

CORE EXPLORATION LTD
ACN: 146 287 809



Interim Consolidated Financial Statements

for the half-year ended 31 December 2017

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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 2017 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 tenements in 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 2017, Core continued exploration and development 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 2017 was \$1,326,325 (2016: \$878,544).

During the period, the Company raised \$4.3 million through a share placement and exercises of previously quoted options (ASX:CXOOA) to progress the Group's lithium projects.

During the period, the Group issued 39,232,025 Shares and paid \$1,500,000 cash as consideration for the acquisition of Exploration Licences EL29699, EL30012 and EL30015 and Mining Lease MLN16 at the Bynoe Lithium Project in the Northern Territory – adjacent to the Finniss Lithium Project.

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

22 February 2018

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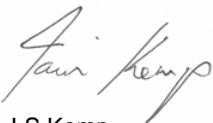
Auditor's Independence Declaration to the Directors of Core Exploration Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Core Exploration Ltd for the half-year ended 31 December 2017. 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, 22 February 2018

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Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2017

	Notes	31 December 2017 \$	31 December 2016 \$
Interest income		51,876	42,595
Administration costs		(470,083)	(333,860)
Employee benefits expense		(386,898)	(258,880)
Exploration expense		(30,506)	(11,712)
Impairment expense		(477,564)	(306,574)
Depreciation		(13,150)	(8,919)
Other expenses		-	(1,194)
Loss before tax		(1,326,325)	(878,544)
Income tax benefit		-	-
Loss for the period from continuing operations attributable to owners of the parent		(1,326,325)	(878,544)
Other Comprehensive loss attributable to owners of the parent		-	-
Total Comprehensive loss for the period attributable to owners of the parent		(1,326,325)	(878,544)
Earnings Per Share from Continuing Operations			
Basic and diluted Loss – cents per share	2	(0.30)	(0.28)

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

Statement of Financial Position
As at 31 December 2017

	Notes	31 December 2017 \$	30 June 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,577,171	6,123,017
Trade and other receivables		544,003	368,513
Total current assets		5,121,174	6,491,530
Non-current assets			
Exploration and evaluation expenditure	3	15,582,548	9,392,840
Plant and equipment		120,497	99,669
Total non-current assets		15,703,045	9,492,509
TOTAL ASSETS		20,824,219	15,984,039
LIABILITIES			
Current liabilities			
Trade and other payables		734,401	853,623
Employee provisions		14,336	4,964
Total current liabilities		748,737	858,587
TOTAL LIABILITIES		748,737	858,587
NET ASSETS		20,075,482	15,125,452
EQUITY			
Issued capital	4	30,305,388	23,945,311
Reserves	5	281,780	627,377
Accumulated losses		(10,511,686)	(9,447,236)
TOTAL EQUITY		20,075,482	15,125,452

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 2017

	Share capital	Option / Rights reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
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
Balance at 1 July 2017	23,945,311	627,377	(9,447,236)	15,125,452
Share placement	2,004,000	-	-	2,004,000
Acquisition of projects	2,000,000	-	-	2,000,000
Exercise and lapse of options and rights	2,483,095	(454,396)	261,875	2,290,574
Issue Costs	(127,018)	-	-	(127,018)
Fair value of performance rights and options issued to officers and employees	-	108,799	-	108,799
Transactions with owners	6,360,077	(345,597)	261,875	6,276,355
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(1,326,325)	(1,326,325)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2017	30,305,388	281,780	(10,511,686)	20,075,482

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 2017

	31 December 2017 \$	31 December 2016 \$
Operating activities		
Interest received	63,016	31,296
Research and Development tax benefit	63,817	-
Payments to suppliers and employees	(983,817)	(745,171)
Net cash used in operating activities	<u>(856,984)</u>	<u>(713,875)</u>
Investing activities		
Payments for plant and equipment	(40,281)	(3,014)
Payments for capitalised exploration expenditure	(4,877,052)	(1,857,352)
Net cash used in investing activities	<u>(4,917,333)</u>	<u>(1,860,366)</u>
Financing activities		
Proceeds from issue of share capital	4,298,138	9,032,680
Payments for capital raising costs	(69,667)	(606,512)
Net cash from financing activities	<u>4,228,471</u>	<u>8,426,168</u>
Net change in cash and cash equivalents	<u>(1,545,846)</u>	<u>5,851,927</u>
Cash and cash equivalents, beginning of reporting period	<u>6,123,017</u>	<u>2,413,141</u>
Cash and cash equivalents, end of period	<u>4,577,171</u>	<u>8,265,068</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 2017

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 2017 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 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 2017 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 22 February 2018.

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 2017.

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 2017	6 months to December 2016
	#	#
Weighted average number of shares used in basic earnings per share	437,440,923	312,007,296
Weighted average number of shares used in diluted earnings per share	437,440,923	312,007,296
Loss per share – basic and diluted (cents)	0.30	0.28

The calculation of diluted loss per share at 31 December 2017 is the same as basic diluted loss per share. In accordance with AASB 133 Earning per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to listed and unlisted options and performance rights at 31 December totalled 14,500,000 (2016: 122,732,959).

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017	30 June 2017
	\$	\$
Opening balance	9,392,840	6,253,772
Expenditure on exploration during the period	2,888,201	4,077,895
Acquisition of projects	3,809,577	-
Impairment of capitalised exploration	(477,564)	(883,902)
Exploration expenditure expensed	(30,506)	(54,925)
Closing balance	<u>15,582,548</u>	<u>9,392,840</u>

During the period, the Group issued 39,232,025 Shares upon completion of the agreement to acquire Exploration Licences EL29699, EL30012 and EL30015 and Mining Lease MLN16 at the Bynoe Lithium Project in the Northern Territory – adjacent to the Finnis Lithium Project. The fair value of the shares issued and cash consideration paid is reflected in the acquisition of projects above.

During the period, three tenements were relinquished or planned to be relinquished (11 March 2018). An impairment expense of \$477,564 is recognised in relation to these relinquishments.

4. SHARE CAPITAL

31 December 2017	Number of shares	31 December 2017 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	496,320,860	30,305,388
	<hr/>	<hr/>
	496,320,860	30,305,388
(b) Movements in fully paid shares		
Balance as at 1 July 2017	376,546,066	23,945,311
Share placement	33,400,000	2,004,000
Purchase of mineral licences	39,232,025	2,000,000
Exercise of options	45,882,769	2,473,882
Exercise of performance rights	1,260,000	9,213
Capital raising costs	-	(127,018)
	<hr/>	<hr/>
Balance as at 31 December 2017	496,320,860	30,305,388
30 June 2017		
	Number of shares	30 June 2017 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	376,546,066	23,945,311
	<hr/>	<hr/>
	376,546,066	23,945,311
(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
Acquisition of exploration tenements	2,086,957	105,000
Exercise of quoted and unquoted options (including fair value)	3,774,075	172,503
Issue costs	-	(608,437)
	<hr/>	<hr/>
Balance as at 30 June 2017	376,546,066	23,945,311

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 2017 \$	30 June 2017 \$
Opening balance	627,377	461,724
Issue of options during the period	27,167	116,944
Issue of performance rights during the period	81,632	71,015
Exercise of options / rights	(183,308)	(15,799)
Lapse of options and performance rights	(271,088)	(6,507)
Closing balance	281,780	627,377
Options reserve	144,111	558,563
Performance rights reserve	137,669	68,814
Total options / rights reserve	281,780	627,377

During the six months to 31 December 2017, 45,882,769 listed options were exercised and 66,848,115 listed options lapsed. On 27 November 2017, 1,500,000 performance based options were issued to KMP – the options have an exercise price of 7.0 cents and expiry of 30 September 2019.

Further, 2,900,000 performance rights were issued to KMP and employees as remuneration. The performance rights have no exercise price and range in fair value from 1.93 cents each to 5.70 cents with various KPI based performance conditions. The rights expire between 30 September 2018 and 31 March 2019.

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 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.

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 2017 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
22 February 2018

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Independent Auditor's Review Report To the Members of Core Exploration Ltd

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Core Exploration Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Core Exploration Ltd does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with 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 Group's financial position as at 31 December 2017 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.

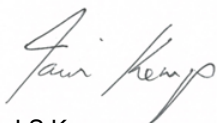
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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 have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 22 February 2018