ASX ANNOUNCEMENT

ASX : CXO

25th October 2012

First drill program commences on Fitton Project, S.A.

HIGHLIGHTS

- **2,000m RC drill program has started at promising Fitton Project in SA**
- **Results from previous surface sampling at Fitton's Scott Lee and Choppy prospects include grades of 10.5% copper, 1.0 g/t gold, 0.34% U_3O_8 and 20g/t silver**
- **First drilling also targeting a number of nearby magnetic "look-a-like" targets**
- **Assay results expected by late in November**

Core Exploration Ltd (ASX:CXO) is pleased to announce that it has commenced a 2,000m reverse circulation (RC) drilling program at the Company's 100% owned Fitton Project (EL 4569) in northern South Australia.

Core is also encouraged by the recent base metal discovery announced last week by Cauldron Energy Ltd (ASX:CXU - 17/10/2012) located 30km to the west of Core's current drilling program. Cauldron's silver/lead/zinc discovery is particularly significant in the light of Core's silver assays up to 203g/t silver and combined lead and zinc of 13.4% from surface sampling on its new 1,000km^2 EL 5015 (Figure 2) (refer CXO Announcement 04/10/2012).

Core's RC drilling at Fitton is targeting the following prospects (Figures 1 & 2):

Scott Lee Prospect

Previous surface sampling by Core at Scott Lee has assayed up to 10.5% copper and 0.34% uranium (U_3O_8). A number of samples contained highly anomalous uranium above 100ppm for a strike length of over 800m and graded above 1% copper over a strike length of 150m.

Mineralisation at Scott Lee is associated with a shear zone and is magnetic at a local scale.

Choppy Prospect

In addition to copper assays of up to 4.7% at surface, high levels of gold 1g/t and silver 20g/t are associated with copper mineralisation at Choppy (refer ASX announcement 28/8/12).

The Choppy Prospect is located 400m southwest of the Scott Lee Prospect. Copper mineralisation at Choppy consists of malachite bearing quartz and hematite along zones of sheared granite that are magnetic at local scale (Figure 1).

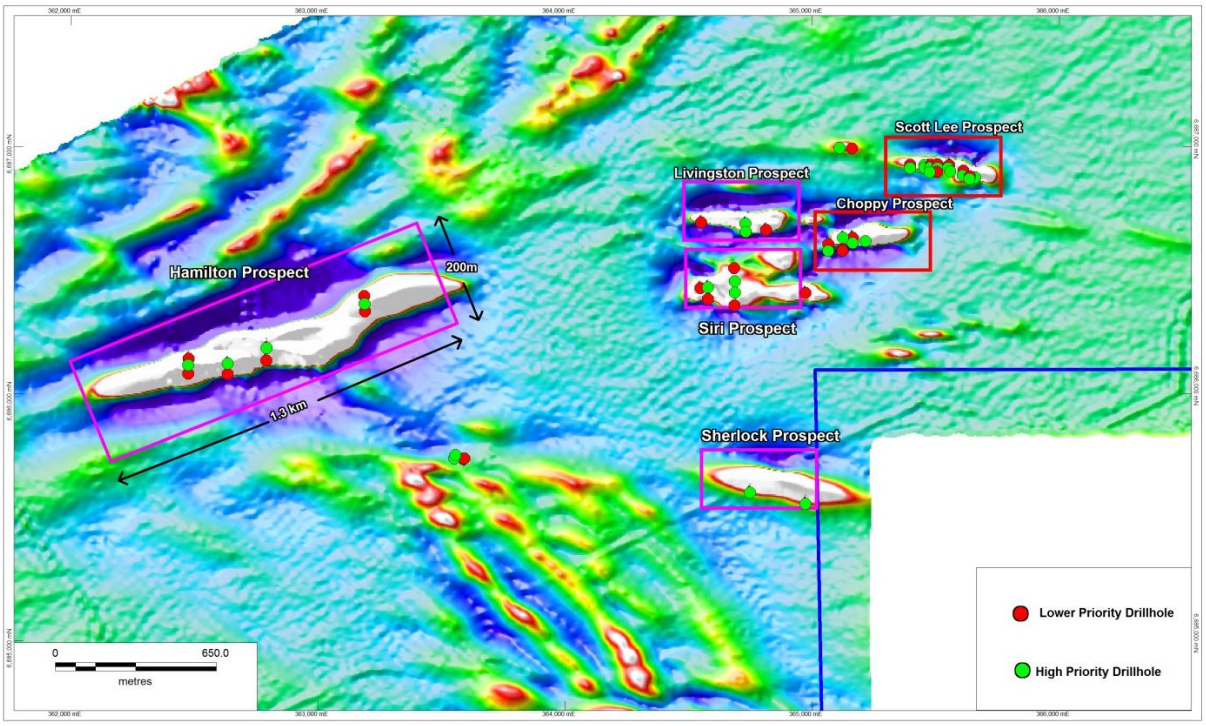

Figure 1. Prospect and drill target locations overlain on magnetic image, Fitton Project, S.A.

Livingstone and Siri Prospects

At the Livingstone and Siri prospects, two new magnetic targets of similar dimensions to Scott Lee and Choppy have been identified to the east (Figure 1). Further mapping of these areas is currently underway to identify additional surface expressions of mineralisation.

Sherlock Prospect

Sherlock Prospect focus is on a 700m long magnetic anomaly that is covered by shallow soils. The magnetic anomaly is located on a regional scale WNW/ESE shear zone that intersects with the Hamilton Prospect 2km west (Figure 1). Historical copper workings are located further east along this same structure.

Hamilton Prospect

The largest target identified to date is a much larger magnetic anomaly located 2km south-west of Scott Lee at the Hamilton Prospect. While it is yet to be established if this new 1,300m long and 200m wide anomaly is mineralised, the outcropping geology comprises magnetite veined and sheared granite similar to Scott Lee and Choppy (Figure 1).

The large magnetic anomaly at Hamilton is positioned parallel to and within the regional-scale Terrapinna Corridor at a key geological position in between the Mt Painter and Mt Babbage Inliers (Figure 1 & 2).

Next Steps

First assay results from the new RC drilling program are to be received by the end of November.

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The information in this report has been compiled by Stephen Biggins (BSc(Hons)Geol, MBA) as Managing Director of Core Exploration Ltd and 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. As a Competent Person, he has a minimum of 5 years relevant experience in the style of mineralisation and types of activities being reported and has given written consent to the above report in the form and context in which it appears.

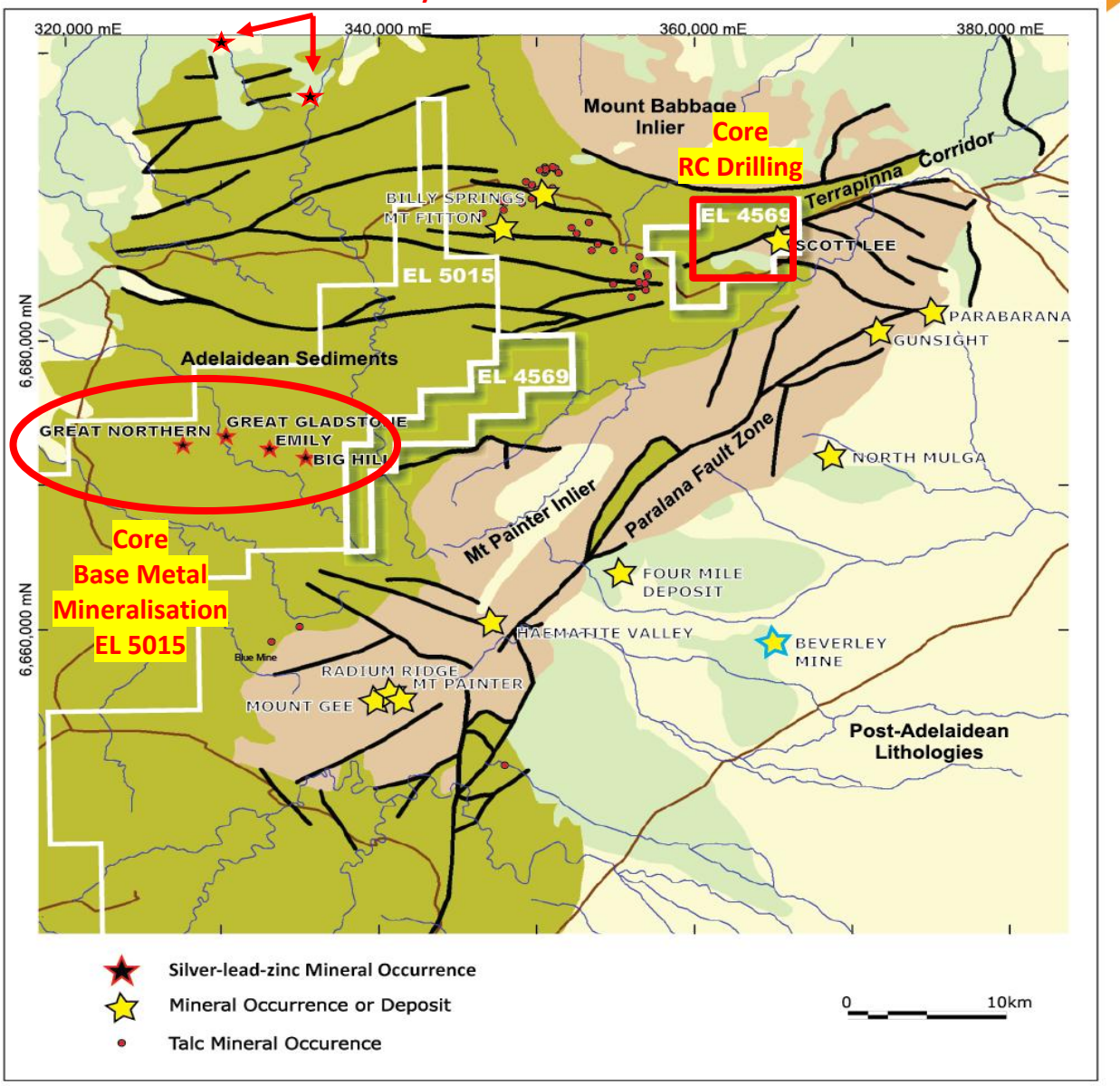

Figure 2: Area of focus of current RC drilling program on Core's EL 4569 Fitton and also new EL 5015 Yerelina and surrounding mineral occurrences and mines, northern South Australia.