cu, 16.6g/t Ag; plus Pb-Zn-Ag-Cu resource; PFS Dec '14 (2Mtpa plant, capex US\$189M, C1 net opex US\$1.51/lb). Other discoveries include nearby Rox Resources (ASX:RXL) 38m @ 4.4% Cu in the Bonya Metamorphics, the same host geology targeted by KGL and CXO. CXO is targeting interpreted repeated stratigraphy under cover on the eastern side of the Jervois Domain in the Bonya Metamorphics – at greater depth of 300-400m.

CXO maiden drill program to commence Sep '15 (4,000m RC) – testing multiple shallow targets within a 15km strike. It is the first drill program in the area, higher risk due to shallow cover and mineralisation not confirmed, targeting a large geophysical anomaly 500m from the boundary of KGL's significant Cu, Pb-Zn Bellbird discovery.

Inkheart - Blueys Project (100% CXO, NT, Pb-Ag-Zn): Drilling to test for Pb-Ag-Zn mineralisation at depth at the Bitter Springs Formation. Non binding MOU announced 19 August 2015 for third party to earn up to 80% in the project by spending \$2M. Details/conditions to be confirmed.

Uranium

Fitton Project (100% CXO, SA, U): Located 500km north of Adelaide, Fitton is in the Mt Painter Inlier a region marked by uraniferous granites prospective for primary and associated with secondary uranium. The area is within 25km of 3 high grade, sandstone hosted ISR uranium mines – Beverley, Beverley North and Four Mile. CXO is targeting hardrock uranium mineralisation in the Mt Painter Inlier and sedimentary hosted uranium in nearby tenements to the east and west in the same sedimentary horizon that hosts the Beverley/Four Mile uranium mines.

CXO discovered uranium drilling a magnetic anomaly at the **Scott Lee Prospect** Nov '12 (1900m) and followed with a second campaign Mar '13 (2500m) which intercepted shallow uranium mineralisation over a 1km strike. Best

intercepts include 11m @ 1309ppm U₃O₈ (from 49m downhole, across strike) and 60m @ 480ppm U₃O₈ (down plunge). Uranium outcrops at surface (0.30% U₃O₈) and is open at depth below 150m. CXO indicates the average width and grade of intercepts in the higher grade core to date averages around 10m width and 0.1% U₃O₈. Uranium mineralization appears to be structurally controlled within doleritic schist on the northwest edge of the Mt Painter Inlier. Follow up drilling is planned along strike targeting the host shear structures 2H16 (5,000-10,000, TBC) with potential to establish a resource. Geochem surveys planned 4Q15. **Unconformity targets:** Scott Lee prospect is located a few hundred metres below the major Unconformity – which represents a primary target. As does the **Hamilton prospect** with a coincident magnetic anomaly. Unconformity systems have the potential to host large, high grade uranium deposits with well known examples in Australia (McArthur Basin) and Canada (Athabasca Basin).

CXO also holds regional tenements prospective for **sandstone hosted uranium at Lake Frome**, in the same horizon, 25km east of, and downstream from Beverley/Four Mile, on ground previously held by Cameco - about 25km further from the uraniferous granite source for Beverley/Four Mile; and also holds tenements to the west with confirmed uranium mineralisation.

As further indication of CXO's strategic commitment to uranium it appointed Colin Skidmore as Exploration Manager Jul '14 who was former head of global exploration for Uranium One.

Uranium Market Outlook: The uranium spot price is US\$36.75/lb (24 Aug); contract price US\$44.50/lb (31 July). The uranium market has been under pressure since the nuclear accident in Japan (Fukushima) March 2011 which saw Japan's entire nuclear fleet shutdown or suspended. The first reactor came back online 11 August 2015 and another is expected online Oct '15. Further restarts are expected 2015/16 (~10 by Mar '16), and in total over 20 reactors are expected to come back online over time. The sector is positioned to benefit longer term from increasing global efforts to reduce carbon emissions, especially with expanding nuclear build in China and India, though marked increase in price may not be evident till the turn of the decade. The incentive price for new mine capacity is estimated at US\$65 /lb to US\$75/lb.

The Australia India Free Trade Agreement currently in negotiation with a 2015 target completion date could see increased interest for Indian strategic investment in Australian uranium projects. RCR understands CXO has recently completed a marketing trip to India, meeting with strategic investors, corporates and PE firms.

Corporate: Capital raising - SPP announced 16 July 2015 to raise \$1M priced at \$0.025/share, an 11% discount to the previous closing price, and 19.5% discount to 5 day VWAP. The first \$600k is underwritten. Closing date is 26 August.

CXO Drilling Diary:

2H15 Yerelina (Aug, 1000m DD); zinc;
Jervois (Sep, 4000m+ RC); copper;
Inkheart (4Q, 1000m DD); zinc-lead-silver;
2016 Fitton – tbc (2016, RC/DD); uranium;
Yambla – tbc (2016, RC); uranium

Investment Comment: CXO has an active, fully funded, exploration program drilling 3 well defined base metal targets 2H15 and geophysics (EM and gravity) at the Fitton uranium project. A steady flow of news is expected with each program; positive drill results, particularly at Yerelina and Jervois Domain projects have potential for discovery holes and a market re-rating for CXO.

KEY PROJECTS

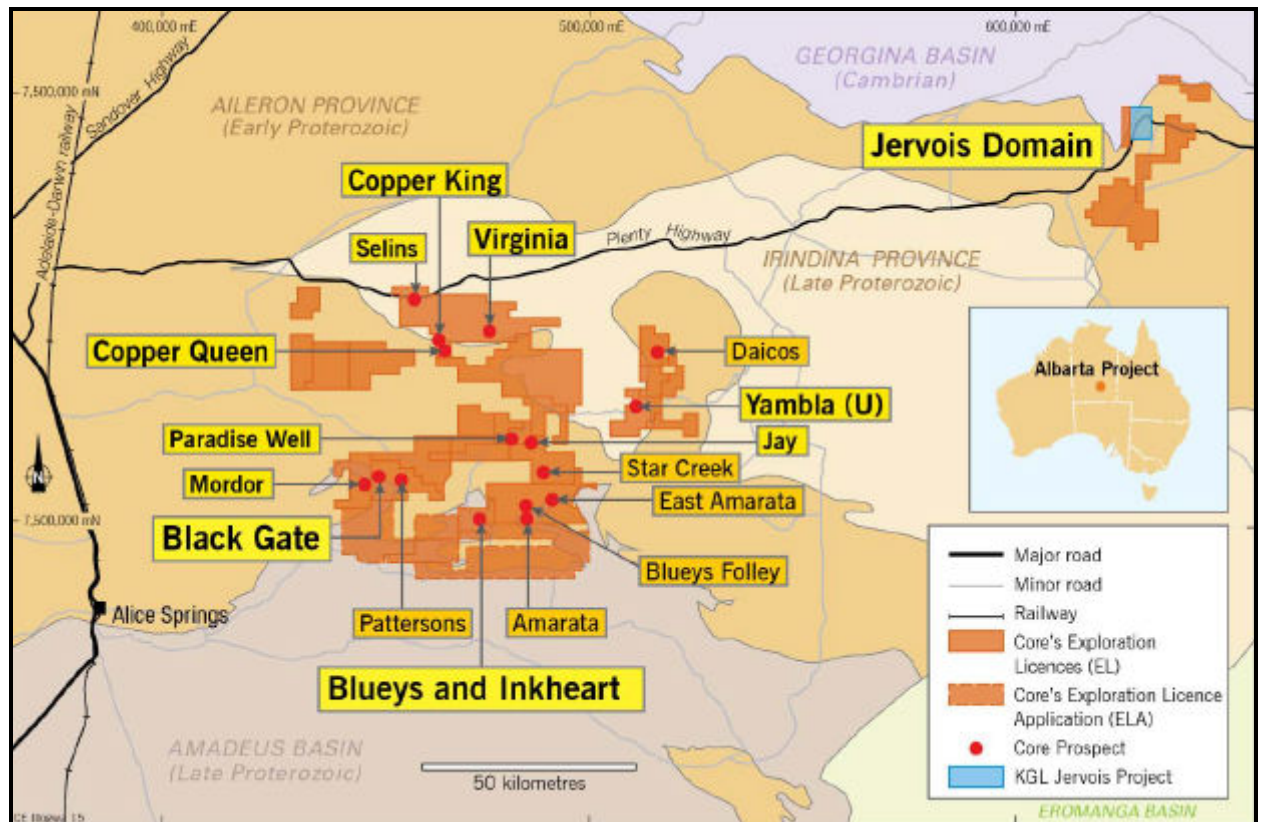
Project	Ownership/ Option	JV Partner	Target Type	Process Route	Project Status	Location
Yerelina Zinc Project	100%	na	Sediment hosted	na	Mid Expl	Australia (SA)
Fitton Uranium Project	100%	na	Granite, Sedimentary	na	Mid Expl	Australia (SA)
Jervois Project	100%	na	Cu: Sedex/VHMS	na	Mid Expl	Australia (NT)
Inkheart - Blueys Project	100%	na	Ag-Pb-Zn, Cu	na	Early Expl.	Australia (NT)
Roxby Project	100%	na	IOCG	na	Early Expl.	Australia (SA)
Albarta Project	various	na	Ag-Pb-Zn, Cu	na	Early Expl.	Australia (NT)

RESERVES AND RESOURCES/MINERALISED MATERIAL

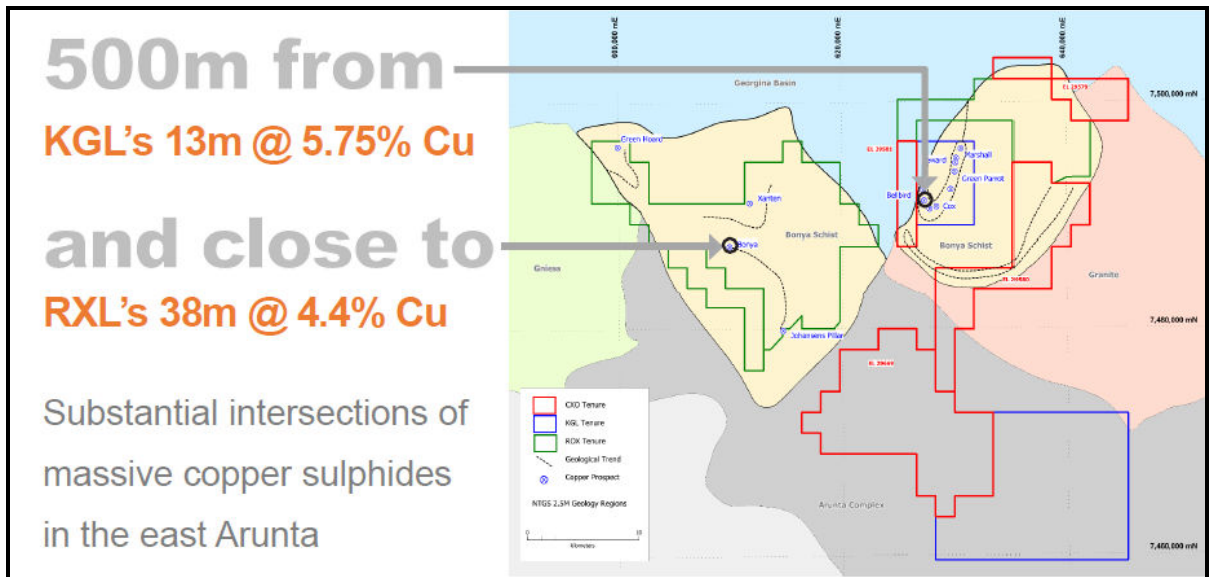
Code for reporting mineral resources - Australia (JORC)

Classification	Project Equity	Ore Mt	Grade g/t	Cut Off g/t	Koz	Mlb
Reserves					0.0	0.0
Resources					0.0	0.0
Mineralised Material (est., non compliant with JORC)					0.0	0.0

Jervois Domain Project (200km NE of Alice Springs) and Albarta Project (Inkheart) (NT, CXO 100%):



Jervois Domain (NT, CXO 100%): CXO has defined a large anomaly ("Big-J") with similar features to KGL's Bellbird discovery 500m from CXO's tenement boundary. KGL intersected 13m @ 5.75% Cu (Jul '14); and Rox Resources 38m @ 4.4% Cu in the Bonya Metamorphics, the same host geology targeted by KGL and CXO.



Jervois Domain: Strong anomalies defined by conductivity, magnetic and Airborne Inductively Induced Polarisation (AIIP) defined a large target "Big-J" in conjunction with research partner CSIRO. Due to shallow cover, little exploration has been undertaken historically. CXO maiden drill program to commence Sep '15 (4,000m RC) – testing multiple shallow targets within a 15km strike.

- New independent study by NTGS strengthens the potential of Core's Big-J Fold
- Core's 100% owned tenure covers 15km of the highly prospective Big-J

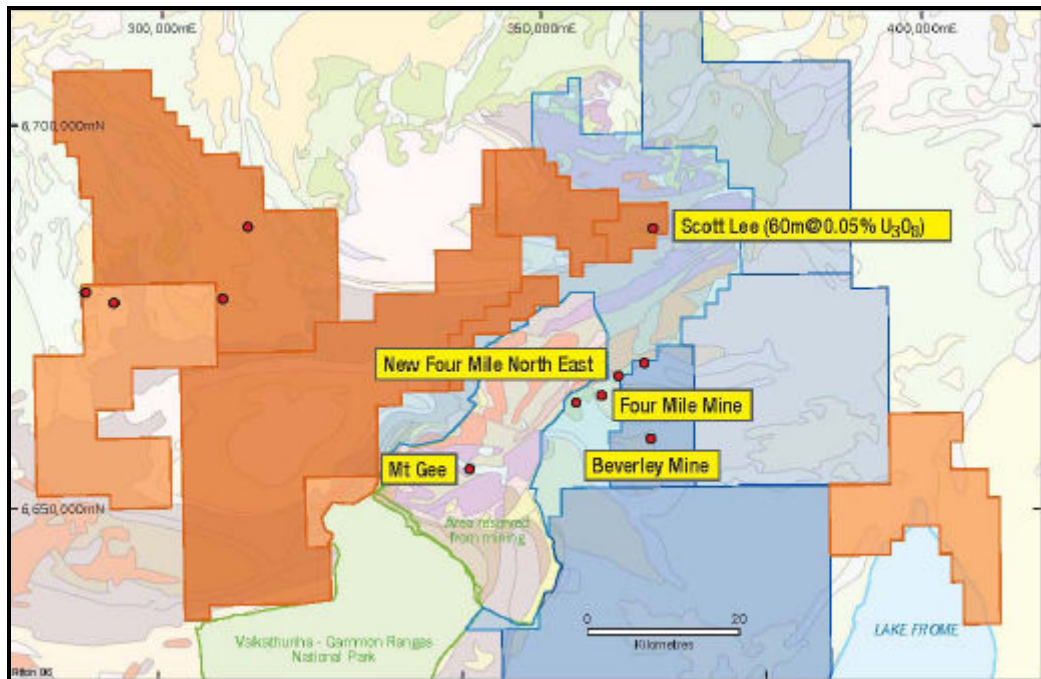
Local Exploration Implications: the 'big' J

J-Fold general trend of known mineralisation
Big-J general trend of new targets
 - - - trend of various fold axial planes
 ~~~~~ isoclinal folding if **NO shearing** would have occurred

- **Increasing tonnage of known local resources?**
- Local structures / isoclinal folding / repetition
- Geophysical targets: Sulphide/magnetite and gabbros

TMI + aerial photography overlay, J-Fold gross-structure  
 Northern Territory Government

Fitton Uranium Project, South Australia location map: CXO primary uranium intercepts at the Scott Lee Prospect in the Mt Painter Inlier include 11m @ 1309ppm U<sub>3</sub>O<sub>8</sub> and 60m @ 480ppm U<sub>3</sub>O<sub>8</sub> (2012/13). The area is within 25km of 3 high grade, sandstone hosted ISR uranium mines – Beverley, Beverley North and Four Mile. CXO is also targeting the same sandstone hosted uranium horizons at Lake Frome, 25km east of, and downstream from Beverley/Four Mile, on ground previously held by Cameco.

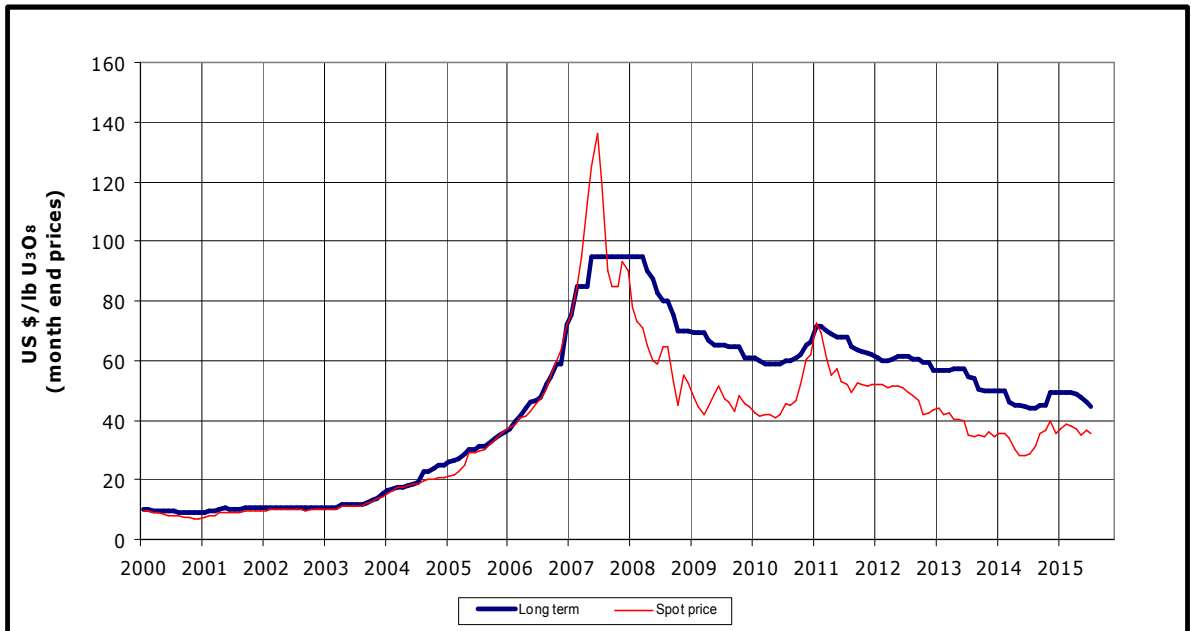


Fitton Uranium Project: Scott Lee Prospect – key drill intercepts. CXO indicates the average width and grade of intercepts in the higher grade core to date averages around 10m width and 0.1% U<sub>3</sub>O<sub>8</sub>.

|              |                                                                                                                                                                                                          |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hole SLRC017 | <b>21m @ 384ppm (0.04%) U<sub>3</sub>O<sub>8</sub> from 40m</b><br>Inc. 6m @ 978ppm (0.10%) U <sub>3</sub> O <sub>8</sub> from 54m                                                                       |
| Hole SLRC022 | <b>19m @ 487ppm (0.05%) U<sub>3</sub>O<sub>8</sub> from 79m</b><br>Inc. 6m @ 1,112ppm (0.11%) U <sub>3</sub> O <sub>8</sub> from 89m                                                                     |
| Hole SLRC028 | <b>60m @ 482ppm (0.05%) U<sub>3</sub>O<sub>8</sub> from 53m</b><br>Inc. 35m @ 750ppm (0.08%) U <sub>3</sub> O <sub>8</sub> from 53m<br>Inc. 4m @ 3,100ppm (0.31%) U <sub>3</sub> O <sub>8</sub> from 55m |
| Hole SLRC029 | <b>75m @ 268ppm (0.03%) U<sub>3</sub>O<sub>8</sub> from 82m</b><br>Inc. 31m @ 452ppm (0.05%) U <sub>3</sub> O <sub>8</sub> from 126m                                                                     |

**Uranium Price Chart: Long-term and spot average uranium prices: January 2000 - July 2015 (US\$/lb).**

The uranium price has risen from a near 10 year low of US\$28/lb (30 June 2014) to a recent high of US\$44/lb (17 November 2014). The spot price is currently US\$36.75/lb (24 Aug). The contract price is US\$44.50/lb (31 July 2015).



Source: Cameco, RCR

**Note:** A resurgence in the uranium price to US\$55/lb is anticipated 2H16, driven by renewed demand for uranium from Japan and ongoing global growth in nuclear reactor construction; currently there are 436 operable reactors globally, 67 reactors under construction and 488 planned and proposed (WNA July 2015). Growth is expected to remain particularly strong in Asia, led by China which has resolved to increase the energy share of non fossil fuels to meet climate targets: official installed nuclear capacity projections of up to 70-80 GWe by 2020, and 200 GWe by 2030. This compares with a 23 GWe capacity today (26 reactors). China has 25 reactors currently under construction – 24 of which are expected online in 2015-18.

Demand for uranium is expected to increase from 170mlbspa U<sub>3</sub>O<sub>8</sub> currently to 252mlbspa by 2030 (WNA 2013 reference case). Longer term, incentive prices above US\$60/lb are expected to be supported by the opening of a marked supply gap and growing global urgency to reduce carbon emissions.

RCR uranium spot price forecasts are CY15 US\$37.80/lb, CY16 US\$45/lb, CY17 US\$53.80/lb, long term US\$55/lb (LT contract price US\$65/lb); and long term AUD 0.85.

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