

26 May 2017

Share Price	\$0.074
Price Target (12 month)	\$0.12

Brief Business Description:

Spodumene explorer with some early success (small but high grade deposit at Grants) in NT.

Hartleys Brief Investment Conclusion

DSO has some potential, but real upside would be if it can define more tonnes.

Chairman & MD

Gregory English (Chairman)
Stephen Biggins (Managing Director)

Major Shareholders

none

Company Address

26 Gray Ct,
Adelaide, SA, 5000

Issued Capital	374.5m
- fully diluted	501.2m

Market Cap	A\$27.7m
- fully diluted	A\$37.1m

Cash (31 Mar 17a)	A\$7.1m
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Debt (31 Mar 17a)	A\$0.0m
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EV	A\$20.6m
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EV/Resource Spod.

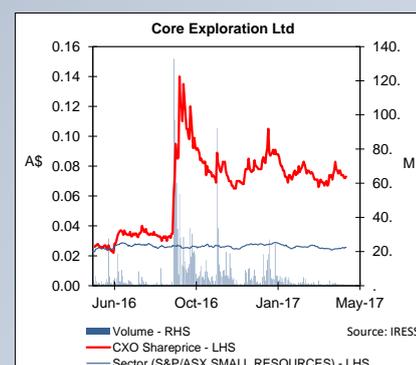
EV/Reserve Spod.

Prelim. (A\$m)	FY18e	FY19e	FY20e
Prod (spod Mt)	0.00	0.00	0.00
Op Cash Flw	nm	nm	nm
Norm NPAT	loss	loss	loss
CF/Share (cps)	loss	loss	loss
EPS (cps)	loss	loss	loss
P/E	nm	nm	nm

	Mt	Li2O	Spod.
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Resources (Li2O)	1.8	1.50%	0.5
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Reserve (Li2O)	none		
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Head of Research
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Hartleys has completed a capital raising in the past 12 months for CXO for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to CXO for which it expects to earn fees. See back page for details.

CORE EXPLORATION LTD

Chasing scale. Drilling imminent.

Core Exploration Ltd (CXO) has prospective lithium tenements in the Northern Territory, well located to Port. The Company has had encouraging success in 6 of the 7 pegmatite prospects drilled to date at the Finniss Project (Grants, Far West, BP33, Hills, Ahoy, and Ahoy East). However, each of the discoveries so far have been too small in scale to be a mine, in our view. The possible exception is Grants, which could be a small DSO operation.

To-date, the Grants prospect contains a deposit which has had most of the drilling with a very small resource (1.8Mt), although with good grade (1.5% Li₂O) and good metallurgy. However, the strip ratio looks like it could be >10x. The imminent drilling campaign will drill larger prospective targets, which could be significant if they contain high grade lithium mineralisation and scale. The prospects are well located to the Darwin Port (~60-70km by sealed road), and hence development and operating costs could be low, should a meaningful deposit be defined.

Grants – opportunistic DSO operation

Over the recent drilling season the Company defined a small, albeit high grade, deposit at the Grants prospect. Reported intercepts were impressive (best was 59m @ 1.45% Li₂O), however the true widths were lower at ~30m. The Company drilled ~23 holes into the prospect, including several twinned scissor holes and step-out holes to test extensions at depth and for metallurgy. The Company released a maiden resource of 1.8Mt @ 1.5% Li₂O. Given the 1.8Mt is over ~300m strike, it suggests a strip ratio >10x. The grade and quality of the spodumene appear very good, which potentially augers well for nearby exploration. Any deposit of similar mineralogy but with larger tonnage would be very compelling. The Company says it is negotiating with potential offtake partners for DSO product from Grants. At current prices, it is possible that DSO from Grants could generate >A\$50m of free cash flow.

Zola and Ringwood the great hope

The Company has defined some very large targets called Zola and Ringwood. The tenements containing these prospects have only recently been granted, with approvals now in place to drill. The prospects have the potential to be Company makers, although they need to be tested with drilling, obviously. We look forward to first drill results, likely in July.

Significant regional technical success

BP33 was the first prospect drilled by CXO. The results were interesting (eg 35m @ 1.60% Li₂O from 70m), but true width was only 30 metres. It points to strong prospectivity, but not yet an economic deposit. Other prospects drilled also showed mineralisation, but have not demonstrated scale. The technical success is encouraging that perhaps the large prospects will be economic.

Initiate with a Speculative Buy

We initiate with a Speculative Buy. We would like the Company to persist in looking for substantial lithium deposits. Scale success at Zola or Ringwood would be significant. It is well capitalised, with ~A\$7m of cash at hand and an additional ~A\$5.7m of cash due from 5cps options expiring in August 2017. A DSO deal on Grants has the potential to generate meaningful cashflow for a junior explorer like CXO, if it can be completed.

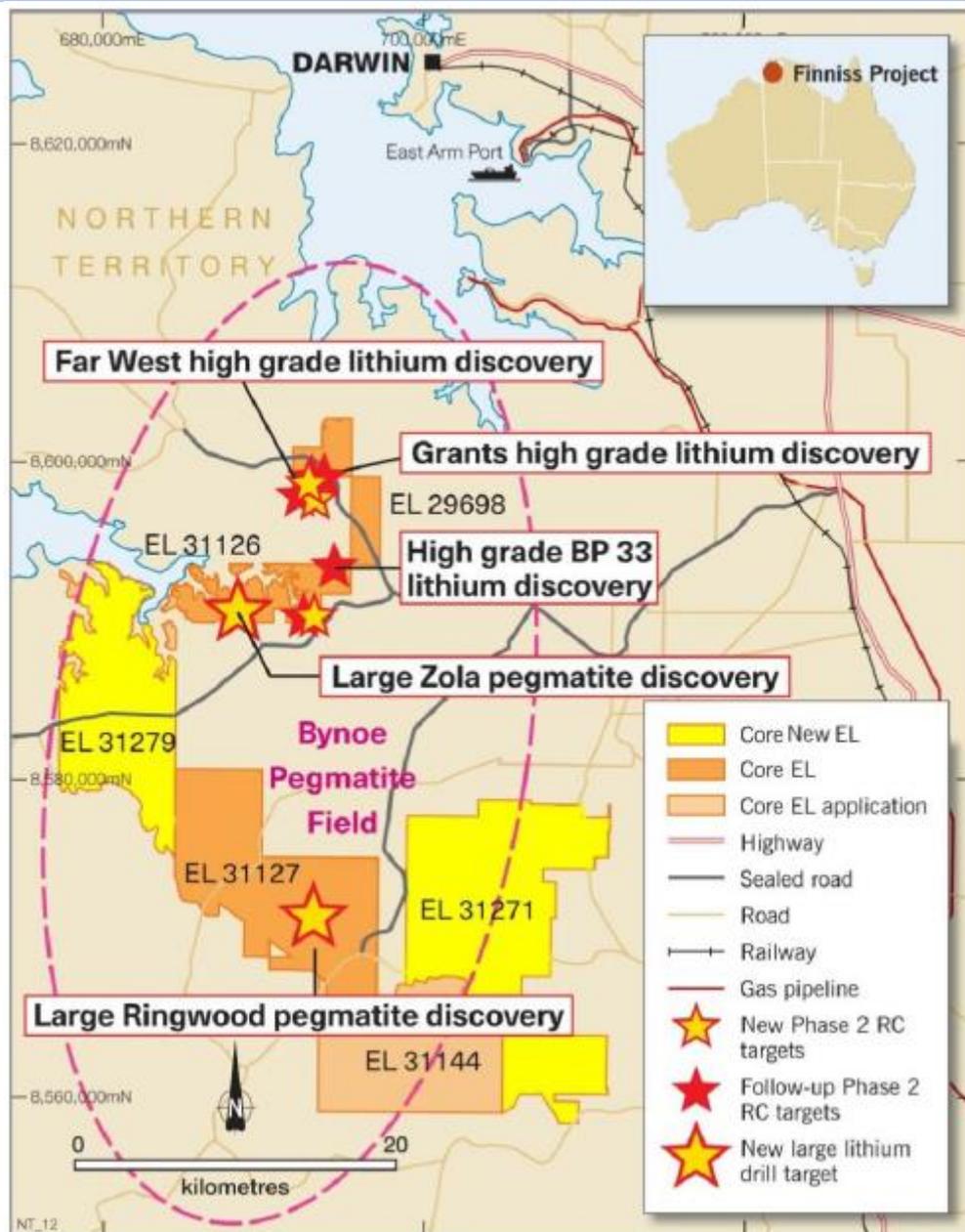
Core Exploration Ltd CXO		Share Price \$0.074		May-17 Speculative Buy	
Key Market Information				Directors	
Share Price		\$0.074		Company Details	
Market Capitalisation		\$27.7m		Gregory English (Chairman)	
Market Capitalisation - full dil.		\$37.1m		Stephen Biggins (Managing Director)	
Net Cash (Debt)		-\$7.1m		Heath Hellewell (Director)	
Listed Investments (est)		\$0.0m		Jarek Kopias (Comp Secretary)	
Issued Capital		374.5m			
Options and performance rights		126.7m			
Issued Capital (fully diluted all options)		501.2m			
EV - incl. listed invest		\$34.8m			
EV - full diluted, option cash		\$37.8m			
Price Target		\$0.12			
Projects					
	Interest	Location	Commodity		
Finnis Lithium	100%	NT, Aust	Li, Sn, Ta		
Central NT	100%	NT, Aust	Li, Sn, Ta		
JORC Resources					
	Mt	Grade	Spod. 6%	LiCO ₃ Eq.	
	Mt	% Li ₂ O	Mt	Kt	
Finnis River	1.80	1.5%	0.36	46.8	
- Grants	1.80	1.5%	0.36	46.8	
P&L					
	FY2017F	FY2018F	FY2019F		
Net Revenue	na	na	na		
Total Costs	na	na	na		
EBITDA	na	na	na		
Deprec/Amort	na	na	na		
EBIT	na	na	na		
Net Interest	na	na	na		
Pre-Tax Profit	na	na	na		
Tax Expense	na	na	na		
NPAT	na	na	na		
Abnormal Items	na	na	na		
Reported Profit	na	na	na		
Investment Summary					
Early stage exploration of lithium (spodumene) in NT. Early success defining a small but high grade and good metallurgy deposit.					
Substantial Shareholders				m shs	%
none					
Newsflow				Project	
Jun-17	Aircore drill results from Zola			Finnis Lithium	
Jun-17	Aircore drill results from Ringwood			Finnis Lithium	
Sep-17	RC drill results from Zola			Finnis Lithium	
Sep-17	RC drill results from Ringwood			Finnis Lithium	
Dec-17	Grants DSO scoping study			Finnis Lithium	
Unpaid Capital				No (m)	\$ (m)
				Ave Pr	% Ord
Options and Performance Rights					
30-Jun-17	0	0.0	nm	0.0%	
30-Jun-18	117.3	5.7	0.049	23.9%	
30-Jun-19	7.7	0.7	0.089	2.0%	
30-Jun-20	1.7	0.0	0.000	0.5%	
30-Jun-21	0	0.0	nm	0.0%	
30-Jun-22	0	0.0	nm	0.0%	
Total	126.7	6.4	0.051	25.3%	
Comments					
Analyst: Trent Barnett					
Phone: +61 8 9268 3052					
Sources: IRESS, Company Information, Hartleys Research					
Last Updated: 26/05/2017					

BUSINESS OVERVIEW

We view CXO as an early stage explorer, albeit in very prospective ground. The Company has indicated it is aiming to become a DSO producer at the Grants deposit. In our view, the ability to become a near term producer hinges on its ability to secure a project partner &/or offtake partner for relatively small volumes of DSO product.

The Company is exploring for spodumene on its Finnis Project near Darwin, NT. It has had substantial technical success (proven grade and metallurgy), but needs to define significant tonnage to be a meaningful lithium developer. Hopefully the current exploration program will be successful in defining significantly more tonnes.

Fig. 1: CY16 exploration showed excellent mineralization. Hopefully CY17 program define projects of scale



Source: CXO

Fig. 2: CY16 exploration showed mineralization. CY17 need to define potential for scale though

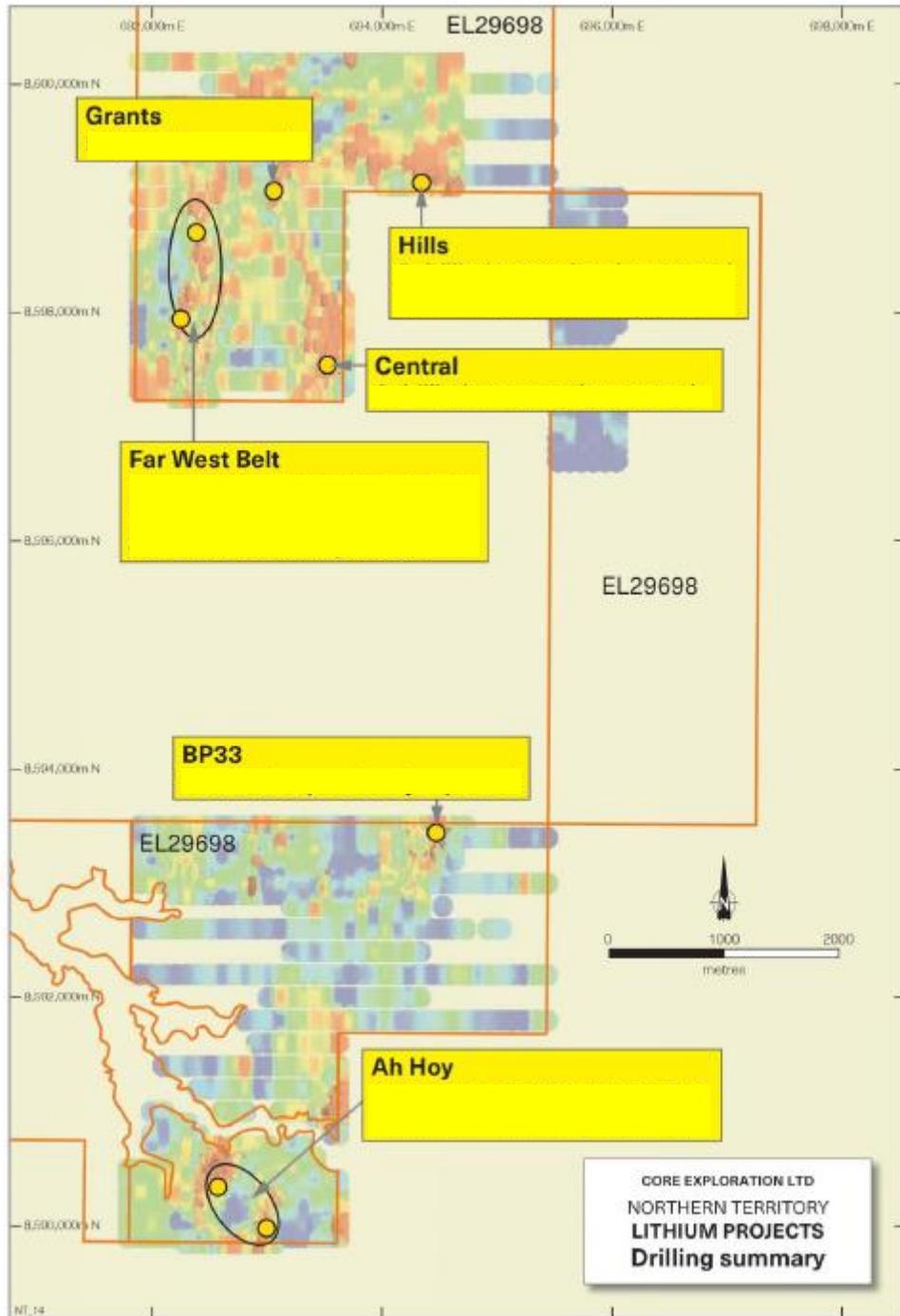


Figure 3. Drilling Summary Diagram, Finnis Project NT.

Source: CXO

Over the recent drilling season the Company defined a small, albeit high grade, deposit at the Grants prospect. Reported intercepts were impressive (best was 59m @ 1.45% Li₂O), however the true widths were substantially lower at ~30m given the deposit is sub-vertical. Despite being small, the Company drilled ~23 holes into the prospect, including several twinned scissor holes and step-out holes to test depth extension. The Company has a maiden resource of 1.8Mt @ 1.5% Li₂O.

GRANTS

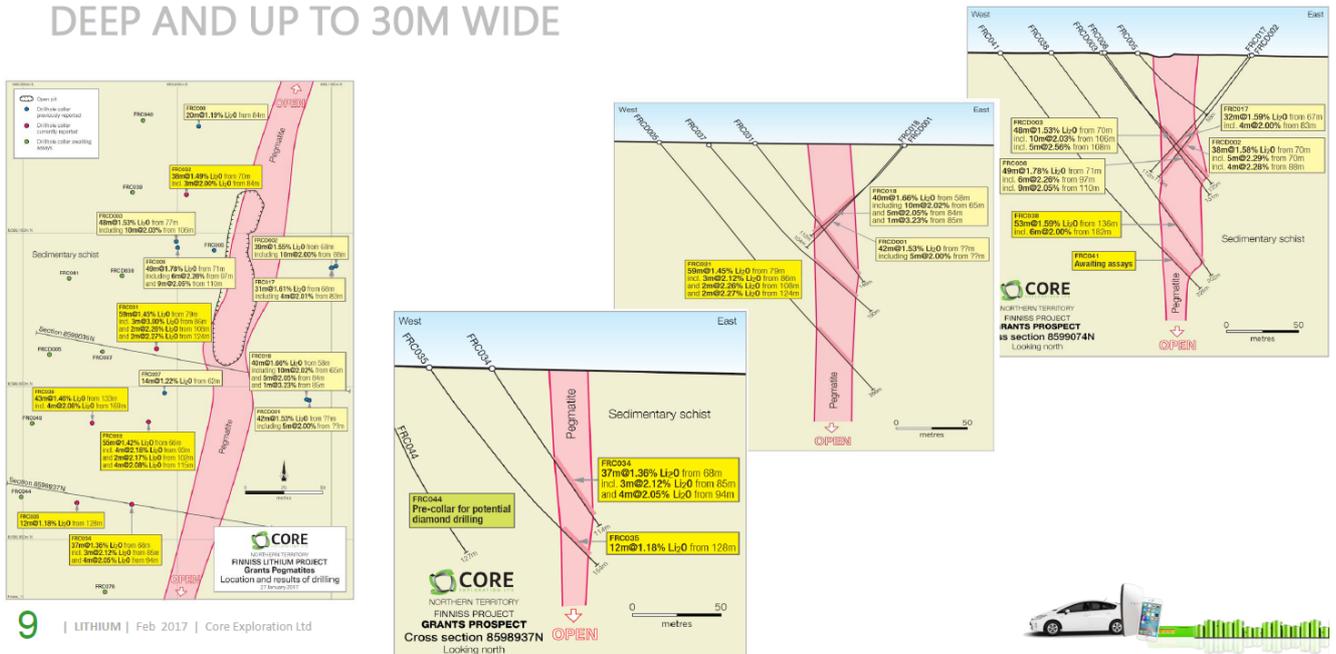
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The grade and quality of the spodumene appear very good, which potentially augers well for nearby exploration. However, we note that lithium mineralisation can be very variable even over relatively short distances.

The resource does have DSO potential (high strip ratio, but very well located to sealed roads and port). If it could be developed at current high DSO prices, we estimate free cash flow in the order of >A\$50m. The Company is currently completing a scoping study on a Grants DSO project, expected later this year.

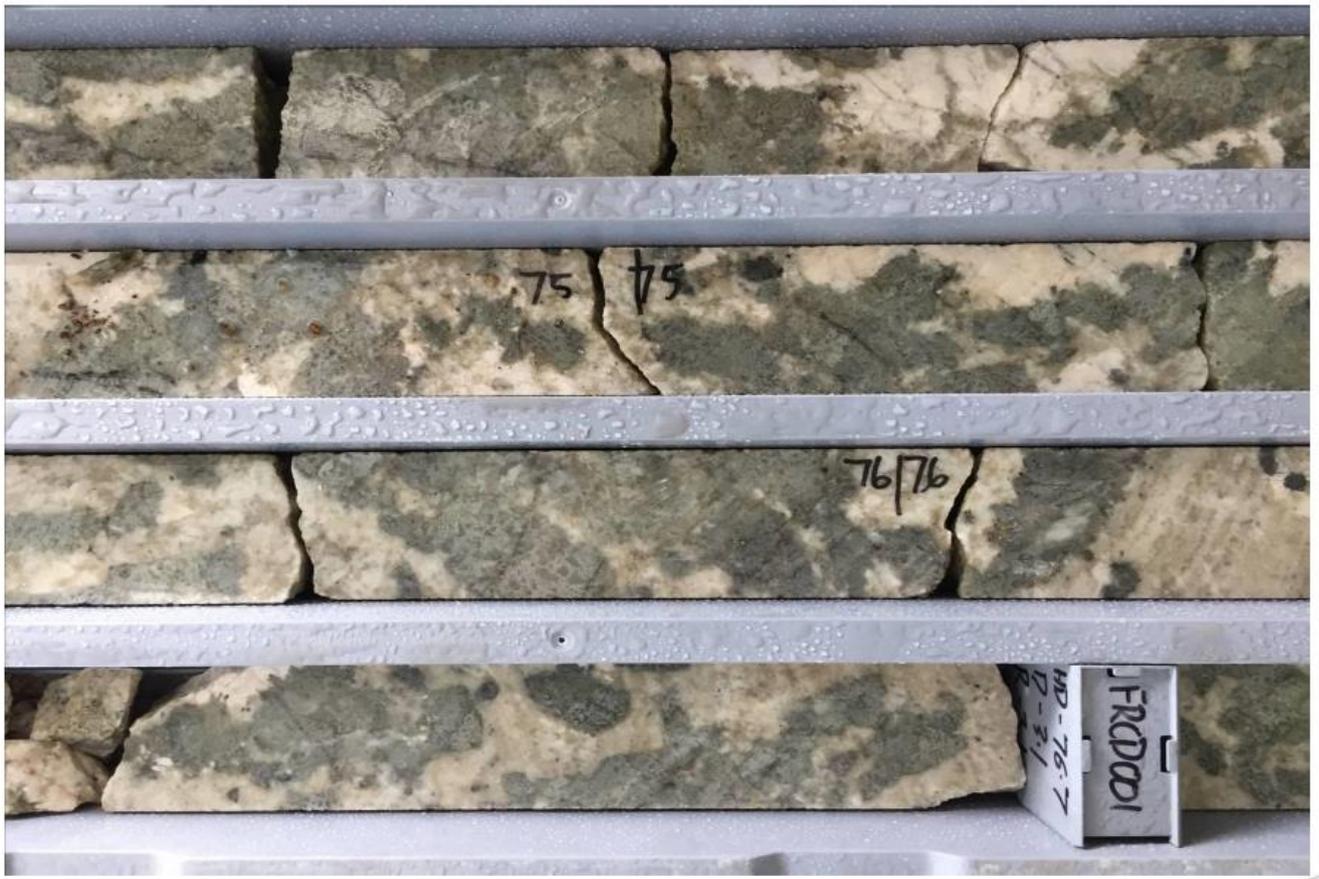
Fig. 3: Grants is high grade, but dimensions suggest a high strip ratio

HIGH GRADE SPODUMENE AT GRANTS OVER 300M LONG, 200M DEEP AND UP TO 30M WIDE



Source: CXO

Fig. 4: Grants spodumene is high grade and recovers well



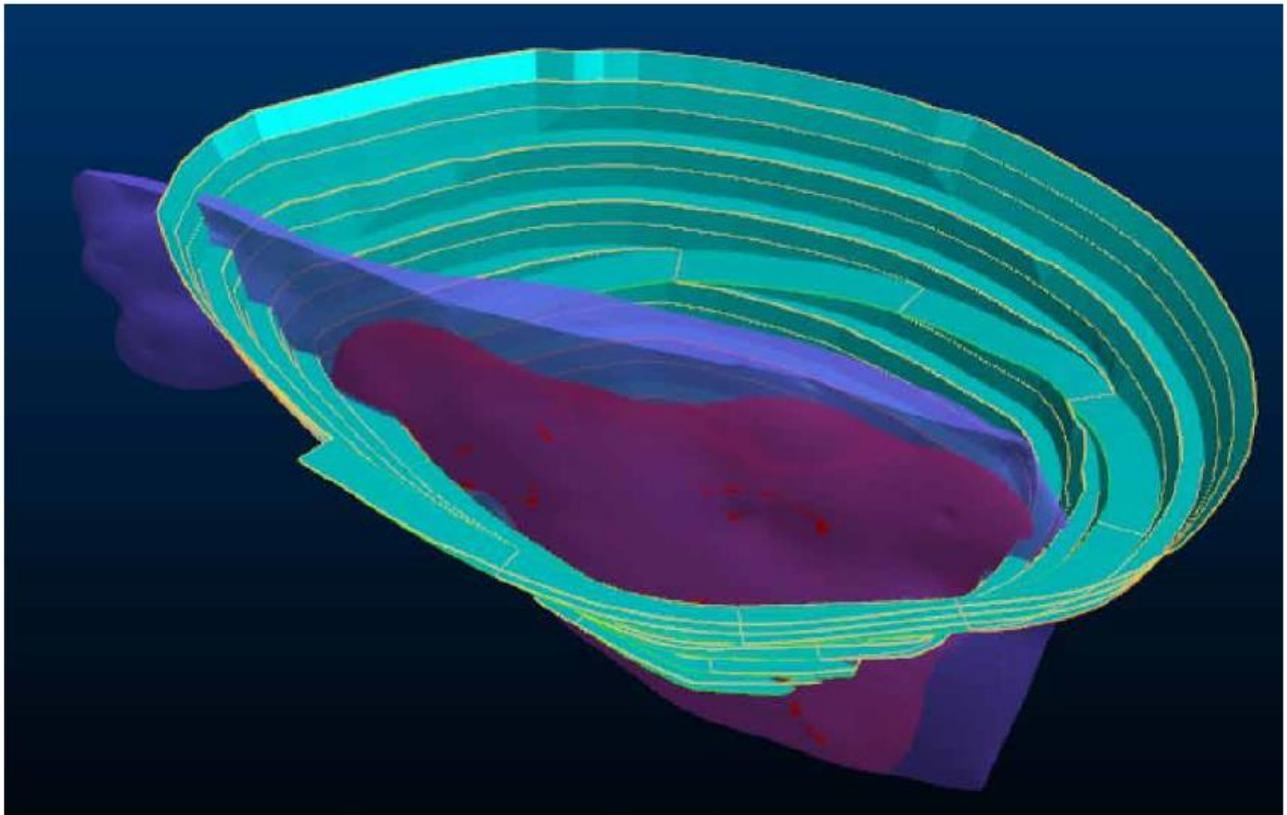
Source: CXO

Fig. 5: Preliminary met work is very good

STREAM	Wt Dist (%)	Li ₂ O Dist (%)	Li ₂ O Grade (%)
DMS Concentrate	12.76	39.26	6.00
Flotation Concentrate	7.05	43.12	6.00
DMS + Flotation Concentrate	19.80	82.39	6.00
Flotation Tails	21.14	6.44	1.39
DMS Tails	49.82	5.23	0.19
Slimes	7.05	5.43	2.36
Mica	2.20	0.51	0.39
Total	100.00	100.00	1.75

Source: CXO

Fig. 6: Grants strip ratio is probably >10x



Source: CXO. Pegmatite (blue) and Resource (Purple)

Fig. 7: Grants strip ratio is probably >15x

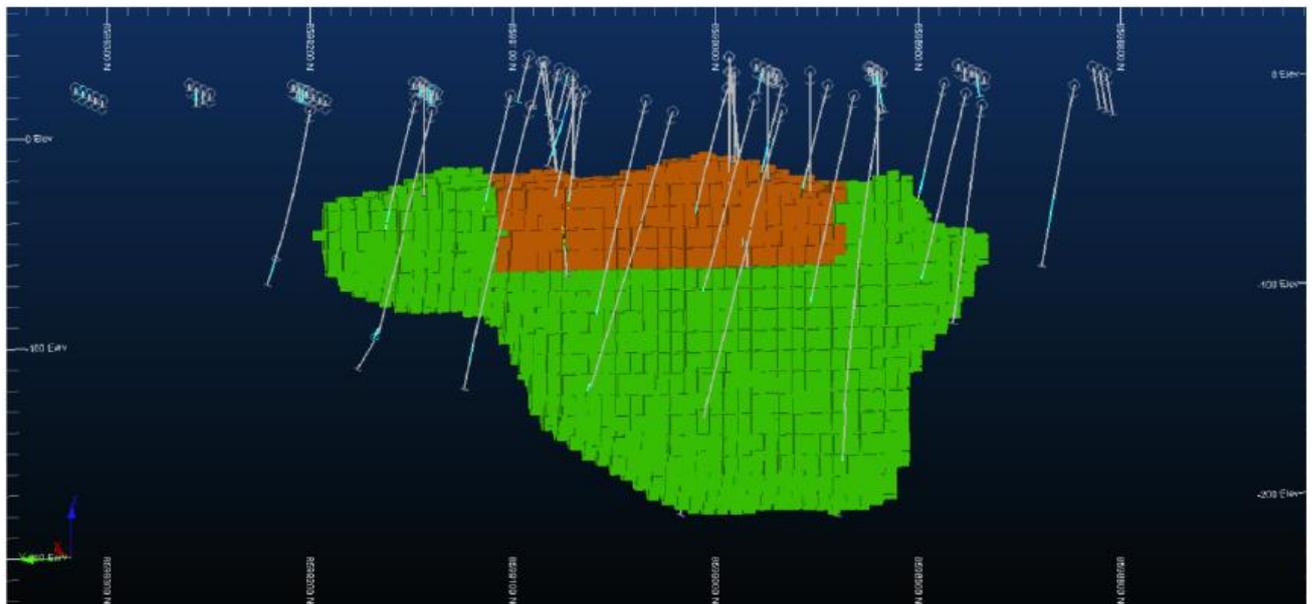


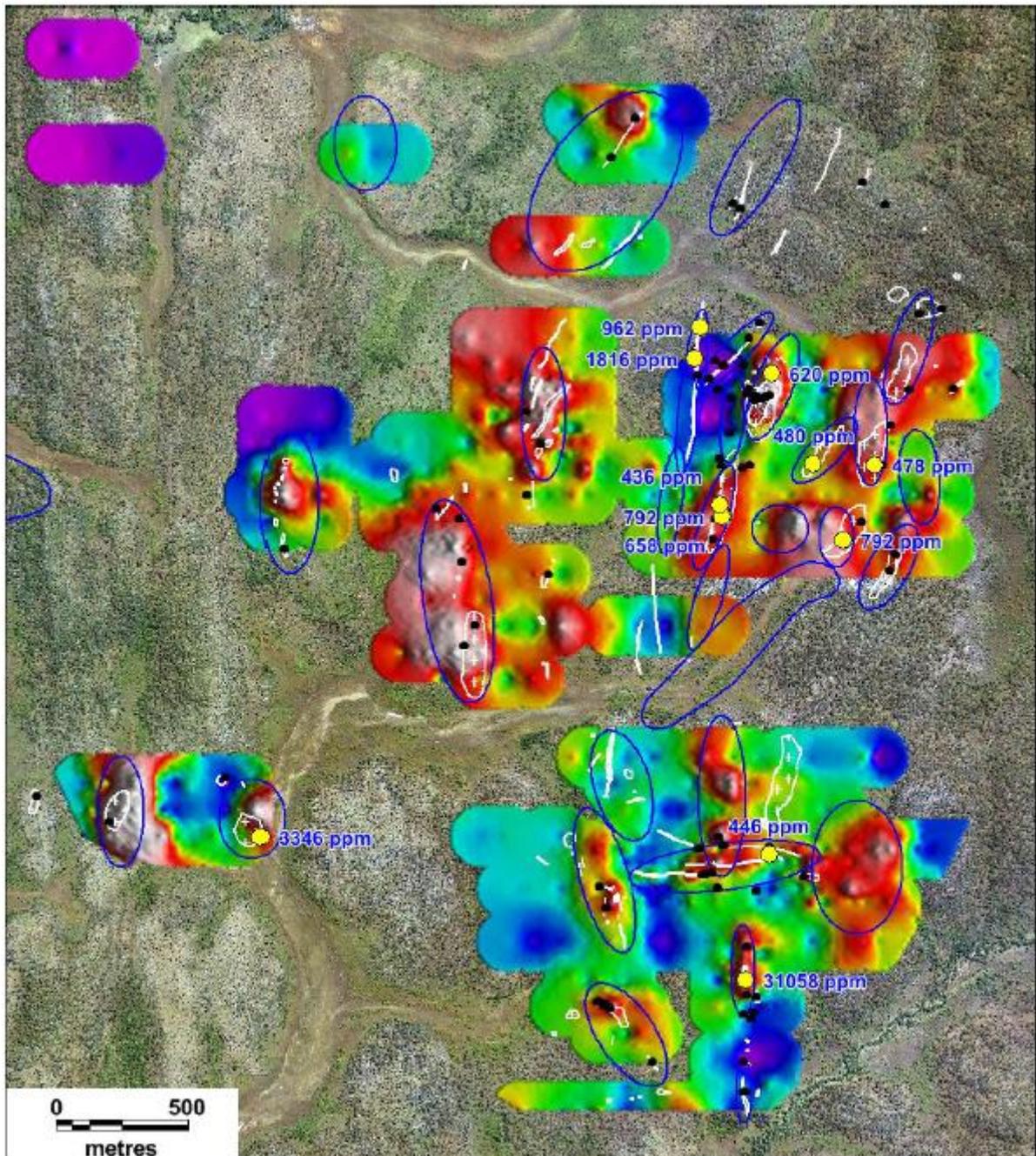
Figure 2. Indicated (orange) and Inferred (green) Resource classification at Grants.

Source: CXO. Indicated (orange) and Inferred (green) Resource

RINGWOOD

Ringwood is yet to be drill tested. The mapped Pegmatite Swarm presents as a series of highly-weathered pegmatite and quartz outcrop and float zones that combined extend at least 4 km long and 2 km wide. The Company has had some reasonable rock chip assays. The prospect appears interesting given the scale. We look forward to the drill testing which is expected in coming months.

Fig. 8: Ringwood surface geochem suggests prospective

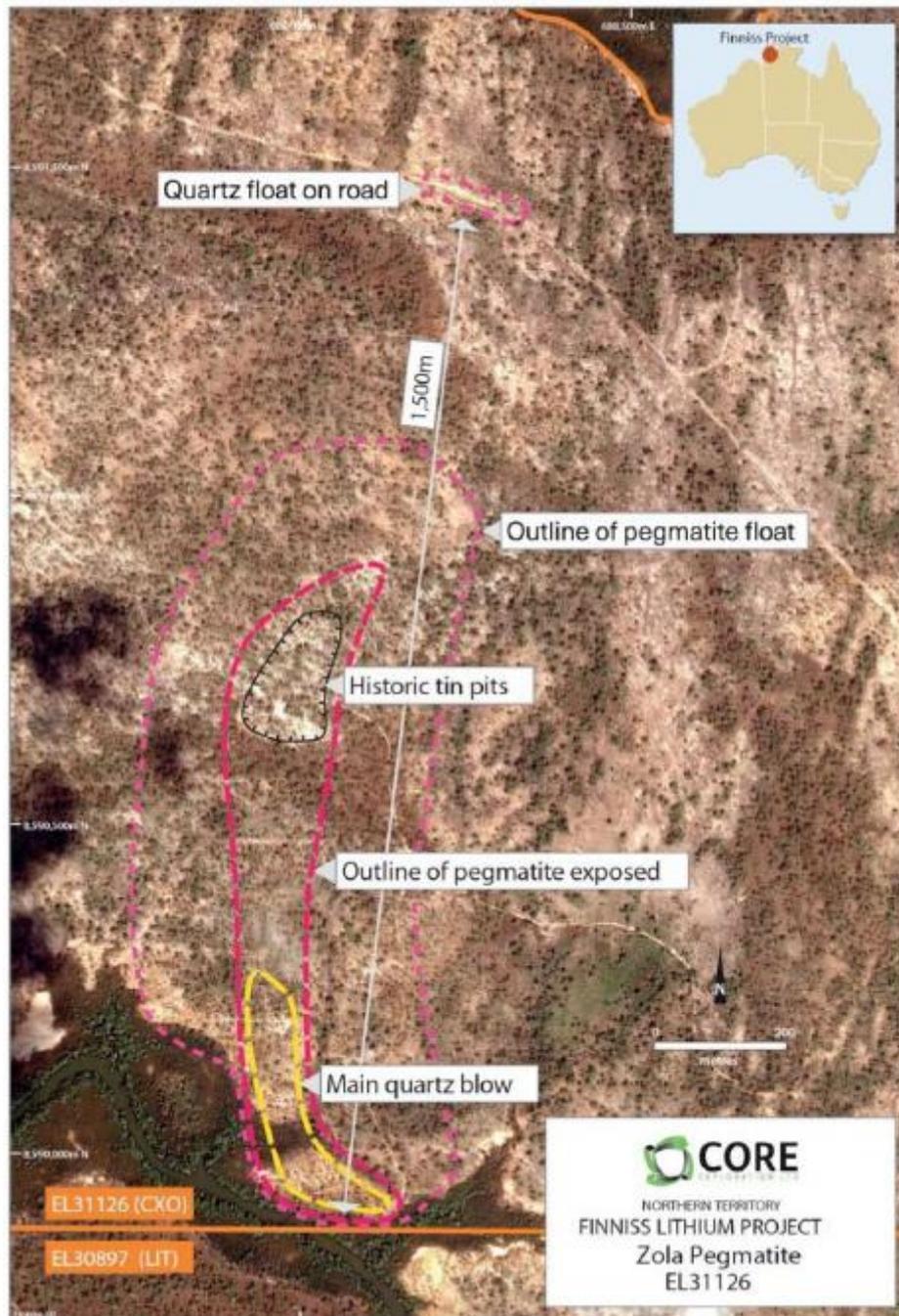


Source: CXO

ZOLA

The Zola prospect sits beneath an historical tin mine. It has been mapped to potentially be 1.5km strike. Like Ringwood, if it is mineralised and of scale, it has the potential to be a Company making deposit. Core is planning to drill a series of large pegmatites at Zola in the coming months.

Fig. 9: Zola is a large untested pegmatite

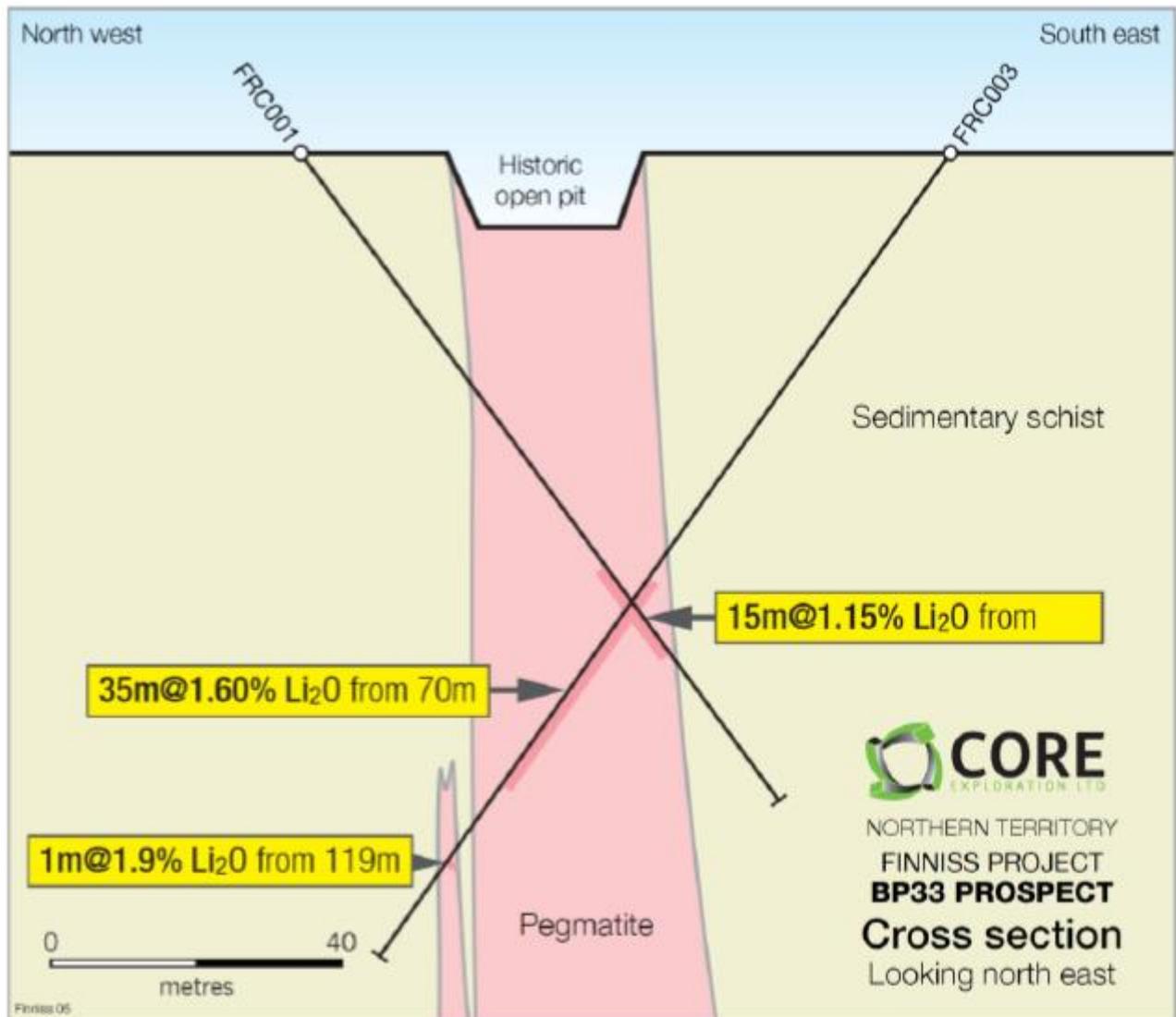


Source: CXO

BP33

BP33 was the first prospect drilled by CXO. The results were interesting (eg 35m @1.60% Li₂O from 70m), but true width is only 30 metres. It points to prospectivity, but not to an economic deposit given the scale defined to date.

Fig. 10: BP33 interesting, but not of economic scale



Source: CXO

AHOY

Best drilling includes 12m @ 1.22% Li₂O from 67m including 2m @ 1.94% Li₂O from 73m at the recently discovered Ahoy East. It too, at this stage, appears only a technical success.

Fig. 11: Ahoy pegmatites show mineralisation, but too small.

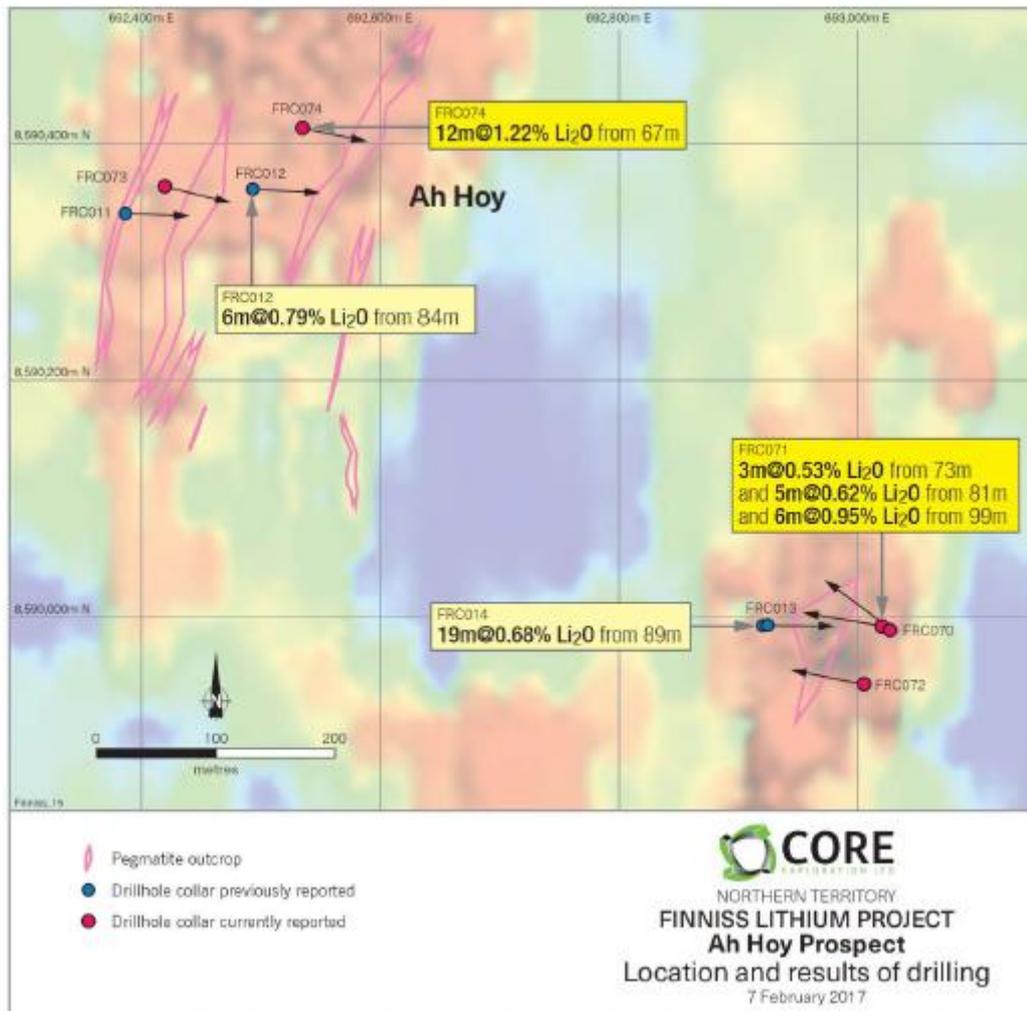


Figure 1 – Drilling Summary, Ahoy and Ahoy East Prospects, Finniss Lithium Project, NT.

Source: CXO

FAR WEST

The Far West prospect has had some drilling, but the intercepts are too small, in our view. To date, it appears only a technical success.

Fig. 12: Far West also encouraging grade, but small intercepts

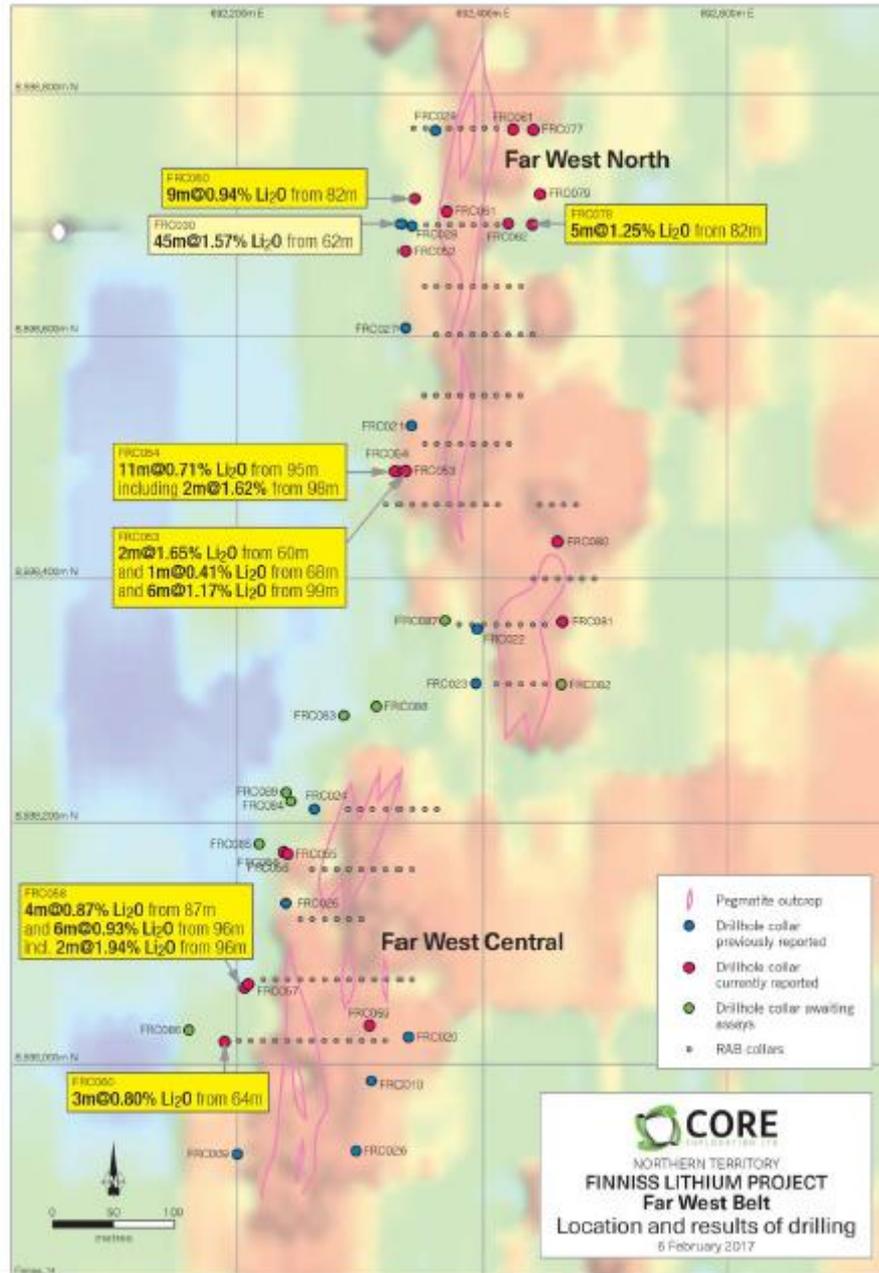


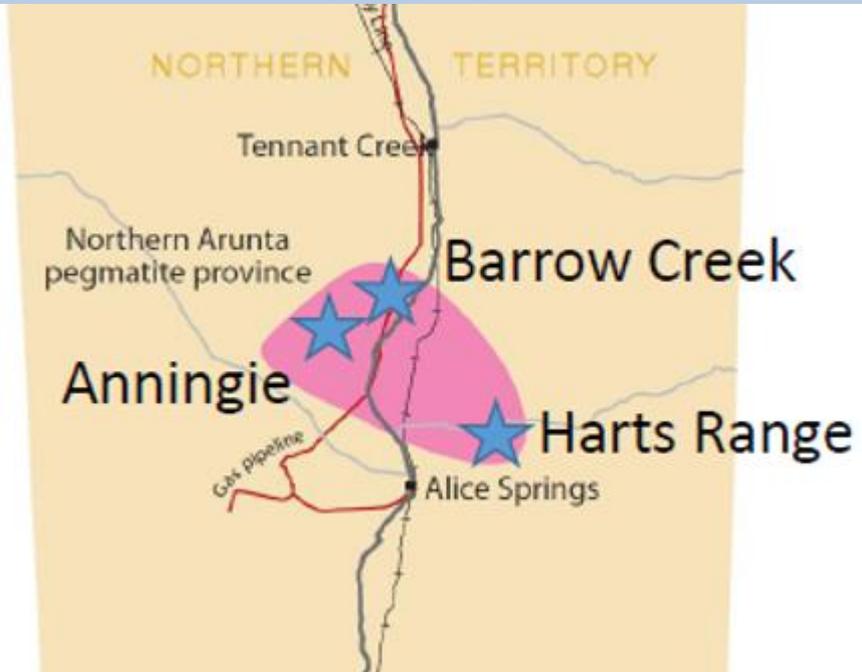
Figure 2. Drilling Summary, Far West Prospects, Finnis Lithium Project, NT

Source: CXO

CENTRAL NT

CXO also has some prospective ground near Alice Springs. The Company is yet to drill these prospects. If a large deposit can be defined it is well located to the Adelaide-to-Darwin railway.

Fig. 13: Central NT early stage exploration



Source: CXO

LITHIUM INDUSTRY EXPOSURE

The LCE demand is anticipated to grow significantly over the coming years. However, this is highly dependent on the on uptake of lithium battery cars, for which the industry is uncertain. The key for lithium is the short-term window to get into production as there appears to be a shortfall in supply.

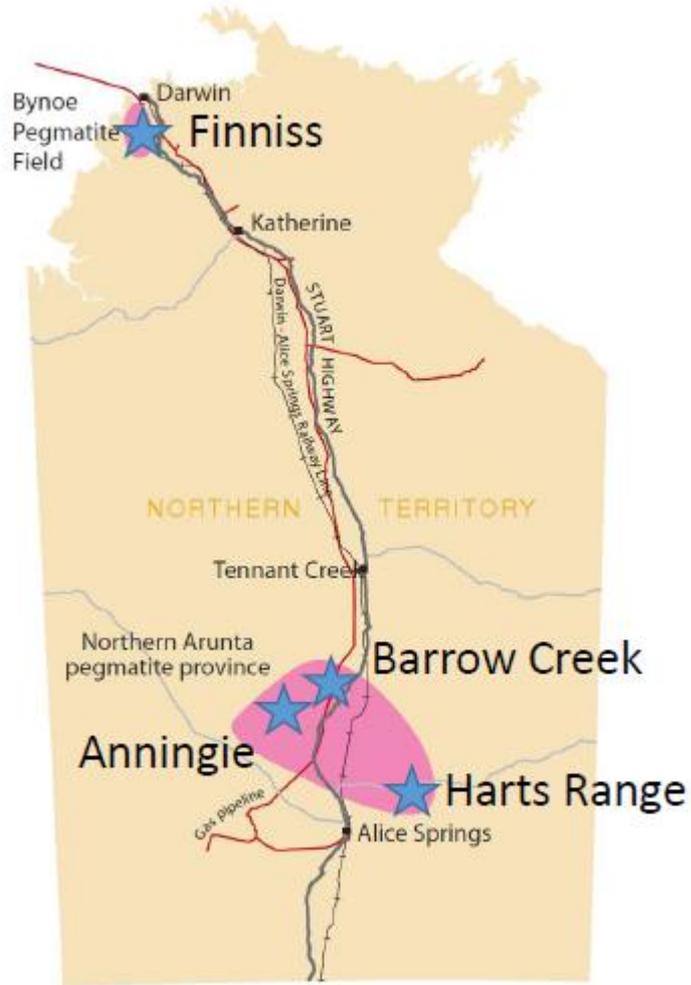
We estimate that if electric vehicle market share is around 11% by 2025 (currently ~1.5%) then global LCE demand will be ~400kt, which seems to be close to consensus estimates for demand. However, if market share increases faster (~extra 100bp pa), such that penetration is 17% by 2025 then global LCE demand could be 500kt by 2025. If demand truly accelerated, and penetration reaches ~45% by 2025, then LCE demand would be 900kt. If penetration rates are slower, then the point at which demand reaches 500kt pa may be deferred, but ultimately the structural demand for LCE is still very strong.

Some expectations are for 100% market share by 2030, which could mean substantially higher LCE demand, although if autonomous vehicles market share is also very high then it is possible that global new car sales actually begin to decline given individual car ownership is likely to decline and be replaced by a hire/shared car pool.

GEOGRAPHIC EXPOSURE

CXO main assets are located near Darwin in the Northern Territory.

Fig. 14: Location projects



Source: CXO

PEERS AND COMPETITORS

There is a significant number of spodumene developers and explorers. We categorise CXO as an early stage explorer in very prospective ground, and potentially an early stage (ie DSO) developer given the good grade, but small, deposit. LTR.asx and KSN.asx are also exploring for lithium in the Bynoe field.

Fig. 15: ASX listed lithium producers, developers and explorers

Company	Ticker	Last	Quot. Mkt (Status)
ASX Listed			
1. Mineral Resources Limited	MIN	10.01	1,950 Producer (Spod.)
2. Galaxy Resources Limited	GXY	2.46	948 Producer (Spod.) & Developer (Brine)
3. Orocobre Limited	ORE	3.775	771 Producer (Brine)
4. Pilbara Minerals Limited	PLS	0.415	530 Developer (Spod.)
5. Altura Mining Limited	AJM	0.14	216 Developer (Spod.)
6. Global Geoscience Limited	GSC	0.1875	214 Developer (Unconv.)
7. Kidman Resources Limited	KDR	0.51	165 Developer (Spod.)
8. Neometals Ltd	NMT	0.255	146 Producer (Spod.)
9. European Metals Holdings Limited	EMH	1.	129 Developer (Unconv.)
10. Tawana Resources NL	TAW	0.24	102 Developer (Spod.)
11. Argosy Minerals Limited	AGY	0.095	72 Explorer (Spod.)
12. AVZ Minerals Limited	AVZ	0.033	52 Explorer (Spod.)
13. Birimian Limited	BGS	0.225	44 Explorer (Spod.)
14. WCP Resources Limited	WCP	0.094	43 Developer (Spod.)
15. Prospect Resources Limited	PSC	0.026	41 Explorer (Spod.)
16. Lithium Power International Limited	LPI	0.285	40 Developer (Brine)
17. Plymouth Minerals Limited	PLH	0.23	33 Developer (Unconv.)
18. Lithium Australia NL	LIT	0.1025	28 Explorer (Spod.)
19. Core Exploration Limited	CXO	0.074	27 Explorer (Spod.)
20. Poseidon Nickel Limited	POS	0.029	26 Explorer (Spod.)
31. Liontown Resources Limited	LTR	0.014	13 Explorer (Spod.)
32. Kingston Resources Limited	KSN	0.019	13 Explorer (Spod.)

Source: IRESS, Hartleys Research. *Market cap is quoted ordinary shares from IRESS. It does not dilute for options, escrow shares, performance shares, convertible notes, recent placements etc. These can be meaningful adjustments that should be taken into account.

Fig. 16: List of advanced lithium development projects

Resource Project Status

Type	Owner	Project	Region	Source	Project Commenced	Commercial Production	Announced Capacity Thousands MT	PFS	DFS	PILOT	FIN	CONST	PROD
Mines Only	Galaxy	Mt. Cattlin	AUS	Spod	2007	2017	15.0						
	NeoMetals	Mt Marion	AUS	Spod	2009	2017	30.0						
	Pilbara Minerals	Pilgangoora	AUS	Spod	2014	2018	48.0						
	Altura	Pilgangoora	AUS	Spod	2014	2018	13.0						
	Kidman	Earl Grey	AUS	Spod	2015	-	-						
Integrated Operations	Orocobre	Olaroz Phase 1	ARG	Brine	2007	2016	17.5						
	Nemaska	Whabouchi	CAN	Spod	2010	2018	27.0						
	SQM/LAC	Cauchari	ARG	Brine	2009	2019	50.0						
	Rio Tinto	Jadar	SBR	Jadarite	2009	2020+	50.0						
	Enirgi Group	Rincon	ARG	Brine	1989	2018	50.0						
	COMIBOL	Salar de Uyuni	BOL	Brine		2019	30.0						
	Orocobre	Olaroz Phase 2	ARG	Brine	2007	2019	22.5						
	Galaxy Resources	Salar de Vida	ARG	Brine		2020+	25.0						
	ERAMET	Centenario	ARG	Brine	2010	2018	20.0						
	Lithium Americas	Kings Valley	USA	Clay	2007	2019	26.0						
	Bacanora	Sonora	MEX	Clay	2007	2018	35.0						
	Orocobre	Salinas Grandes	ARG	Brine	2007	2020+	10.0						
	Neo Lithium	3Q	ARG	Brine	2015	2019	-						
	Lithium X	Salar Los Angeles	ARG	Brine	2015	2020+	15.0						
Li3	Maricunga	CHI	Brine	2004	2017	-							

Source: Combination of data from Roskill (2016) and Signumbox (2016) Reports

PFS = Pre-Feasibility Study

DFS = Definitive Feasibility Study

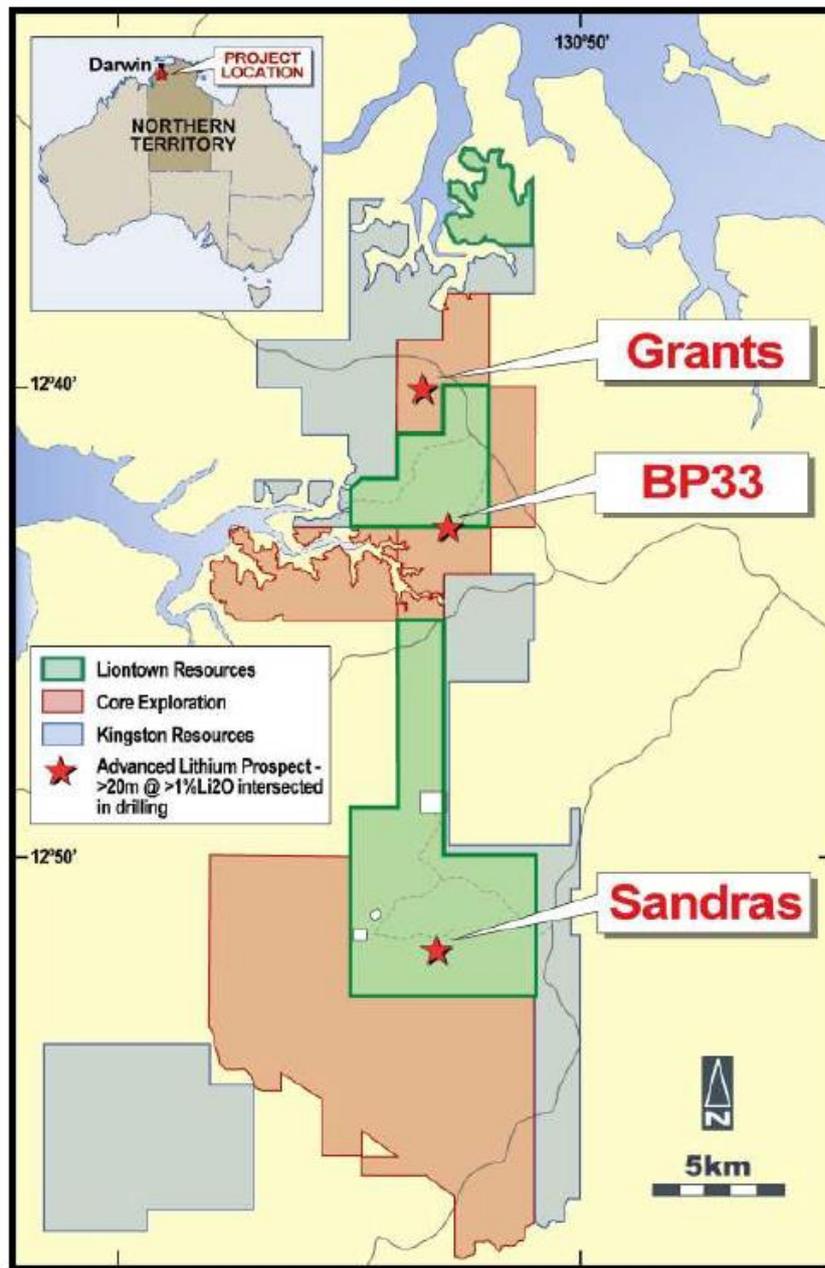
PILOT = Pilot

FIN = Financing

CONST = Construction

PROD = Production

Fig. 17: LTR.asx and KSN.asx are also early explorers in the region



Source: LTR.asx

KEY SUPPLIERS & CUSTOMERS

CXO expect to export from the Darwin Port, and already has a MoU for 1Mtpa of ore or 0.25mtpa of concentrates. The Port is 70km from the Finniss Lithium project.

The Company will need to secure offtakes for its product.

Fig. 18: *Project well located to port and sealed roads*



Source: CXO

MANAGEMENT, DIRECTORS AND MAJOR SHAREHOLDERS

Economic Exposure of Board and Key Management					Total	
	Position	Total Options	Unquoted Performance Rights	Shares #	Economic Exposure millions	rank
Directors						
Greg English	Non-Executive Chairman	1,000,000	3,000,000	6,265,000	10,265,000	1
Stephen Biggins	MD	2,100,000	0	7,007,667	9,107,667	2
Heath Hellewell	Non-Executive Director	1,000,000	1,200,000	0	2,200,000	3
Key Management Personnel						
Jarek Kopias	Company Secretary	556,667	1,200,000	226,667	1,983,334	4
David Rawlings	Exploration Manager	0	160,000	810,000	970,000	5

Source: CXO

Directors (as summarised from Core's website)

Board of Directors have a combined 60 years of experience in a diverse array of mining projects throughout Australia and Internationally

Greg English, Non-Executive Chairman

Greg is a qualified Mining Engineer and Lawyer with over 20 years' experience in multi-commodity projects throughout Australasia. Greg is currently a Non-Executive Chairman of ASX listed Archer Exploration (ASX:AXE) and was a Director of Gawler Resources (ASX:GRL) prior to its merger with Elixir Petroleum (ASX:EXR).

As a Mining Engineer, Greg worked on numerous underground and open pit mines in Australia and gained a First Class Mine Manager's Ticket in Northern Territory and Western Australia. During this time, Greg worked for a number of large mining companies (MIM, Shell Coal and Normandy Mining) in various mine production, mine planning, mine management, project management and various commercial and business development roles.

Greg is currently a partner at Piper Alderman Lawyers, Energy & Resources Corporate & Commercial division.

Stephen Biggins, Managing Director

Mr Biggins has accumulated broad experience as a geologist and geophysicist for over 25 years. Mr Biggins has specialised in mineral exploration and has been involved in building prospective portfolios of gold, uranium and metal projects in Australia and Internationally.

As MD of Core, Stephen identified, acquired and then led the Company to the discovery of the first Lithium Resource in the NT.

Previously, as MD of Southern Gold, Stephen led the discovery of the Cannon Gold Mine, which is currently in production in JV with Metals-X in WA.

Mr Biggins founded and served as director on the board of various ASX listed companies including Core Exploration Limited (ASX:CXO), Southern Gold Limited (ASX:SAU), and Investigator Resources Limited (ASX:IVR, formerly ASX:SNU).

Heath Hellewell, Non-Executive Director

Heath is an exploration geologist with over 20 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa.

Heath has previously held senior exploration positions with a number of successful mining and exploration groups including DeBeers Australia and Resolute Mining. Heath joined Independence Group in 2000 prior to the Company's IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits. Most recently Heath was the co-founding Executive Director of Doray Minerals, where he was responsible for the Company's exploration and new business activities.

Following the discovery of the Andy Well gold deposits, Doray Minerals was named “Gold Explorer of the Year” in 2011 by The Gold Mining Journal and in 2014 Heath was the co-winner of the prestigious “Prospector of the Year” award, presented by the Association of Mining and Exploration Companies.

MAJOR SHAREHOLDERS

There are no substantial shareholders.

OPTIONS AND UNPAID CAPITAL

There are ~114.7m listed options with a strike of 5cps and expiry on 31 August 2017 (ticker CXOOA), which is ~\$5.7m of unpaid capital. In addition, 5m unlisted options with a strike of ~14cps and expiry on 28 February 2019 for ~\$0.7m.

There are also performance rights of ~7m. Total fully diluted capital of 501.2m.

EQUITY ISSUANCE

CXO is reasonably capitalised (March cash of A\$7.1m) as a junior explorer given spodumene exploration is relatively cheap (shallow holes). In addition, the listed options (CXOOA) could raise ~\$5.7m in August if they are still in the money. However, it will need additional funding to drill out any discoveries and obviously for study work should it have success.

If Core is able to find an offtake project partner for DSO at Grants, Core may be able to develop a low capex DSO mining operation that funds future drilling and early development costs of a larger project.

SENSITIVITIES

FX exposure

Selling prices are likely to be in USD, if the Company defines an operation. Costs are likely to be in AUD.

Interest Rate exposure

CXO has negligible direct interest rate exposure.

Commodity price exposure

CXO is a spodumene explorer, and as such is exposed to spodumene prices. The tenements are also prospective for tin.

VALUATION CONSIDERATIONS AND PRICE TARGET METHODOLOGY

VALUATION

CXO is still an early stage explorer. Australian spodumene deposits of scale though are currently very well rewarded by the equity market. As a rule of thumb, the market is paying ~\$3-10/t for every 1Mt of advanced economic spodumene resource, suggesting an EV for CXO of \$6-20m based on the Grants resource. If CXO has success though at the other projects and can define substantial ore tonnes are recoverable grades (>50Mt @ >1.1% Li₂O), then there is substantial upside. Alternatively, if CXO were able to achieve a DSO offtake agreement for Grants at current prices (~US\$100/t for DSO ore), we see potential for the project to generate >A\$50m of free cash flow.

PRICE TARGET

We have a price target of 12cps, which ascribes some risked value to substantial exploration success. There is substantial downside risk if the Company is unable to define substantially more resource tonnes, or the DSO spodumene price outlook deteriorates.

Price Target Methodology	Weighting	Spot	12 mth out
Grants development	40%	\$0.14	\$0.16
Significant Exploration success (100Mt)	5%	\$0.80	\$0.92
Net cash	55%	\$0.02	\$0.02
Risk weighted composite		\$0.11	
12 Months Price Target		\$0.12	
Shareprice - Last		\$0.074	
12 mth total return (% to 12mth target + dividend)		65%	

Source: Hartleys Estimate

RECOMMENDATION & RISKS

INVESTMENT THESIS & RECOMMENDATION

The Company has two large priority targets to be drill tested in coming months, which if they are mineralised similar to Grants (grade and metallurgy) would be very significant value drivers

We initiate with a Speculative Buy. CXO has shown the Finniss Project is very prospective, and has defined a small (1.8Mt) resource. The Company has two large priority targets to be drill tested in coming months, which if they are mineralised similar to Grants (grade and metallurgy) would be very significant value drivers. We view CXO as an early stage explorer, albeit in very prospective ground.

RISKS

The key risks for Core (like most exploration companies) is making an economic discovery and obtaining the funding for ongoing exploration. Other risks include delays, key person risk, country/sovereign risk, weather, JV partner obligations, cost inflation. Investing in explorers is very risky given the value of the company (exploration value) in essence assumes that the market will recognise a portion of potential value before the results of an exploration program are known, conscious that the ultimate chance of success is low and that failure is much more likely, in most cases.

SIMPLE S.W.O.T. TABLE

Strengths	<ul style="list-style-type: none"> Located in Australia Proven existence of small but high grade mineralisation Early test work shows good metallurgy Close location to Port of Darwin Potential small DSO operation
Weaknesses	<ul style="list-style-type: none"> Small scale deposits Current deposit has high strip ratio Drill access restricted to dry season (Winter)
Opportunities	<ul style="list-style-type: none"> Exploration success for larger deposit DSO potential
Threats	<ul style="list-style-type: none"> Spodumene prices No exploration success Capital markets

Source: Hartleys Research

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Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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