

CORE EXPLORATION LTD
ACN: 146 287 809



Interim Consolidated Financial Statements

for the half-year ended 31 December 2016

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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 2016 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 2016, Core continued its exploration programs at its 100%-owned tenements in the Finniss region in the Northern Territory.

The net loss of the Company, from the six months to 31 December 2016, was \$878,544.

During the period, the Company raised \$9.0 million through a share placement and share purchase plan to progress the Group's lithium projects.

During the period, the Group issued 1,086,957 Shares upon completion of the agreement to acquire Exploration Licence EL 29698 at the Finniss Lithium Project in the Northern Territory. Further, the Group issued 1,000,000 shares and paid \$85,000 as consideration for the acquisition of Exploration Licence EL 31058 in the Northern Territory.

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* (Cth) 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

2 March 2017

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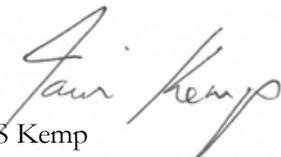
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CORE EXPLORATION LTD**

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 2016, 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, 2 March 2017

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Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2016

| | Notes | 31 December 2016 \$ | 31 December 2015 \$ |
|---|-------|---------------------------|---------------------------|
| Interest income | | 42,595 | 3,214 |
| Other income | | - | 22,188 |
| Administration costs | | (333,860) | (156,155) |
| Employee benefits expense | | (258,880) | (110,682) |
| Exploration expense | | (11,712) | (18,195) |
| Impairment expense | | (306,574) | (577,015) |
| Depreciation | | (8,919) | (9,664) |
| Other expenses | | (1,194) | (563) |
| Loss before tax | | (878,544) | (846,872) |
| Income tax benefit | | - | 127,103 |
| Loss for the period from continuing operations attributable to owners of the parent | | (878,544) | (719,769) |
| Other Comprehensive income attributable to owners of the parent | | - | - |
| Total Comprehensive loss for the period attributable to owners of the parent | | (878,544) | (719,769) |
| Earnings Per Share from Continuing Operations | | | |
| Basic and diluted Loss – cents per share | 2 | (0.28) | (0.43) |

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

Statement of Financial Position
As at 31 December 2016

| | Notes | 31 December 2016 \$ | 30 June 2016 \$ |
|--|-------|---------------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 8,265,068 | 2,413,141 |
| Trade and other receivables | | 257,919 | 91,121 |
| Total current assets | | 8,522,987 | 2,504,262 |
| Non-current assets | | | |
| Exploration and evaluation expenditure | 3 | 8,103,095 | 6,253,772 |
| Plant and equipment | | 58,494 | 71,526 |
| Total non-current assets | | 8,161,589 | 6,325,298 |
| TOTAL ASSETS | | 16,684,576 | 8,829,560 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 718,970 | 589,028 |
| Employee provisions | | 3,930 | 571 |
| Total current liabilities | | 722,900 | 589,599 |
| TOTAL LIABILITIES | | 722,900 | 589,599 |
| NET ASSETS | | 15,961,676 | 8,239,961 |
| EQUITY | | | |
| Issued capital | 4 | 23,835,207 | 15,298,164 |
| Reserves | 5 | 518,560 | 461,724 |
| Accumulated losses | | (8,392,091) | (7,519,927) |
| TOTAL EQUITY | | 15,961,676 | 8,239,961 |

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 2016

| | Share capital | Option / Rights reserve | Accumulated losses | Total equity |
|---|-------------------|-------------------------|--------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| 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 |
| Balance at 1 July 2016 | 15,298,164 | 461,724 | (7,519,927) | 8,239,961 |
| Share placement and share purchase plan | 8,978,081 | - | - | 8,978,081 |
| Acquisition of projects | 105,000 | - | - | 105,000 |
| Exercise and lapse of options and rights | 62,399 | (14,179) | 6,380 | 54,600 |
| Issue Costs | (608,437) | - | - | (608,437) |
| Fair value of performance rights and options issued to officers, employees and shareholders | - | 71,015 | - | 71,015 |
| Transactions with owners | 8,537,043 | 56,836 | 6,380 | 8,600,259 |
| Comprehensive income: | | | | |
| Total profit or loss for the reporting period | - | - | (878,544) | (878,544) |
| Total other comprehensive income for the reporting period | - | - | - | - |
| Balance 31 December 2016 | 23,835,207 | 518,560 | (8,392,091) | 15,961,676 |

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 2016

| | 31 December 2016 \$ | 31 December 2015 \$ |
|--|---------------------------|---------------------------|
| Operating activities | | |
| Interest received | 31,296 | 4,632 |
| Other income received | - | 22,188 |
| Payments to suppliers and employees | (745,171) | (305,917) |
| Net cash used in operating activities | <u>(713,875)</u> | <u>(279,097)</u> |
| Investing activities | | |
| Proceeds on sale of assets | - | 470 |
| Payments for plant and equipment | (3,014) | (216) |
| Payments for capitalised exploration expenditure | (1,857,352) | (674,985) |
| Net cash used in investing activities | <u>(1,860,366)</u> | <u>(674,731)</u> |
| Financing activities | | |
| Proceeds from issue of share capital | 9,032,680 | 681,570 |
| Subscriptions received | - | 25,616 |
| Payments for capital raising costs | (606,512) | (74,070) |
| Net cash from financing activities | <u>8,426,168</u> | <u>633,116</u> |
| Net change in cash and cash equivalents | <u>5,851,927</u> | <u>(320,712)</u> |
| Cash and cash equivalents, beginning of reporting period | <u>2,413,141</u> | <u>533,832</u> |
| Cash and cash equivalents, end of period | <u>8,265,068</u> | <u>213,120</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 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of operations

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

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 2016 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* (Cth) 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 2016 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* (Cth). 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 2 March 2017.

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 2016.

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. 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 2016 # | 6 months to December 2015 # |
|--|--|--|
| Weighted average number of shares used in basic earnings per share | 312,007,296 | 166,385,955 |
| Weighted average number of shares used in diluted earnings per share | 312,007,296 | 166,385,955 |
| Loss per share – basic and diluted (cents) | 0.28 | 0.43 |

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

3. EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2016 \$ | 30 June 2016 \$ |
|--|------------------------------------|--------------------------------|
| Opening balance | 6,253,772 | 5,780,273 |
| Expenditure on exploration during the period | 1,933,839 | 1,301,939 |
| Acquisition of projects | 233,770 | 80,848 |
| Impairment of capitalised exploration | (306,574) | (733,587) |
| Exploration expenditure expensed | (11,712) | (175,701) |
| Closing balance | 8,103,095 | 6,253,772 |

During the period, the Group issued 1,086,957 Shares upon completion of the agreement to acquire Exploration Licence EL 29698 at the Finniss Lithium Project in the Northern Territory. Further, the Group issued 1,000,000 shares (escrowed for a six month period) and paid \$85,000 as consideration for the acquisition of Exploration Licence EL 31058 in the Northern Territory. The fair value of the shares issued and cash consideration paid is reflected in the acquisition of projects above.

During the period, one tenement was relinquished and another was planned to be relinquished. An impairment expense of \$306,574 is recognised in relation to these relinquishments.

4. SHARE CAPITAL

| 31 December 2016 | Number of shares | 31 December 2016 \$ |
|---|-----------------------------|------------------------------------|
| (a) Issued and paid up capital | | |
| Fully paid ordinary shares | 374,503,991 | 23,835,207 |
| | <hr/> | <hr/> |
| | 374,503,991 | 23,835,207 |
| (b) Movements in fully paid shares | | |
| Balance as at 1 July 2016 | 270,928,583 | 15,298,164 |
| Share purchase plan | 32,861,263 | 2,957,514 |
| Share placement | 66,895,188 | 6,020,567 |
| Purchase of exploration tenements | 2,086,957 | 105,000 |
| Exercise of options | 1,092,000 | 60,198 |
| Exercise of performance rights | 640,000 | 2,201 |
| Capital raising costs | - | (608,437) |
| | <hr/> | <hr/> |
| Balance as at 31 December 2016 | 374,503,991 | 23,835,207 |
| | <hr/> | <hr/> |
| 30 June 2016 | Number of shares | 30 June 2016 \$ |
| (a) Issued and paid up capital | | |
| Fully paid ordinary shares | 270,928,583 | 15,298,164 |
| | <hr/> | <hr/> |
| | 270,928,583 | 15,298,164 |
| (b) Movements in fully paid shares | | |
| Balance as at 1 July 2015 | 150,486,287 | 11,928,892 |
| Share purchase plan – including placement of shortfall with underwriter | 24,000,008 | 600,000 |
| Share placements | 96,097,100 | 3,165,851 |
| Consideration for services | 332,688 | 6,925 |
| Exercise of quoted options (including fair value) | 12,500 | 674 |
| Issue costs (net of tax) | - | (404,178) |
| | <hr/> | <hr/> |
| Balance as at 30 June 2016 | 270,928,583 | 15,298,164 |
| | <hr/> | <hr/> |

5. 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 2016 \$ | 30 June 2016 \$ |
|---|------------------------------------|--------------------------------|
| Opening balance | 461,724 | 527,080 |
| Issue of options during the year | - | 450,155 |
| Issue of performance rights during the year | 71,015 | 1,782 |
| Exercise of options / rights | (7,799) | (49) |
| Lapse of options and performance rights | (6,380) | (517,244) |
| Closing balance | 518,560 | 461,724 |
| Options reserve | 449,746 | 461,724 |
| Performance rights reserve | 68,814 | - |
| Total options / rights reserve | 518,560 | 461,724 |

During the six months to 31 December 2016, 1,000,000 unlisted options and 92,000 listed options were exercised and 1,200,000 unlisted options lapsed.

Further, 7,600,000 performance rights were issued to directors, KMP and an employee as remuneration. The performance rights have no exercise price and range in fair value from 1.86 cents each to 4.89 cents with various KPI based performance conditions. The rights expire between 31 July 2017 and 28 February 2020.

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 Group has no contingent liabilities at 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 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 31 January 2017, 1,000,000 unlisted options issued to a director lapsed as the vesting condition was not met.

On 24 February 2017, 3,263 shares were issued upon exercise of quoted options by shareholders.

On 28 February 2017, 5,000,000 unlisted options were issued to Hartleys Limited for professional advisory services fees.

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* (Cth), including:
 - i. giving a true and fair view of its financial position as at 31 December 2016 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
2 March 2017

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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 (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 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 consolidated entity's financial position as at 31 December 2016 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.

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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.

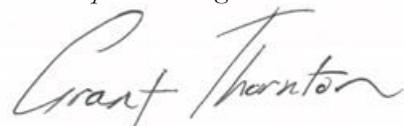
Independence

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

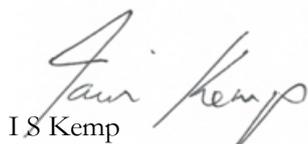
Conclusion

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 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 2016 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*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner - Audit & Assurance

Adelaide, 2 March 2017