CORE EXPLORATION LTD
ACN: 146 287 809



ACN 146 287 809

Interim Consolidated Financial Statements

for the half-year ended 31 December 2013

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

Contents

DIRECTORS' REPORT 2
AUDITOR'S INDEPENDENCE DECLARATION 3
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 4
STATEMENT OF FINANCIAL POSITION 5
STATEMENT OF CHANGES IN EQUITY 6
STATEMENT OF CASH FLOWS 7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 8
DIRECTORS' DECLARATION 12
INDEPENDENT REVIEW REPORT 13

This Interim Report covers Core Exploration Ltd ("Core" or the "Company") as a Group consisting of Core Exploration Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in the Australian currency.

Core is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Core Exploration Ltd
Level 2, 143 Hutt Street
Adelaide SA 5000

Website www.coreexploration.com.au

Directors' Report

The Directors of Core Exploration Ltd present their Report together with the financial statements of the consolidated entity, being Core Exploration ("Core" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2013 and the Independent Review Report thereon.

DIRECTORS

The following persons were directors of Core throughout the period.

- Gregory English
- Stephen Biggins
- Michael Schwarz

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Core Exploration Ltd holds exploration projects comprising prospective tenements in the newly confirmed, highly prospective Aileron Province geology in the Northern Territory and world-class mining provinces in South Australia.

The Company's project areas are focused on targets within prospective geological terrains for copper and uranium in Northern Territory and South Australia, which host world-class mining operations including Olympic Dam and Beverley mines and also the Hillside copper project.

In the half year to 31 December 2013, Induced Polarisation (IP) drill targets were identified below very high levels of silver at surface at Blueys and Inkheart Prospects on Core's Albarta Project in the Northern Territory. In South Australia, multiple high-priority IOCG drill targets have been identified from new and historic geophysical surveys on Core's Roxby project located 10km south of BHP's recently announced Wirrda Well IOCG deposit.

The net loss of the Company, from the six months to 31 December 2013, was $437,675 after providing for income tax.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 3 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.



Managing Director

13 March 2014

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CORE EXPLORATION LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Core Exploration Limited for the half-year ended 31 December 2013, 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
Partner – Audit & Assurance

Adelaide, 13 March 2014

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Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2013

	Notes	31 December 2013 $	31 December 2012 $
Interest income		13,600	46,540
Administration costs		(224,668)	(262,180)
Employee benefits expense		(99,911)	(95,031)
Exploration expense		(9,281)	(70,151)
Impairment of exploration assets		-	(460,966)
Depreciation		(12,577)	(18,159)
Share based payments		(90,840)	(15,731)
Loss before tax		(423,677)	(875,678)
Income Tax (expense) / benefit		(13,998)	(10,497)
Loss for the reporting period		(437,675)	(886,175)
Other Comprehensive income		-	-
Total Comprehensive loss for the period		(437,675)	(886,175)
Loss attributable to:			
Owners of the parent entity		(437,675)	(886,175)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(437,675)	(886,175)
Earnings Per Share from Continuing Operations Basic Loss – cents per share	2	(0.59)	(2.11)

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

Statement of Financial Position
As at 31 December 2013

	Notes	31 December 2013 $	30 June 2013 $
ASSETS			
Current assets			
Cash and cash equivalents		699,992	570,257
Trade and other receivables		30,445	74,112
Total current assets		730,437	644,369
Non-current assets			
Exploration and evaluation expenditure	3	4,243,073	3,800,341
Plant and equipment		74,518	90,179
Total non-current assets		4,317,591	3,890,520
TOTAL ASSETS		5,048,028	4,534,889
LIABILITIES			
Current liabilities			
Trade and other payables		115,679	209,822
Employee provisions		40,891	35,725
Total current liabilities		156,570	245,547
TOTAL LIABILITIES		156,570	245,547
NET ASSETS		4,891,458	4,289,342
EQUITY			
Issued capital	4	8,580,370	7,631,419
Reserves		504,887	414,047
Accumulated losses		(4,193,799)	(3,756,124)
TOTAL EQUITY		4,891,458	4,289,342

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 2013

	Share capital	Share based payments reserve	Retained earnings	Total equity
	$	$	$	$
Balance at 1 July 2012	7,145,760	398,316	(1,819,036)	5,725,040
Issue of placement shares	500,000	-	-	500,000
Issue of shares for contract services	24,783	-	-	24,783
Issue Costs (net of tax)	(24,493)	-	-	(24,493)
Issue of options to employees	-	15,731	-	15,731
Transactions with owners	500,290	15,731	-	516,021
Other comprehensive income:				
Total comprehensive income for the reporting period	-	-	(886,175)	(886,175)
Balance 31 December 2012	**7,646,050**	**414,047**	**(2,705,211)**	**5,354,886**
Balance at 1 July 2013	7,631,419	414,047	(3,756,124)	4,289,342
Issue of rights issue entitlement and shortfall shares	981,609	-	-	981,609
Issue Costs (net of tax)	(32,658)	-	-	(32,658)
Fair value of performance rights issued to officers	-	90,840	-	90,840
Transactions with owners	948,951	90,840	-	1,039,791
Other comprehensive income:				
Total comprehensive income for the reporting period	-	-	(437,675)	(437,675)
Balance 31 December 2013	**8,580,370**	**504,887**	**(4,193,799)**	**4,891,458**

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 2013

	Notes	31December 2013 $	31December 2012 $
Operating activities			
Interest received		14,888	52,568
Payments to suppliers and employees		(317,418)	(481,215)
Net cash used in operating activities		(302,530)	(428,647)
Investing activities			
Payments for plant and equipment		(518)	(8,871)
Payments for capitalised exploration expenditure		(393,970)	(531,221)
Net cash used in investing activities		(394,488)	(540,092)
Financing activities			
Proceeds from issue of share capital		969,623	500,000
Payments for capital raising costs		(142,870)	(34,270)
Net cash from financing activities		826,753	465,730
Net change in cash and cash equivalents		129,735	(503,009)
Cash and cash equivalents, beginning of reporting period		570,257	2,221,037
Cash and cash equivalents, end of year		699,992	1,718,028

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 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of operations

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

b) General information and basis of preparation

The interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2013 and are presented in Australian dollars($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 13 March 2014.

c) Significant accounting Policies

The significant accounting policies that have been used in the preparation of these consolidated interim financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement basis specified by the Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 July 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests - Other;
- AASB 13 Fair Value Measurement; and
- AASB 119 Employee Benefits (September 2011)

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

d) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

i) Key estimates- impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii) Key judgements – exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

2. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to December 2013 #	6 months to December 2012 #
Weighted average number of shares used in basic earnings per share	73,962,222	42,097,510

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

3. EXPLORATION AND EVALUATION EXPENDITURE

	31December 2013 $	30 June 2013 $
Opening balance	3,800,341	3,359,841
Expenditure on exploration during the period	452,013	1,695,794
Impairment of capitalised exploration	-	(1,173,839)
Exploration expenditure expensed	(9,281)	(81,455)
Closing balance	4,243,073	3,800,341

4. SHARE CAPITAL

31 December 2013	Number of shares	31 December 2013 $
(a) Issued and paid up capital		
Fully paid ordinary shares	81,800,740	8,580,370
	81,800,740	8,580,370
(b) Movements in fully paid shares		
Balance as at 1 July 2013	49,080,444	7,631,419
Rights issue – entitlement and shortfall	32,720,296	981,609
Capital raising costs (net of tax)	-	(32,658)
Balance as at 31 December 2013	81,800,740	8,580,370

30 June 2013	Number of shares	30 June 2013 $
(a) Issued and paid up capital		
Fully paid ordinary shares	49,080,444	7,631,419
	49,080,444	7,631,419
(b) Movements in fully paid shares		
Balance as at 1 July 2012	41,500,000	7,145,760
Share placement	6,250,000	500,000
Issue of shares for tenement purchase	1,000,000	70,000
Issue of shares for contract services	330,444	24,783
Capital raising costs (net of tax)	-	(109,124)
Balance as at 30 June 2013	49,080,444	7,631,419

5. 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.

6. CONTINGENT LIABILITIES

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

7. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances, other than those listed below, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

On 12 February 2014, the Company announced that is had moved to full ownership in all of its joint venture tenements at the promising Albarta minerals Project in the Northern Territory. The acquisition means that he Company now holds a 100% interest in over 2,000km^2 of fully granted tenure in Australia's newest exploration hot-spot. The acquisition is subject to shareholder approval of the issue of 10,000,000 shares in relation to the acquisition of all tenements in the two joint venture arrangements.

On 21 February 2014, the Company announced that it had received firm commitments from professional and sophisticated investors for 15,000,000 new shares at an issue price of 5 cents per share to raise $750,000 (before costs) and to initiate a share purchase plan of up to $750,000 to be offered to all eligible shareholders at 5 cents per share. The share purchase plan is partially underwritten to an amount of $500,000. The Company placed the 15,000,000 shares on 27 February 2014 and sent the share purchase plan offer document and application form to shareholders on 28 February 2014.

8. GOING CONCERN BASIS OF ACCOUNTING

The interim financial report has been prepared on the basis of a going concern. During the six months ended 31 December 2013 the consolidated group recorded a net cash outflow from operating and investing activities of $697,018 and an operating loss of $437,675.

In February 2014, and as noted above, the Company announced a share placement and the initiation of a partially underwritten share purchase plan to raise a total of $1,500,000 before costs.

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

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

Directors' Declaration

In the opinion of the Directors of Core Exploration Limited:

a) the consolidated financial statements and notes of Core Exploration Limited are in accordance with the *Corporations Act 2001,* including:

   i. giving a true and fair view of its financial position as at 31 December 2013 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
13 March 2014

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

We have reviewed the accompanying half-year financial report of Core Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Core Exploration Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Core Exploration Limited consolidated entity's financial position as at 31 December 2013 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.

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As the auditor of Core Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Core Exploration Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 8 to the financial statements. We note the financial statements indicate a net loss of $437,675 was incurred during the half year ended 31 December 2013 and the Company generated a net cash outflow of $697,018 from operating and investing activities. These conditions, along with other matters identified in Note 8, indicate the existence of a significant uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2014