ASX ANNOUNCEMENT

ASX: CXO

19th December 2017

Significant Widths and Grades of Spodumene-Rich Pegmatite Intersected at Sandras

HIGHLIGHTS

- **New High-Grade Lithium drill assays received from the recent RC drilling at Sandras Prospect include:**
  - **27m @ 1.45% Li_2O from 195m in SRC006**
    - **including a high grade interval of 7m @ 2.13% Li_2O from 201m.**
  - **38m @ 1.08% Li_2O from 94m in SRC002**
    - **including 8m @ 1.86% Li_2O from 95m**
  - **19m @ 1.28% Li_2O from 106m in SRC008**
    - **including 5m @ 1.89% Li_2O from 111m**
- **New high-grade lithium intersections from Core's first drilling at Sandras confirm that there are other pegmatites beyond Grants and BP33 with significant spodumene grades and thicknesses**
- **Drilling and assay results indicate that Sandras pegmatite is open down plunge to the south, where grades appear to increase**
- **Further drilling planned in 2018 to test potential extensions and zones of increasing grade at Sandras**

Core Exploration Ltd (**ASX: CXO**) ("**Core**" or the "**Company**") is pleased to announce new assay results from multiple drill intersections that confirm the potential of the 100%-owned Sandras Prospect to host high-grade spodumene pegmatite. These results from the first drilling program undertaken at Sandras by Core demonstrate the potential for pegmatites other than

BP33 and Grants within the Finniss and Bynoe Lithium Projects to have significant spodumene grades and thicknesses.

Sandras is located on the Company's newly acquired Bynoe Lithium Project on adjacent tenements to those that host the Grants Lithium Resource and BP33 spodumene pegmatite near Darwin (Figure 3).

New assay results from Sandras include 27m @ 1.45% Li_2O from 195m in SRC006 including 7m @ 2.13% Li_2O from 201m, 38m @ 1.08% Li_2O from 94m in SRC002 including 8m @ 1.86% Li_2O from 95m and 19m @ 1.28% Li_2O from 106m in SRC008 including 5m @ 1.89% Li_2O from 111m (refer Table 1). The very high grade intervals of 7m @ 2.13% Li_2O at Sandras are in line with those at Grants and BP33. Core's new assays reflect the highest grade intervals that have ever been drilled at Sandras.

Hole ID	From (m)	To (m)	Interval (m)	Li_2O %
SRC001	93	101	8	0.85
and	107	109	2	0.43
SRC002	94	132	38	1.08
including	95	103	8	1.86
SRC003				NSI
SRC004	243	257	14	0.79
including	252	254	2	1.57
and	234	235	1	1.47
SRC005				Did not reach target depth
SRC006	195	222	27	1.45
including	201	208	7	2.13
and	227	228	1	0.64
SRC007				NSI
SRC008	106	125	19	1.28
including	111	116	5	1.89
SRC009	61	78	17	0.8
including	63	67	4	1.32
SRC010	65	67	2	0.66

Table 1. RC Drilling assay summary for Sandras. Calculated intercepts using 0.4% Li_2O cutoff and 5m dilution.

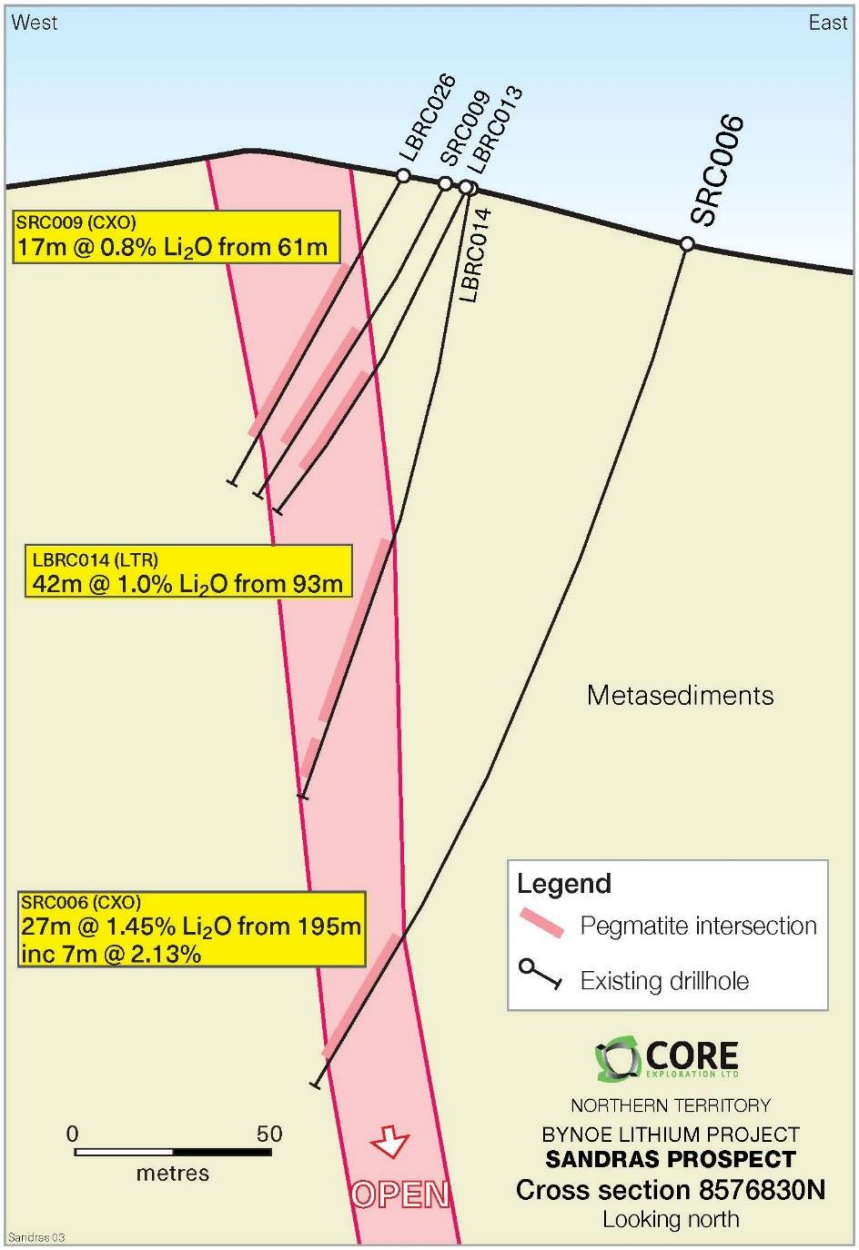

Figure 1. Drill cross-section showing Core's RC drilling results at Sandras, downdip from previous LTR drilling

Recent assay results confirm that spodumene grades increase with depth at Sandras (Figure 1) and support the concept of a southerly plunge to the spodumene pegmatite body (Figure 2). RC Drillhole SRC005 unfortunately terminated at 161m, prior to reaching the target depth, due to poor drilling conditions. Drilling to test this southerly plunge model via a diamond drill core tail is planned in 2018.

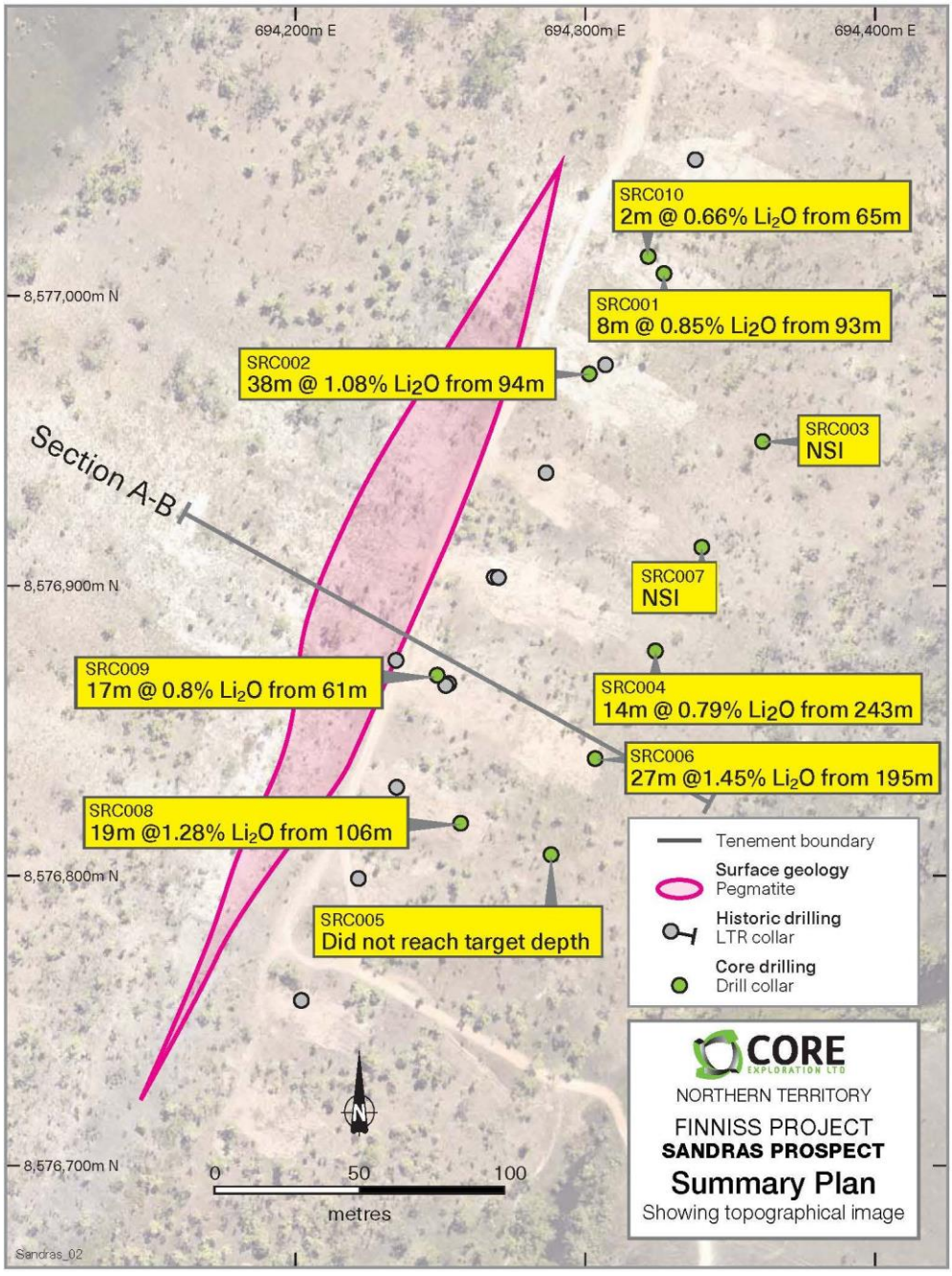

Figure 2. Drill locations at the Sandras BP33 Pegmatite.

Next Steps

The recently received drilling results at Sandras will be assessed in early 2018 to undertake a preliminary evaluation of the size and continuity of spodumene mineralisation at Sandras. Step-out RC and diamond core drilling are the next steps planned at Sandras in the 2018 field season.

To optimise the effectiveness of drilling during the remaining field season, Core is fully focused on continuing diamond drilling and newly deployed RC drilling at BP33 until year end.

Early in January 2018, RC and diamond rigs will commence resource upgrade drilling at Grants.

Assay results from other pegmatite targets recently drilled on the new Bynoe Project as well as from drilling at BP33 and Grants will be received through the first quarter 2018.

For further information please contact:

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Stephen Biggins (BSc(Hons)Geol, MBA) as Managing Director of Core Exploration Ltd who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Biggins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The report includes results that have previously recently been released under JORC 2012 by Core on 23/09/2016 "High Grade Spodumene Confirms Significant Lithium Discovery" and 16/11/2017 as "Widest Spodumene Pegmatite Intersections to date at BP33 in First Drillholes on Newly Acquired Bynoe Lithium Project" and by Liontown Resources Ltd (ASX:LTR) on 2/11/2016 "Initial Assays from Second Phase of Drilling at Bynoe Lithium Project Confirm Extensions to Sandras Prospect". The Company is not aware of any new information that materially affects the information included in this announcement.

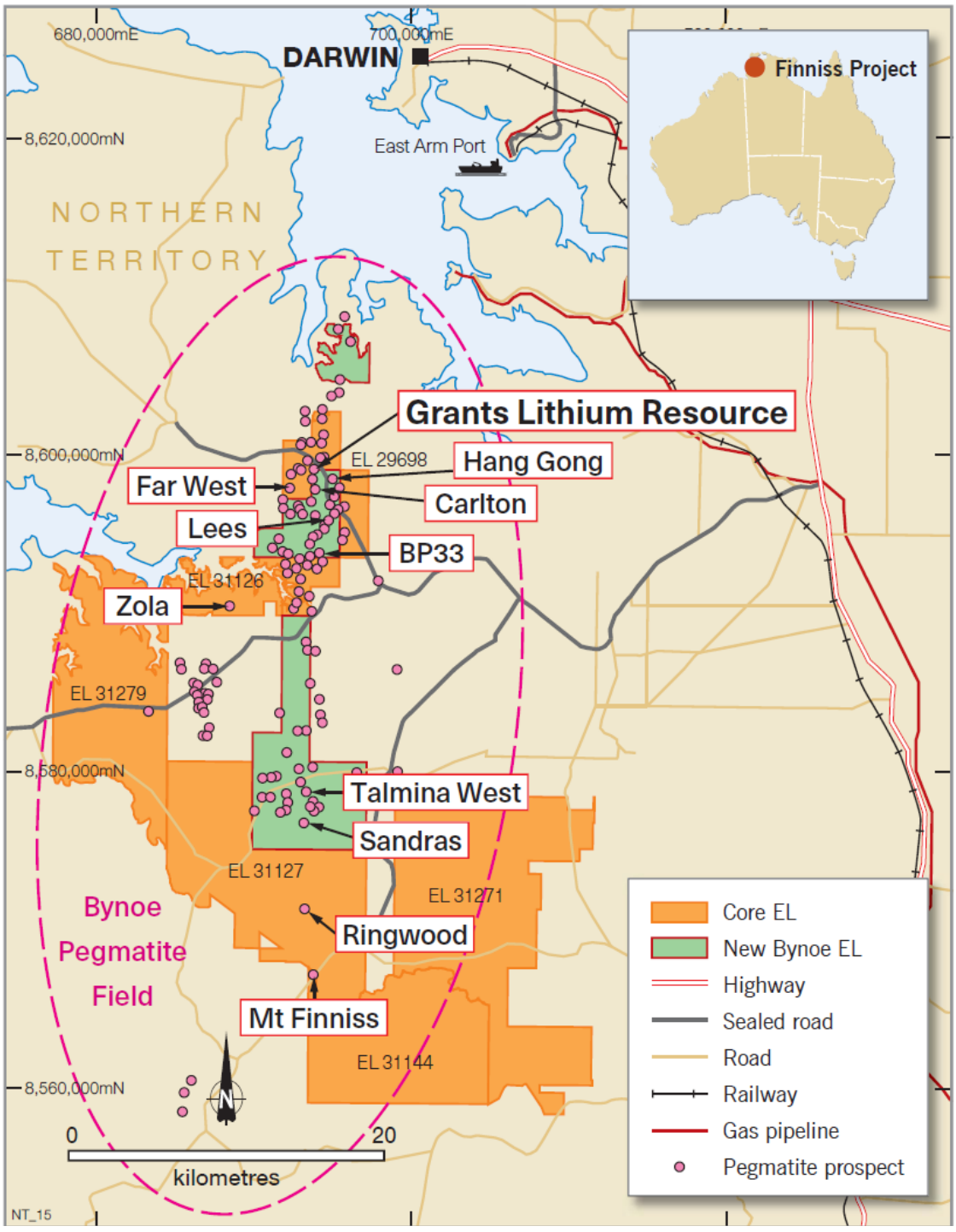

Figure 3. Pegmatite prospects within the Finniss and Bynoe Lithium Projects near Darwin, NT

JORC Code, 2012 Edition – Table 1 Report Template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code Explanation	Commentary

Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*
	• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*
		• Drilling geology results reported herein relate to RC drillholes at the Sandras Prospect on EL30012
		• Holes SRC001 to SRC010 were drilled by Core in late November to early December 2017.
		• The azimuth of Core's drill holes is oriented approximately perpendicular to the interpreted strike of the mineralised trend. Holes are oblique in a dip sense (see Section).
		• Core's RC drill spoils are collected into two sub-samples:
		  ○ 1 metre split sample, homogenized and cone split at the cyclone and then calico-bagged. Usually these weigh 2-3 kg.
		  ○ 30-40 kg primary sample is collected in green bags and retained until assays have been returned and deemed reliable for reporting purposes.

Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• Drilling technique used by Core and reported herein comprises standard Reverse Circulation (RC) 4 and ¾ inch face sampling hammer (5.5 inch diameter bit). The rig used is a multipurpose wheel mounted UDR1000 and running a 1600 CFM 500 psi compressor/booster combo. The rig is operated by WDA Drilling Services, Humpty Doo NT.

Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Sample recoveries are visually estimated and recorded by Core for each metre.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Standard sample logging procedures are utilised by Core, including logging codes for lithology, minerals, weathering etc. • Geology of the RC drill chips were logged on a metre basis with attention to main rock forming minerals within the pegmatite intersections.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC samples referred to in this report have been collected on a 1m-basis utilising the cone splitter mounted under the drill rig's cyclone. • Where the sample was too wet for the cone splitter to operate, 1m samples were collected from the 1m bulk bags using a spear. This was a rare occurrence. • The type of sub-sampling technique and the quality of the sub-sample was recoded for each metre. The quality of the samples was assessed prior to their inclusion in calculated interval averages.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and*	• Samples are prepared at North Australian Laboratories by pulverising in Steel Ring Mill to 95% passing -100 um. • A 0.3 g sub-sample is then digested in a standard 4 acid mixture and analysed via ICP-MS and ICP-OES methods for the following elements: Li, Cs,

	model, reading times, calibrations factors applied and their derivation, etc.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*
		Rb, Sr, Nb, Sn, Ta, U, As, K, P and Fe. The lower and upper detection range for Li by this method are 1 ppm and 5000 ppm respectively.
		• For any sample reporting above 3000 ppm Li, a trigger is set to process that sample via a fusion method. For this, a 0.3 g sub-sample is fused with a Sodium Peroxide Fusion flux and then digested in 10% hydrochloric acid. ICP-OES is used for the following elements: Li, P and Fe. The lower and upper detection range for Li by this method are 10 ppm and 20,000 ppm respectively.
		• A barren flush is inserted between samples at the laboratory.
		• The laboratory has a regime of 1 in 8 control subsamples.
		• NAL utilise standard internal quality control measures including the use of Certified Lithium Standards and duplicates/repeats.
		• CXO-implemented quality control procedures include:
		  ○ One in twenty certified Lithium ore standards are used for this drilling.
		  ○ One in twenty duplicates are used for this drilling.
		  ○ Blanks inserted at a rate of roughly one in twenty.
		• External laboratory checks will be completed in due course.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Core's experienced project geologists are supervised by Core's Exploration Manager. • All field data is entered into excel spreadsheets (supported by look-up tables) at site and subsequently validated as it is imported into the centralized CXO Access database. • Hard copies of survey and sampling data are stored in the local office and electronic data is stored on the Core server. • Metallic Lithium percent was multiplied by a conversion factor of 2.15283/10000 to report Li ppm as Li_2O%
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral*	• Core's Drilling: All coordinate information was collected using hand held GPS utilizing GDA 94, Zone 52. RC hole traces were surveyed by north

	Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	seeking Champ gyro tool (multishot mode at 5m and 10m intervals) operated by the drillers and the collar is oriented by a line of sight compass and a clinometer. Drill hole deviation has been minor and predictable in the most part. However, for the deeper holes deviation was significant in the lower parts of the holes as a result of hard bedrock. Despite this, the holes still tested the targets roughly oblique to the strike of the pegmatite, which is acceptable for regional exploration and preliminary resource drilling. In any case, the gyro down hole survey has accurately recorded the drill traces and any deviation from the planned program can be accommodated in a 3D GIS environment.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill collars are spaced approximately 50m apart along the north trending pegmatite body of Sandras. • This data may be used to support a resource. • Refer to figures in report. • Sample compositing reported here are calculated length weighted averages of the 1 m assays. Length weighted averages are acceptable method because the density of the rock (pegmatite) is constant.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Core's drilling is oriented perpendicular to the interpreted strike of mineralization (pegmatite body) as mapped or predicted by the geological model. In some areas the rocks may trend at an angle to the drill traverse. Because of the dip of the hole, drill intersections are apparent thicknesses and overall geological context is needed to estimate true thicknesses.
Sample security	• *The measures taken to ensure sample security.*	• Company geologist supervises all sampling and subsequent storage in field and transport to point of dispatch to assay laboratories.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits or reviews of the sampling techniques were not undertaken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Drilling by Core at Sandras Prospect on what is now EL30012 that is 100% owned by Core, via a recent sale agreement (ASX Release 14 Sept 2017). • The area being drilled comprises Vacant Crown land • There are no registered heritage sites covering the areas being drilled. • The tenement is in good standing with the NT DPIR Titles Division.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The history of mining in the Bynoe Harbour – Middle Arm area dates back to 1886 when tin was discovered by Mr. C Clark. • By 1890 the Leviathan Mine and the Annie Mine were discovered and worked discontinuously until 1902. • In 1903 the Hang Gong Wheel of Fortune was found and 109 tons of tin concentrates were produced in 1905. In 1906, the mine produced 80 tons of concentrates, but it was exhausted and closed down the following year after a total of 189 tons of concentrates had been won. • By 1909 activity was limited to Leviathan and Bells Mona mines in the area with little activity in the period 1907 to 1909. • Renewed activities in 1925 coincided with the granting of exclusive prospecting licences over an area of 26 square miles in the Bynoe Harbour – West Arm section but once again nothing eventuated. • The records of production for many mines are not complete, and in numerous cases changes have been made to the names of the mines and prospects which tend to confuse the records still further. In many cases the published names of mines cannot be linked to field occurrences. • In the early 1980s the Bynoe Pegmatite field was reactivated during a

		period of high tantalum prices by Greenbushes Tin which owned and operated the Greenbushes Tin and Tantalite (and later spodumene) Mine in WA. Greenbushes Tin Ltd entered into a JV named the Bynoe Joint Venture with Barbara Mining Corporation, a subsidiary of Bayer AG of Germany. • Greenex (the exploration arm of Greenbushes Tin Ltd) explored the Bynoe pegmatite field between 1980 and 1990 and produced tin and tantalite from its Observation Hill Treatment Plant between 1986 and 1988. An abandoned open cut to 10m depth remains at BP33. • They then tributed the project out to a company named Fieldcorp Pty Ltd who operated it between 1991 and 1995. • In 1996, Julia Corp drilled RC holes into representative pegmatites in the field, but like all of their predecessors, did not assay for Li. • Since 1996 the field has been defunct until recently when exploration has begun on ascertaining the lithium prospectivity of the Bynoe pegmatites. • The NT geological Survey undertook a regional appraisal of the field, which was published in 2004 (NTGS Report 16, Frater 2004).
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The tenements cover the southern portion of a swarm of complex zoned rare element pegmatite field, which comprises the 55km long by 10km wide West Arm – Mt Finniss pegmatite belt (Bynoe Pegmatite Field; NTGS Report 16). The main pegmatites in this belt include Mt Finniss, Grants, BP33, Hang Gong and Sandras • The Finniss pegmatites have intruded early Proterozoic shales, siltstones and schists of the Burrell Creek Formation which lies on the northwest margin of the Pine Creek Geosyncline. To the south and west are the granitoid plutons and pegmatitic granite stocks of the Litchfield Complex. The source of the fluids that have formed the intruding pegmatites is generally accepted as being the Two Sisters Granite to the west of the belt, and which probably underlies the entire area at depths of 5-10 km.

		• Lithium mineralisation has been identified as occurring at Bilato's (Picketts), Saffums 1 (amblygonite) and more recently at Grants, BP33 and Sandras.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		<table><tr><th>Hole_ID</th><th>East_MGA94_Z52</th><th>North</th><th>RL_m</th><th>Azimuth_TN</th><th>Dip_Deg</th><th>Depth_m</th></tr><tr><td>SRC001</td><td>693327</td><td>8577008</td><td>45</td><td>300</td><td>-75</td><td>137</td></tr><tr><td>SRC002</td><td>693301</td><td>8576974</td><td>45</td><td>295</td><td>-75</td><td>155</td></tr><tr><td>SRC003</td><td>693361</td><td>8576950</td><td>35</td><td>290</td><td>-70</td><td>227</td></tr><tr><td>SRC004</td><td>693324</td><td>8576878</td><td>35</td><td>290</td><td>-75</td><td>269</td></tr><tr><td>SRC005</td><td>693288</td><td>8576808</td><td>34</td><td>290</td><td>-75</td><td>161</td></tr><tr><td>SRC006</td><td>693303</td><td>8576841</td><td>38</td><td>290</td><td>-70</td><td>239</td></tr><tr><td>SRC007</td><td>693340</td><td>8576914</td><td>36</td><td>290</td><td>-70</td><td>257</td></tr><tr><td>SRC008</td><td>693257</td><td>8576819</td><td>52</td><td>295</td><td>-60</td><td>143</td></tr><tr><td>SRC009</td><td>693249</td><td>8576870</td><td>55</td><td>295</td><td>-60</td><td>95</td></tr><tr><td>SRC010</td><td>693322</td><td>8577014</td><td>47</td><td>295</td><td>-60</td><td>101</td></tr></table>Refer Figures in Report.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Sample compositing reported here are calculated length weighted averages of the 1 m assays. Length weighted averages are acceptable method because the density of the rock (pegmatite) is constant. • 0.4% Li_2O was used as lower cut off grades for compositing with allowance for including up to 5 intervals of below cut-off grade internal dilution.
Relationship between	• *These relationships are particularly important in the reporting of Exploration Results.*	• The oblique nature of drillholes with respect to geology is discussed above. Because of the dip of the hole, drill intersections are apparent thicknesses

mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	and overall geological context is needed to estimate true thicknesses. Refer figures in report
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See figures in release
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Exploration results are discussed in the report and shown in figures.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• See release details. • All meaningful and material data reported.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• One of the holes at Sandras had to be abandoned due to groundwater impacting sample quality at a depth of 161m, prior to the pegmatite target. This hole serves as an ideal precollar for a Diamond core drill hole in the future. The Top End West Season is beginning to take hold and it is unlikely that Core will be able to access Sandras for drilling until the next dry season, as the access track is subject to periodic flooding and isn't designed for heavy equipment in the Wet. • Further RAB drilling, RC and Diamond core drilling is on-going in the

		northern tenements of EL29698 and EL30015 where access is locally all-weather, such as Grants and BP33. • Core will review all the Sandras data with the view of establishing if a resource can be calculated.