ASX ANNOUNCEMENT

ASX : CXO

22nd April 2015

Core awarded PACE co-funding to drill Zinc-Lead-Silver Project

HIGHLIGHTS

- **Core awarded co-funding of diamond drilling program planned for 2nd half of 2015**
- **Up to 14.7 % zinc, 11.7% lead, and 567 g/t silver assays in separate rock chips from sampling of old workings and gossans discovered by Core on EL 5015 in S.A.**
- **Mineralised breccia and surface gossans hosted within fault zones interpreted to be up to 1.5km long.**
- **High grade mineralisation identified in at least 5 individual structures to date.**

Core Exploration Limited (ASX:CXO) is pleased to announce it has been awarded co-funding from the South Australian Government funding to drill the Company's Yerelina zinc-lead-silver project on EL 5015, which covers a 1,000km^2 area in northern South Australia.

Core has been recently awarded a grant of $75,000 as part of the SA Government's PACE Discovery Drilling 2015 program. Core's successful proposal for drilling at Yerelina was assessed and ranked against criteria by a panel of government and independent representatives with extensive mining industry experience.

Core's previous mapping campaigns have discovered high grade zinc, lead and silver mineralisation extending over 1 kilometre from historical workings on EL 5015.

The Yerelina project is highly prospective for shallow base and precious metal mineralisation as evidenced by high grade mineralisation on five separate north-south structures identified by Core.

Assay results also show that high grade mineralisation continues between and beyond the historic mining areas. Of the 38 samples taken along a 1 km section of fault zone at Great Gladstone, 34 returned combined lead and zinc assays in excess of 10,000ppm and over 1 g/t silver with the best assay at 14.7% zinc. Lead values peaked at 12.7% and silver at 567 g/t (Figure 2).

The proposed PACE assisted drilling project comprises a total of six angled diamond core holes (total of approx. 1000m) targeted under the known outcropping mineralisation to better understand grade distribution, mineralisation potential and geological controls.

Exploration to date

Core has progressively advanced the Yerelina project through historical data reviews; analysed surface geochemistry and petrological analysis and flown high-resolution airborne geophysical surveys. Core undertook a series of reconnaissance sampling and mapping programs at Yerelina during 2012, 2013 and 2014 that identified extensions to the previously identified mineralisation at historical workings.

Core's mapping located and sampled 23 historical mining areas (shafts, drives and trenches) along five separate mineralised faults. To date at total of 118 rock chip samples have been collected from both in situ gossans and mullock heaps adjacent to historic workings (Figure 1). Core is excited by the consistency of grade and scale of the mineralisation thus far identified at the project.

Core's analysis of modern satellite imagery and the Company's detailed heli-borne magnetic and radiometric survey data have identified that these workings are hosted by a large scale system of repeated north/south regional structures. Core identified that potential gossanous outcrop and host structure could be seen in the landscape to both the north and the south of the historical workings and multiple potential repeats of the known mineralised faults have been identified as magnetic lows (Figure 2).

The next logical step for this project is drill testing with orientated diamond core, under the known outcropping mineralisation to better understand mineralisation potential and geological controls.

Diamond drilling is considered preferential as the known mineralisation style is structurally controlled thus reliable structural measurements and analysis of mineralising and associated alteration systems is considered critical to understand the mineralising potential of the Yerelina Project.

Project Background

High-grade silver-lead-zinc mineralisation within Tapley Hill Formation (THF) was historically mined 100 years ago at Yerelina in the northern Flinders Ranges. Whilst there remains clear evidence of numerous historical workings and outcropping mineralisation that can be mapped in repetitious, kilometre long vein sets over a very broad area, no systematic modern exploration has been undertaken and the area has never been drill tested (Figure 2).

The Adelaide Geosyncline has long been considered prospective for sedimentary basin hosted base metal mineralisation styles (e.g. MVT or SedEx). Core Exploration (CXO) believes that the mineralisation at Yerelina may represent a surface exposure of part of one of these large regional mineralisation styles.

Figure 1.Example of Yerelina Zn-Pb-Ag vein style mineralisation associated with iron-rich carbonate alteration in brittle fractured Tapley Hill Formation.

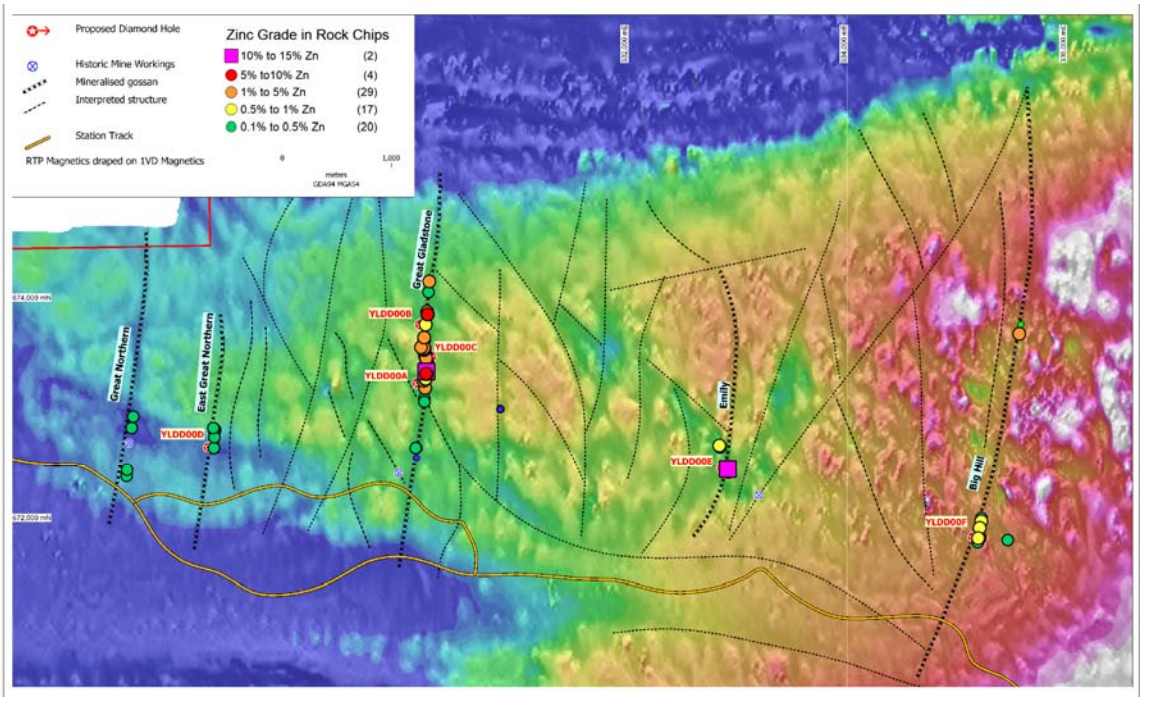

Figure 2. RTP Magnetic Imagery showing structural interpretation and zinc grade in rock chips.

Future Work Program

Preparation for drilling at Yerelina including submission of a Program for Environmental Management and Rehabilitation (PEPR) and Cultural Heritage Clearances will commence this quarter with drilling to follow in the second half of this year.

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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.

This report also includes exploration information that was prepared and first disclosed by Core under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in all previous announcements has been compiled by Mr Stephen Biggins as the Competent Person and who provided his consent for all previous announcements. The information that was reported in announcements previously released under JORC Code 2004 is the announcement dated 19/03/2013 titled "High Grade Lead-Zinc-Silver Assays from S.A. Project"