CORE EXPLORATION LTD

ACN 146 287 809

Interim Financial Report

for the period 10 September 2010 (date of incorporation) to 31 December 2010

CORE EXPLORATION LTD

ACN: 146 287 809

Contents

This financial report covers Core Exploration Ltd as a single entity. The financial report is presented in Australian dollars.

Core Exploration Ltd is a company limited by shares, incorporated and domiciled in Australia. It's registered office and principal place of business is:

Core Exploration Ltd
Level 15, 45 Pirie St
Adelaide, South Australia
Australia 5000

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the Directors' Report on page 2, which does not form part of this financial report.

The Company has the power to amend and reissue the financial report.

ACN: 146 287 809

Corporate Information

Directors:
Greg English
Non-Executive Chairman

Stephen Biggins
Managing Director

Michael Schwarz
Non-Executive Director

Company Secretary:
Joshua Ward

Registered & Principal Office:
Level 15, 45 Pirie St
Adelaide, SA Australia 5000
Telephone: + 618 8210 1254
Facsimile: + 618 9482 0505

Postal Address:
P.O. Box 902
WEST PERTH WA 6872

Auditors:
Grant Thornton Audit Pty Ltd
Level 1
67 Greenhill Rd
Wayville SA 5034

Solicitors:
Norman Waterhouse Lawyers
Level 15, 45 Pirie St
Adelaide, SA 5000

Home Stock Exchange:
Australian Securities Exchange
Level 30
91 King William Street
ADELAIDE SA 5000
ASX Code – CXO

Share Registry:
Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

CORE EXPLORATION LTD

ACN: 146 287 809

Directors' Report

Your Directors have pleasure in submitting their report on the Company for the period from 10 September (date of incorporation) to 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report is as follows:

DIRECTORS

The names and details of Directors in office at any time during the period were:

Greg English	Non Executive Chairman	(Appointed 10 September 2010)
Stephen Biggins	Managing Director	(Appointed 10 September 2010)
Michael Schwarz	Non Executive Director	(Appointed 10 September 2010)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

Core Exploration Ltd's ("Core" or the "Company") principal activities are the review of potential investment opportunities in the resources sector that will provide significant returns to shareholders.

RESULTS

The net loss attributable to members of the parent entity for the period ended 31 December 2010 amounted to $262,305.

OPERATING AND FINANCIAL REVIEW

Core was incorporated in September 2010, and in October raised $500,000 of seed capital in order to assess and acquire projects in the resources sector. On 10 November 2010 the Company signed a share sale agreement with Sturt Exploration Pty Ltd and DBL Blues Pty Ltd to acquire exploration licences and application prospective for iron oxide, gold, copper and uranium.

The Company released a prospectus on 15 November 2010 for an initial public offering seeking to raise up to $5,000,000. At balance date, subscriptions totalling $779,500 had been received by the Company.

LIKELY DEVELOPMENTS

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Company that were not finalised at the date of this report. Further information as to likely developments in the operations of the Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Company.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the period ended 31 December 2010 has been received and can be found on page 4.

Directors' Report

AUDITOR

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporation Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

Stephen Biggins
Managing Director

Adelaide
9 March 2011

Grant Thornton

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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 interim period ended 31 December 2010, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Director – Audit & Assurance Services

Adelaide, 9 March 2011

ACN: 146 287 809

Condensed Statement of Comprehensive Income

For the period 10 September (date of incorporation) to 31 December 2010

	Note	31 December 2010 $
Finance Income		1,672
Financial administration, insurance and compliance costs		(4,438)
Consulting and contracting expenses		(27,500)
Employee benefits expense		-
Share based payments expense	5	(161,400)
Prospectus costs		(57,601)
Administration expenses		(13,038)
Loss before income tax expense		(262,305)
Income tax benefit / (expense)		-
Loss for the period		(262,305)
Other comprehensive income		-
Total comprehensive income for the period		(262,305)
Basic and diluted loss per share - cents per share		(7.03)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position

As at 31 December 2010

	Note	31 December 2010 $
ASSETS		
Current assets		
Cash and cash equivalents	3	1,140,390
Other Receivables		14,668
Other current assets		88,079
Total current assets		1,243,137
Non-current assets		
Financial assets		2,994
Total non-current assets		2,994
TOTAL ASSETS		1,246,131
LIABILITIES		
Current liabilities		
Trade and other payables		73,286
Subscriptions received	3	779,500
Total current liabilities		852,786
TOTAL LIABILITIES		852,786
NET ASSETS		393,345
EQUITY		
Issued capital	4	494,250
Reserves		161,400
Accumulated losses		(262,305)
TOTAL EQUITY		393,345

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

CORE EXPLORATION LTD
ACN: 146 287 809

Condensed Statement of Changes in Equity

For the period 10 September (date of incorporation) to 31 December 2010

2010	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Total Equity $
Total equity at the beginning of the period		-	-	-	-
Total comprehensive loss for the period		-	-	(262,305)	(262,305)
Transactions with equity holders:					
Contributions of equity, net of transaction costs		494,250	-	-	494,250
Share-based payments	5	-	161,400	-	161,400
Total equity at 31 December 2010		**494,250**	**161,400**	**(262,305)**	**393,345**

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2010

	Note	31 December 2010 $
Cash flows from operating activities		
Interest received		1,672
Payments to suppliers and employees		(57,964)
Net cash used in operating activities		(56,292)
Cash flows from investing activities		
Loans to third parties		(2,994)
Net cash used in investing activities		(2,994)
Cash flows from financing activities		
Proceeds from the issue of shares		525,000
Share subscriptions received		779,500
Payments for share issue costs		(104,824)
Net cash provided by financing activities		1,199,676
Net increase in cash and cash equivalents		1,140,390
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	3	**1,140,390**

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Core Exploration Ltd (the "Company") is a company domiciled in Australia. The interim financial report of the Company as at and for the period ended 31 December 2010 comprises the Company as a single entity.

BASIS OF PREPARATION

These interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards also ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This condensed interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with any public announcements made by Core Exploration Ltd during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those set out in the Prospectus dated 15 November 2010.

BASIS OF PREPARATION

The historical financial information has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Income Tax

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”), except; where the GST incurred is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area of interest are written off in full against profit in the year in which the decision to abandon the area of interest is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extend of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Impairment of Assets

Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Companys of assets, in which case the recoverable amount is determined for the cash-generating unit (Company of assets) to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Share-Based Payments

The Company has provided payment to related and third parties in the form of share-based compensation, whereby parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using either a Binomial or Black - Scholes methodology depending on the nature of the option terms.

The Binomial option pricing model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. It assumes that underlying security prices can only either increase or decrease with time until the option expires.

The Binomial model reduces possibilities of price changes, removes the possibility for arbitrage, assumes a perfectly efficient market, and shortens the duration of the option. Under these simplifications, it is able to provide a mathematical valuation of the option at each point in time specified. The Binomial model takes a risk-neutral approach to valuation.

The Black & Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Revenue

Revenue comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss.

(i) Finance Costs

Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest rate method.

(j) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Earnings per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(l) Trade and other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Significant Accounting Estimates and Assumptions

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. 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 and economic data, obtained both externally and within the Company.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 5. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

ii) Exploration and Evaluation Expenditure

The Company's policy for exploration and evaluation is discussed in Note 1(d). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of comprehensive income.

This consolidated interim financial report was approved by the Board of Directors on 9 March 2011.

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 2 – LOSS BEFORE INCOME TAX EXPENSE

	31 December 2010 $
The following expense items are relevant in explaining the financial performance for the half-year:	
Share-based payments	161,400

NOTE 3 – CASH AND CASH EQUIVALENTS

	2010 $
Cash and cash equivalents	1,140,390
(a) Cash balances not available for use	779,500

These funds relate to share subscriptions for which the Company at balance date had not issued shares.

NOTE 4 - ISSUED CAPITAL

	2010 #	2010 $
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	6,000,000	494,250
(b) Movements in fully paid shares on issue		
Opening balance 10 September 2010	-	-
Shares issued in relation to capital raisings	6,000,000	525,000
Capital raising costs	-	(30,750)
Total fully paid shares on issue	6,000,000	494,250

As at 31 December 2010 the Company had a total of 4,500,000 unissued ordinary shares on which options are outstanding with an average weighted exercise price of 25 cents.

NOTE 5 – SHARE BASED PAYMENTS

Share-based payment transactions

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2010 $
3,000,000 Unlisted Options issued to directors	104,700
1,500,000 Unlisted Options issued to advisors	56,700
	161,400

NOTE 5 – SHARE BASED PAYMENTS (CONTINUED)

The options detailed above were issued on the following terms and conditions:

Date Granted	Expiry Date	Exercise Price	Issued During the period
11 November 2010	30 June 2014	0.25	3,000,000
11 November 2010	31 October 2014	0.25	1,500,000
			4,500,000

Fair value of options granted

The fair value of unlisted options is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Black-Scholes valuation is expensed over the vesting period of the particular options.

The table below summarises the model inputs for options granted during the period and valued using the Black-Scholes option pricing model:

Model Inputs	Director Options	Advisor Options
1. Options granted for no consideration:	3,000,000	1,500,000
2. Exercise price (cents):	25	25
3. Valuation date:	11 November 2010	11 November 2010
4. Expiry date:	30 June 2014	31 October 2014
5. Underlying security spot price at approval date (cents):	10	10
6. Expected price volatility of the company's shares:	75%	75%
7. Expected dividend yield:	0%	0%
8. Risk-free interest rate	4.75%	4.75%
Black & Scholes Valuation per Option	0.0349	0.0378

Director options granted during the period have vested and are exercisable from the date granted.

Advisor options vest and are exercisable from the date at which the Company commenced trading on the ASX.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the period, a total of $412 was loaned to the company from Greg English in relation to incorporation expenses. This amount remained outstanding at 31 December 2010.

A total of $8,000 was advanced to Stephen Biggins during the period for airfares, accommodation and travel on behalf of the Company. This amount remained outstanding at 31 December 2010.

NOTE 7 – CONTINGENT ASSETS & LIABILITIES

The Directors are not aware of any contingent assets or liabilities that currently affect the Company.

NOTE 8 –SUBSEQUENT EVENTS

On 31 January 2011 the Company completed share sale agreements with Sturt Exploration Pty Ltd and DBL Blues Pty Ltd for the acquisition of exploration licenses and application in South Australia. On 4 February 2011, the Company raised $5,000,000 by the issue of 25,000,000 fully paid ordinary shares at an issue price of $0.20 per share. On 11 February 2011 the Company was listed on the Australian Securities Exchange under the code CXO.

Aside from the matters above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

ACN: 146 287 809

Directors' Declaration

The Directors of the Company declare that:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standards, AASB 134: Interim Financial Reporting; and

   b. giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the period then ended.

2. In the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the board

Stephen Biggins
Managing Director
Adelaide
9 March 2011

Grant Thornton

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

We have reviewed the accompanying interim financial report of Core Exploration Ltd ("Company"), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position as at 31 December 2010 and its performance for the interim period 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.

GrantThornton

A review of a interim 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 interim 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 Company's financial position as at 31 December 2010 and of its performance for the interim period ended on that date; and

b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Director – Audit & Assurance Services

Adelaide, 9 March 2011