
CORTONA RESOURCES LIMITED

ABN 98 117 848 790

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9am WST

DATE: Monday, 26 November 2007

PLACE: "Citigate"
707 Wellington Street
Perth WA 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 93888041.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Cortona Resources Limited which this Notice of Meeting relates to will be held at 9am WST on Monday, 26 November 2007 at "Citigate", 707 Wellington Street, Perth, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Cortona Resources Limited, Level 1, 22 Oxford Close, Leederville, Western Australia 6007; or
- (b) send the proxy form by facsimile to the Company on facsimile number (08) 6380 1387

so that it is received not later than 9am WST on Thursday, 22 November 2007.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Cortona Resources Limited will be held at "Citigate", 707 Wellington Street, Western Australia at 9am WST on Monday, 26 November 2007.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at the close of business on Tuesday, 22 November 2007.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2007, together with the directors' report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report (Non-binding)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report."

Short Explanation: The Corporations Act provides that by a resolution that the remuneration report be adopted and must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Mr Clive Jones

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Clive Jones, being a Director, retires by rotation in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a Director."

Resolution 3 – Re-election of Mr Derek Fisher

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Derek Fisher, being a Director, retires in accordance with clause 11.12 of the Constitution and, being eligible, is hereby re-elected as a Director."

NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 – Remuneration of Non-Executive Directors

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.17, the Directors be authorised to increase the aggregate remuneration of Non-Executive Directors to a maximum of \$200,000 per annum, to be divided amongst the Directors as the Directors deem fit.”

Voting Exclusion: In accordance with ASX Listing Rule 10.17, the Company will disregard any votes cast on Resolution 4 by any director of the Company, if Resolution 4 is passed, and any person associated with those persons.

Resolution 5 – Acquisition of a Relevant Interest – Exercise Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, shareholders approve the potential increase in voting power of Moly Mines Limited (**Moly**) and its associates as a result of the exercise of the Acquisition Options and/or Royalty Options granted to Moly as part consideration for the Acquisition, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

Voting Exclusion: The Company will disregard any votes cast on this resolution by Moly Mines Limited or any of its associates.

Expert’s Report: Shareholders should carefully consider the independent expert’s report prepared by Stanton Partners Corporate for the purposes of shareholder approval for Resolution 5 required under section 611 (item 7) of the Corporations Act. The independent expert’s report comments on the fairness and reasonableness of the transaction to the non-associated shareholders in the Company.

DATED: 23 OCTOBER 2007

BY ORDER OF THE BOARD

**SUZIE FOREMAN
COMPANY SECRETARY
CORTONA RESOURCES LIMITED**

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Attendance and Voting Eligibility

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that Shares held at 5.00pm WST on Thursday, 22 November 2007 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at the "Citigate", 707 Wellington Street, Perth, Western Australia at 9am WST on Monday, 26 November 2007.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

1. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2. RESOLUTION 2 – RE-ELECTION OF MR CLIVE JONES

Clause 11.3 of the Constitution provides that, at the annual general meeting in every year one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director), must retire from office. A retiring Director is eligible for re-election. The Directors to retire at any annual general meeting must be those who have been longest in office since their last election but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

Mr Clive Jones retires and seeks re-election in accordance with clause 11.3 of the Constitution. Details regarding Mr Clive Jones are set out in the Company's 2007 Annual Report.

EXPLANATORY STATEMENT

3. RESOLUTION 3 – RE-ELECTION OF MR DEREK FISHER

Clause 11.12 of the Constitution provides that any Director appointed under clause 11.11 of the Constitution holds office until the next annual general meeting of the Company and is then eligible for re-election.

Mr Derek Fisher seeks re-election in accordance with clause 11.12 of the Constitution. Details regarding Mr Fisher are set out in the Company's 2007 Annual Report.

4. RESOLUTION 4 – REMUNERATION OF NON-EXECUTIVE DIRECTORS

ASX Listing Rule 10.17 and Article 11.15 of the Constitution require that Shareholder approval is obtained for the increase in the maximum amount of remuneration payable to all non-executive directors.

The Company previously set a maximum level of remuneration of \$120,000 that could be paid to non-executive directors. It is proposed that the maximum level to be paid to non-executive directors as a whole be increased to \$200,000 to enable the company to pay appropriate levels of remuneration to existing and new non-executive directors.

The Board of Directors will determine the manner in which directors fees will be paid to non-executive Directors up to the maximum of \$200,000.

5. RESOLUTION 5 – ACQUISITION OF A RELEVANT INTEREST BY MOLY MINES

5.1 Background

On 9 February 2007, the Company announced that it had entered into a Binding Terms Sheet with Big Island Mining Limited (**BIM**) and Moly Mines Limited (**Moly**), pursuant to which the Company agreed to purchase 100% of the issued capital of BIM (**Acquisition**).

A summary of the material terms of the Acquisition and background information on BIM is contained in the Notice of General Meeting of the Company lodged with ASX on 25 May 2007.

Settlement in respect of Acquisition occurred on 6 July 2007. At settlement, the consideration payable by the Company for the Acquisition was satisfied by:

- (a) a cash payment of \$5 million to Moly;
- (b) the issue of 12,000,000 Shares to Moly at a deemed issue price of \$0.20 per Share;
- (c) the issue of 8,000,000 Options (exercisable at 35 cents each on or before 5 July 2009) (**Acquisition Options**); and
- (d) the issue of 8,000,000 Options (exercisable at 50 cents each on or before 5 July 2012) (**Royalty Options**).

The Royalty Options will only vest and become exercisable if a 1 million ounce indicated/measured JORC compliant gold resource (**JORC Resource**) is delineated on the BIM tenements acquired by the Company as part of the Acquisition or a decision to mine is otherwise made in relation to any of the BIM Tenements (**Milestone**).

EXPLANATORY STATEMENT

The material terms and conditions of the Acquisition Options and Royalty Options are set out in Schedules A and B respectively to this Explanatory Statement.

5.2 Item 7 of Section 611 of the Corporations Act

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting Shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or
 - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; and
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the Company's affairs.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

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As at the date of this Notice, Moly is the holder of 12,000,000 Shares, equivalent to a voting power of 15.8% in the Company.

In the event the Acquisition Options the subject of Resolution 5 are exercised by Moly, the shareholding and voting power of Moly (and its associates) will increase from 20% or below to more than 20% as detailed in section 5.3 below.

In the event that the Milestone is achieved, the Royalty Options vest and are then exercised by Moly, the shareholding and voting power of Moly (and its associates) will increase from a starting point below 20% and below 90%, as detailed in section 5.3 below.

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under Item 7 of Section 611 of the Corporations Act is required for Resolution 5.

The information set out below is required to be provided to Shareholders under the Corporations Act and ASIC Policy Statement 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Statement.

5.3 Impact on capital structure and level of control of Moly

The effect on the capital structure of the Company if Resolution 5 is passed and the Acquisition Options and/or the Royalty Options are exercised is set out in the table below (on an undiluted basis).

The calculations assume no Options (other than those relevant to Resolution 5 as detailed below) are exercised.

Shareholder	Number of Shares currently held	Current % of Issued Capital	Maximum % of Issued Capital if Acquisition Options <u>only</u> are exercised	Maximum % of Issued Capital if Royalty Options <u>only</u> are exercised	Maximum % of Issued Capital if <u>both</u> Acquisition Options and Royalty Options are exercised
Moly Mines Limited ¹	12,000,000	15.82%	23.86%	23.86%	30.49%
Non Associated	63,831,771	84.17%	76.14%	76.14%	69.51%

Note 1: Moly is the registered holder of these Shares. Moly Metals Australia Pty Ltd and Copper Metals Australia Pty have a relevant interest in these Shares as a result of the operation of section 608(3) of the Corporations Act.

EXPLANATORY STATEMENT

5.4 Prescribed Information

- (i) *The identity of the person proposing to acquire a relevant interest*

Moly Mines Limited is a public company listed on ASX and TSX. The associates of Moly are Moly Metals Australia Pty Ltd and Copper Metals Australia Pty Ltd, are wholly owned subsidiaries of Moly and may acquire a relevant interest (by virtue of being associates) if Resolution 5 is passed.

- (ii) *The maximum extent of the increase in the person's voting power in the Company that would result from the acquisition of a relevant interest*

On the assumption that Moly exercises only the Acquisition Options, the maximum extent of the increase in the voting power of Moly (and its associates) will be 8.04%.

On the assumption that Moly exercises only the Royalty Options, the maximum extent of the increase in the voting power of Moly (and its associates) will be 8.04%.

If Moly exercises both the Acquisition Options and the Royalty Options, the maximum increase in the voting power of Moly (and its associates) will be 14.67%.

- (iii) *The voting power that person would have as a result of the acquisition of a relevant interest*

As set out in paragraph (ii) above.

- (iv) *The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition*

The maximum extent of the increase in the voting power of each of the associates of Moly, Moly Metals Australia Pty Ltd and Copper Metals Australia Pty Ltd, is as set out in paragraph (ii) above.

- (v) *The voting power that each of that person's associates would have as a result of the acquisition*

As set out in paragraph (ii) above.

The above paragraphs assume that:

- (a) Shares in respect of the exercise of the Acquisition Options and/or Royalty Options are issued and no additional Shares are issued (whether by the exercise of options in the Company or otherwise); and
- (b) no parties other than Moly (and its associates) will receive an increase in voting power.

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5.5 Advantages and Disadvantages

The Independent Expert comments, amongst other things, that the key advantages to non-associated Shareholders of the acquisition by Moly (and its associates) of a relevant interest are that:

- (i) By allowing Moly to subscribe for shares at 35 cents each by exercise of the Acquisition Options the Company would raise \$2,800,000 that could be used to further the current exploration activities of Cortona along with allowing the Company to acquire interests in other exploration assets if it wishes to do so. There will still be a significant non-associated shareholding in Cortona after the passing of resolution 1 and the exercise of the Acquisition Options. There are no immediate plans for Moly to exercise the Acquisition Options and they will probably wait until results of exploration activities on the BIM tenements and other exploration assets of Moly.
- (ii) The exercise price of the Acquisition Options of shares by Moly at 35 cents per share is at a small premium to recent traded share prices of Cortona on the ASX (since 8 August 2007 to 20 September 2007). However we note that as at 24 September 2007 and since 27 September to the date of this Notice, the share price of a Cortona share is in excess of the exercise price.
- (iii) The Company could raise \$2,800,000 without the use of a broker and paying a commission that in today's market would be between 5% and 6%. This saves the Company between \$140,000 and \$168,000 although there is a cost of approximately \$25,000 in regard to the issue of the Notice and accompanying documents as shareholder approval is required pursuant to the Corporations Act and ASX Listing Rules. The Company depending on on-going exploration results is budgeting to spend approximately \$4,000,000 in the year to September 2008 and thus the need to have cash funds is always important.
- (iv) There is always a risk that the Acquisition Options would not be exercised before they expire on 5 July 2009 as the share price in the future may be less than 35 cents. The resolution only allows Moly the ability to exercise the Acquisition Options (and Royalty Options on meeting the performance conditions).
- (v) In the event that the performance conditions are met, it would be expected that the share price would have increased to above share price highs over the past eight months and thus all shareholders would benefit. There are a significant number of share options exercisable at between 20 cents and 45 cents and thus there would be an expectation that many of these options would be exercised and additional cash funds raised.

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The disadvantages noted by the Independent Expert include:

- (i) An influential shareholding of the Company is being given to Moly in that they could on exercise of the Acquisition Options increase voting control from 15.83% to 23.86% and if only the Royalty Options were exercised and no other shares issued (other than in relation to the exercise of the Acquisition Options), Moly's interest could increase to 30.49%. However this latter percentage would be unlikely as there would be the expectation that the options currently on issue that are exercisable between 20 cents and 41 cents would substantially be exercised and thus Moly's percentage shareholding would be reduced. If all of the options exercisable between 20 cents and 41 cents were exercised, Moly's percentage shareholding would reduce to 24.95% and if all outstanding options were exercised (some are exercisable at 45 cents and 50 cents), Moly's percentage shareholding would reduce to 24.13%.
- (ii) The share price of a Cortona share may exceed 35 cents before Moly exercised any Acquisition Options and possibly exceed 50 cents if the Royalty Options could be exercised and thus both sets of Options may be exercised below the then share price of a Moly share. In June 2007 the shares in Cortona traded as high as 42 cents and in early July 2007 as high as 46 cents that is considerably higher than the exercise price of 35 cents for the Acquisition Options. However there is a belief that the share price of Cortona rose above 25/30 cent levels after the announcement in February 2007 of the then proposed acquisition of BIM and its gold assets in NSW.

5.6 General Information in respect of Moly and its intentions for the Company

Moly has informed the Company that, as at the date of this Explanatory Statement and on the basis of the facts and information available to it, if Shareholders approve Resolution 5 that it:

- (a) has no intention of making any significant changes to the business of the Company in a manner that may be detrimental to non-associated Shareholders;
- (b) does not intend to redeploy any fixed assets of the Company except for investigating the possible joint venture, partial sale or total sale of any of the Company's tenements in a manner that would be beneficial for the Company;
- (c) does not have any present intention to inject further capital into the Company, other than its participation in any rights issue that may be implemented by the Company and the Shares that may be acquired by the exercise of the Acquisition Options and Royalty Options pursuant to Resolution 5;
- (d) does not intend to transfer any property between the Company and Moly or any person associated with any of them other than as set out in this Notice;
- (e) has no current intention to change the Company's existing policies in relation to financial matters or dividends in a manner that may be detrimental to non-associated Shareholders;

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- (f) has no current intentions regarding the future employment of the present employees of the Company; and
- (g) has no current intention to change the Board.

5.7 Interests and Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Independent Expert's Report, including the advantages and disadvantages outlined in detail in those two documents (refer to section 5.5 of the Explanatory Statement and section 7 of the Independent Expert's Report), all of the Directors consider that the subject of Resolution 5 is in the best interests of the Company.

Each of the Directors recommend that Shareholders vote in favour of Resolution 5.

5.8 Role of the Independent Expert

The Independent Expert's Report assesses whether the proposal outlined in Resolution 5 is fair and reasonable to the Shareholders who are not associated with Moly. This assessment is designed to assist all Shareholders in reaching their voting decision.

Stanton Partners Corporate Pty Ltd has provided the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in Resolution 5 is **fair and reasonable** to the Shareholders of the Company not associated with Moly. It is recommended that all Shareholders read the Independent Expert's Report in full.

GLOSSARY

2007 Annual Report means the Company's annual report for the year ended 30 June 2007, which can be downloaded from the Company's website at www.cortonaresources.com.au

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the Board of Directors of the Company.

Company or **Cortona** means Cortona Resources Limited (ABN 98 117 848 790).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement to this Notice.

Independent Expert's Report means the independent expert's report prepared by Stanton Partners Corporate Pty Ltd which is annexed to this Explanatory Statement.

Meeting means the meeting convened by the Notice.

Notice means the notice of meeting accompanying this Explanatory Statement.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2007 Annual Report.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

SCHEDULE A – ACQUISITION OPTIONS

The terms and conditions of the Acquisition Options are as follows:

- (a) Each Acquisition Option entitles the holder to subscribe for one Share in the capital of the Company at the exercise price of 35 cents per Share.
- (b) Subject to paragraph (c) below, the Acquisition Options are exercisable at any time up to 2 years from the date of issue by completing an Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Acquisition Options are exercised to the registered office of the Company. Any Acquisition Options not exercised by that time will lapse.
- (c) An Option Holder may exercise some only of that person's Acquisition Options, which does not affect that holder's right to exercise the remainder of their Acquisition Options by the deadline in paragraph (b) above. Acquisition Options must be exercised in multiples of 100 at a time, unless the Option Holder exercises all Acquisition Options able to be exercised at that time.
- (d) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Acquisition Options are freely transferable. Application will not be made to ASX for official quotation of the Acquisition Options.
- (e) All Shares issued upon exercise of the Acquisition Options will, from the date they are issued, rank *pari passu* in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Acquisition Options.
- (f) Option Holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Acquisition Options without exercising the Acquisition Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 6 business days after the issue is announced. This will give Option Holders the opportunity to exercise their Acquisition Options prior to the date for determining entitlements to participate in any such issue.
- (g) Subject to paragraph (h), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Option or any other terms of those Acquisition Options.
- (h) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to 30 June 2009 the rights of Option Holders, including the number of Acquisition Options or the exercise price of the Acquisition Options or both will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (i) Option Holders will be sent all communications sent to Shareholders of the Company, but Acquisition Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Option holders in the manner provided by the Company's Constitution for the giving of notices to shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Option Holders.

SCHEDULE B – ROYALTY OPTIONS

The terms and conditions of the Royalty Options are as follows:

- (a) Each Royalty Option entitles the holder to subscribe for one Share in the capital of the Company at the exercise price of 50 cents per Share.
- (b) The Royalty Options will only vest and become exercisable if a 1 million ounce indicated / measured JORC Resource is delineated on the Island Tenements.
- (c) Subject to paragraph (d) below, the Royalty Options are exercisable at any time up to 5 years from the date of issue by completing an Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Royalty Options are exercised to the registered office of the Company. Any Royalty Options not exercised by that time will lapse.
- (d) An Option Holder may exercise some only of that person's Royalty Options, which does not affect that holder's right to exercise the remainder of their Royalty Options by the deadline in paragraph (b) above. Royalty Options must be exercised in multiples of 100 at a time, unless the Option Holder exercises all Royalty Options able to be exercised at that time.
- (e) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Royalty Options are freely transferable. Application will not be made to ASX for official quotation of the Royalty Options.
- (f) All Shares issued upon exercise of the Royalty Options will, from the date they are issued, rank *pari passu* in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Royalty Options.
- (g) Option Holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Royalty Options without exercising the Royalty Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 6 business days after the issue is announced. This will give Option Holders the opportunity to exercise their Royalty Options prior to the date for determining entitlements to participate in any such issue.
- (h) Subject to paragraph (i), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Option or any other terms of those Royalty Options.
- (i) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to 30 June 2012 the rights of Option Holders, including the number of Royalty Options or the exercise price of the Royalty Options or both will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) Option Holders will be sent all communications sent to Shareholders of the Company, but Royalty Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Option holders in the manner provided by the Company's Constitution for the giving of notices to shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Option Holders.



STANTON PARTNERS CORPORATE PTY LTD

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11 October 2007

The Directors
Cortona Resources Limited
Unit 32, Level 3
22 Railway Parade
SUBIACO WA 6008

Dear Sirs

RE: CORTONA RESOURCES LIMITED (ABN 98 117 848 790) – ANNUAL GENERAL MEETING OF SHAREHOLDERS TO CONSIDER A RESOLUTION UNDER SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT (“TCA”) RELATING TO THE PROPOSAL TO ALLOW MOLY MINES LIMITED TO EXERCISE 8,000,000 ACQUISITION OPTIONS AT 35 CENTS EACH AND ALLOW 8,000,000 ROYALTY OPTIONS AT 50 CENTS EACH IN CORTONA RESOURCES LIMITED TO BE EXERCISED ON MEETING PERFORMANCE CONDITIONS

1. INTRODUCTION

1.1 We have been requested by the Directors of Cortona Resources Limited (“Cortona” or “the Company”) to prepare an Independent Expert’s Report to determine the fairness and reasonableness of the transactions referred to in resolution 5 as detailed in the Notice of Annual General Meeting to Cortona shareholders (“the Notice”). On 29 June 2007, Cortona shareholders approved the issue of 12,000,000 shares, 8,000,000 Options exercisable at 35 cents each on or before 5 July 2009 (“Acquisition Options”) and 8,000,000 Options exercisable at 50 cents each on or before 5 July 2012 (“Royalty Options”) to Moly Mines Limited (“Moly”) as consideration of Cortona acquiring 100% of the issued capital of Big Island Mining Limited (“BIM”), a company that owns prospective gold tenements covering an area of 1,500 square kilometres in New South Wales, including the Majors Creek gold project. The Royalty Options can only be exercised in the event that either a 1,000,000 ounce of indicated and/or measured JORC compliant gold resource is delineated on the BIM tenements or a decision to mine is made on any of the tenements owned by BIM (“performance conditions”). Resolution 5 relates to the proposal to allow Moly to exercise the 8,000,000 Acquisition Options at 35 cents each on or before 5 July 2009 and to exercise the 8,000,000 Royalty Options in the event that the performance condition as noted above is met before the Royalty

Options expire. In the event that the 8,000,000 Acquisition Options are exercised and in the absence of any other share issue, Moly's shareholding interest in Cortona could increase from approximately 15.83% (12,000,000 shares in Cortona) to approximately 23.86% (20,000,000 shares in Cortona). In the event that the Royalty Options were also exercised, Moly's shareholding interest could increase to 28,000,000 shares and in the absence of any other share issues, Moly's shareholding percentage would be approximately 30.49%.

1.2 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons' or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transactions noted in resolution 5 pursuant to a section 611 (Item 7) meeting.

1.3 If resolution 5 is passed by shareholders Moly could exercise the 8,000,000 Acquisition Options on or before 5 July 2009 and thus potentially, in the absence of any further share issues, increase its shareholding in Cortona to approximately 23.86%. Furthermore, if Moly could exercise the 8,000,000 Royalty Options its voting power (and shareholding interest) may increase further to up to approximately 30.49%. The Directors have requested Stanton Partners Corporate Pty Ltd to prepare an Independent Expert's Report to assist the shareholders in determining how to vote on resolution 5 as outlined in the Notice.

1.4 Apart from this introduction, the report considers the following:

- Summary of opinion
- Implications of the proposal
- Future directions of Cortona
- Basis of valuation of Cortona
- Premium for control
- Fairness and Reasonableness of the Proposal
- Conclusion as to Fairness and Reasonableness
- Sources of information
- Appendix A and our Financial Services Guide

- 1.5 There are four other resolutions being put to the shareholders of Cortona at the shareholders meeting planned for November 2007. We are not reporting on the fairness or otherwise of any other matters contained in the other resolutions 1 to 4.

2. SUMMARY OF OPINION

- 2.1 In determining the fairness and reasonableness of the transactions pursuant to resolution 5, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Policy Statements 75 and 74.

Policy Statement 75 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

Policy Statement 74 states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, a report by an independent expert stating whether or not the proposal pursuant to resolution 1 is fair and reasonable, having regard to the interests of shareholders other than the proposed allottee (in this case, Moly), and whether a premium for potential control is being paid by the allottee, will be required. Policy Statement 74 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transaction proceeds compared with if it does not.

Accordingly, our report relating to resolution 5 is concerned firstly with the fairness and reasonableness of the proposals from the point of view of the existing non associated shareholders of Cortona, and secondly whether the prices payable for the potential to increase a significant interest includes a premium for control.

- 2.2 In our opinion:

The proposals as outlined in resolution 5 whereby Moly will be allowed to exercise the 8,000,000 Acquisition Options on or before 5 July 2009 and if the performance conditions are met allowing Moly to exercise the 8,000,000 Royalty Options are, on balance **fair and reasonable** to the non-associated shareholders of Cortona.

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

3. IMPLICATIONS OF THE PROPOSALS

- 3.1 As at 11 October 2007, there were 75,831,771 ordinary shares on issue in Cortona. As at 14 September 2007, the top twenty shareholders own 50.44% of the issued capital of Cortona. The significant shareholders as at 14 September 2007 are disclosed as:

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>% Interest</u>
Moly Mines Limited	12,000,000	15.83
UBS Wealth Management Australia Nominees	6,749,375	8.90
Peter van der Borgh (director of Cortona)	2,765,627	3.65
Peter Bowman	1,656,250	2.18
Anthony Mark Munnely	1,650,000	2.18
MIL and SE Bassett	1,315,265	1.74
	<u>26,136,517</u>	<u>34.48</u>

- 3.2 The top 20 shareholders following the consummation of resolution 5 and assuming Moly would exercise the 8,000,000 Acquisition Options would represent approximately 55.17% an increase of 4.73%. As noted, Moly's shareholding interest in the absence of any further share issues would increase to approximately 23.86%. Moly would need to pay \$2,800,000 to Cortona to exercise the Acquisition Options. If Moly exercised the 8,000,000 Royalty Options (assumes the performance conditions have been achieved) Moly would own 30.49% of the expanded issued capital of the Company in the absence of any further share issues. Moly would be required to pay Cortona \$4,000,000 to exercise the Royalty Options however Cortona will need to pay Moly an additional \$4,000,000 as part of the acquisition of BIM. Until Moly exercised the Acquisition Options and/or the Royalty options, Moly's shareholding in Cortona would remain at 12,000,000 shares that represent an approximate 15.83% interest in the share capital of Cortona as at 11 October 2007.
- 3.4 In relation to the Board of Directors control, the current directors are Messrs C Jones, P van der Borgh, D Fisher and G Lazarou. D Fisher is also the Managing Director of Moly. It is not proposed to alter the Board if Moly exercises the 8,000,000 Acquisition Options.
- 3.5 In addition to the unlisted 8,000,000 Acquisition Options and the unlisted 8,000,000 Royalty Options, it is noted that as at 11 October 2007 there are 14,849,484 listed share options in Cortona exercisable at 20 cents each, on or before 31 March 2008, 3,000,000 unlisted share options exercisable at 30 cents each on or before 31 January 2008, 1,000,000 unlisted share options exercisable at 40 cents each, on or before 31 December 2008, 150,000 unlisted share options exercisable at 25 cents each 50% exercisable before 21 May 2009 and 50% exercisable before 21 May 2010, 100,000 unlisted share options exercisable at 30 cents each, on or before 20 October 2008, 100,000 unlisted share options exercisable at 25 cents each, 50% exercisable on or before 27 March 2009 and 50% before 27 March 2010, 150,000 unlisted share options exercisable at 41 cents, 50% exercisable before 18 June 2010 and 50% exercisable before 18 June 2011, 150,000 unlisted share options exercisable at 41 cents on or before 30 June 2011, 200,000 unlisted share options exercisable at 50 cents each, 50% exercisable on or before 30 June 2010 and 50% exercisable before 30 June 2011, 100,000 unlisted share options exercisable on or before 18 June 2009, 2,500,000 unlisted share options exercisable at 50 cents each on or before 30 June 2010 and 1,000,000 unlisted share options exercisable at 45 cents each on or before 30 June 2010.

It would be expected that most of the share options exercisable at between 20 cents and 45 cents would be exercised in the event that Cortona delineated a 1,000,000 ounce measured and/or indicated gold resource (in accordance with the JORC code) as the share price would have probably increased to above 45 cents and probably in excess of the exercise price of the Royalty Options.

4. FUTURE DIRECTION OF CORTONA

4.1 We have been advised by the Directors of Cortona that:

- the immediate short-term plan is to spend funds on evaluating the Major Creek gold project and associated areas acquired from BIM and continue exploration and evaluation of its other base metal projects, including its Wombola Dam (gold), Black Hill (nickel) and Carillions (gold) projects;
- there are no proposals contemplated to change the business activities of the Company in the immediate future;
- the composition of the Board of Directors of Cortona will not change in the immediate future; and
- no dividend policy has been set at the date of this report but this may alter in the near future.

5. BASIS OF TECHNICAL VALUATION OF CORTONA

5.1 Allotment of Shares

5.1.1 In considering the proposals as outlined in resolution 5 we have sought to determine if the considerations payable by Moly on exercising the Acquisition Options and allowing the Royalty Options to be exercised on completion of the performance conditions before 5 July 2012 are fair and reasonable to the existing non-associated shareholders of Cortona.

5.1.2 The proposals pursuant to resolution 5 would be fair to the existing non associated shareholders if the value of the consideration being offered by Moly if it exercised the Acquisition Options at 35 cents and the Royalty Options at 50 cents is greater than or equal to the implicit value of the shares in Cortona. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Cortona shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining the current technical value of a Cortona share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price which an alternative acquirer might be willing to offer;

- Adjusted net asset backing and windup value; and
- The weighted market value price of Cortona shares

5.2 Capitalised Maintainable Earnings / Discounted Cash Flows

5.2.1 Cortona currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not appropriate.

5.3 Takeover Bid

We have been advised by the Directors of Cortona that they do not believe that there would be any person with an interest in taking over the Company by way of a formal takeover bid. To our knowledge, there are no current bids in the market place and the Directors of Cortona have formed the view that there is unlikely to be any takeover bids made for Cortona in the immediate future. It is noted however that the Moly shareholding could approximate 23.86% post consummation of resolution 1 and Moly exercised the Acquisition Options and no other shares are issued. It is noted that there are 14,849,484 listed share options exercisable at 20 cents each on or before 31 March 2008 and a total of 3,350,000 unlisted share options exercisable at various times where the exercise price is less than the 35 cent exercise price of the unlisted Acquisition Options. Moly in the absence of any further share issues and Cortona meeting the performance conditions could increase its shareholding in Cortona to approximately 30.49%, however it is likely that at least the 20 cent to 45 cent share options outstanding may be exercised in the event that the performance conditions were achieved as the share price would be expected to be higher than the current share price and Moly would probably only consider exercising the Royalty Options in the event that the share price of a Cortona share traded above 50 cents for a period of time.

5.4 Net Asset Backing and Wind-Up Value

5.4.1 As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report. The pro-forma balance sheet as at 30 June 2007 has been included for illustrative purposes to reflect the position of the Economic Entity on the basis of the following transactions which occurred subsequent to 30 June 2007:

- a) the issue and allotment of 33,906,252 shares at 32 cents each to raise a total of \$10,850,000 through a share placement plan and private placement to sophisticated investors (\$6,540,600 was received prior to 30 June 2007, and was shown as a liability on the balance sheet as at 30 June 2007);
- b) the payment of \$5,000,000 in cash and the issue and allotment by Cortona Resources of 12,000,000 shares at an issue price of 38 cents each, 8,000,000 Options exercisable at 35 cents each on or before 5 July 2009 (“Acquisition Options”) and 8,000,000 Options exercisable at 50 cents each by 5 July 2012 (“Royalty Options”) to Moly as consideration of Cortona acquiring 100% of the issued capital of BIM. The Acquisition Options and Royalty Options have been

valued by Capital & Corporate Advisors Pty Ltd using Black and Scholes Option Pricing Valuation. The Acquisition Options were valued at 11.42 cents each or a total value of \$913,600 and have been taken to an Option Reserve. The Royalty Options were valued at 14.44 cents each or a total value of \$1,155,200. The Royalty Options have not been booked in the accounts of Cortona as they are subject to a vesting condition, which in the directors' opinion requires further work to establish the likelihood of it being met;

- c) the estimated expenses incurred after 30 June 2007, being approximately \$400,000 associated with the capital raising;

Adjusted 30 June 2007 Balance Sheet and unaudited pro-forma Balance Sheet

	Adjusted 30 June 2007 \$000's	Pro - Forma 30 June 2007 \$000's
Current Assets		
Cash and cash equivalents <i>(a)(b) & (c)</i>	8,029	6,938
Receivables	48	48
Other	11	11
	8,088	6,997
Non Current Assets		
Exploration/evaluation expenditure <i>(b)</i>	2,063	12,537
Fixed assets	44	44
	2,107	12,581
Total Assets	10,195	19,578
Current liabilities		
Trade and other payables <i>(a)</i>	6,852	311
Provisions	19	19
Total liabilities	6,871	330
Net Assets	3,324	19,248
Equity		
Issued capital <i>(a)(b) & (c)</i>	3,882	18,892
Reserves <i>(b)</i>	278	1,192
Accumulated losses	(836)	(836)
Net Equity	3,324	19,248

5.4.2 Based on the pro-forma book values at 30 June 2007 this equates to a value per share (75,831,771 shares) of approximately 25.38 cents (ignoring the value, if any, of non-booked tax benefits).

5.4.3 If Moly exercised the 8,000,000 Acquisition Options at 35 cents each, the cash increases by \$2,800,000 and the number of shares rises to 83,831,771 resulting in a pro-forma 30 June 2007 net asset backing of approximately 26.30 cents. However it would be expected that share options exercisable below 35 cents currently on issue may be exercised prior to the exercise of the 8,000,000 Acquisition Options.

5.5 Weighted Average Market Price of Cortona Shares

5.5.1 We set out below a summary of the share prices of Cortona since 1 January 2007.

2007	High Cents	Low Cents	Last Sale Cents	Volumes Trade (000's)
January	26	18	25	1,860
February	33	23.5	26.5	2,815
March	34	26	33	1,848
April	34	31	32	1,350
May	36	29	31	1,435
June	42	32	41	2,557
July	46	35	37	3,287
August	35	18	29	2,651
September	39	29	36	1,533
October (to 11 th)	37.5	35	37.5	394

5.5.2 For the three months to 31 December 2006, the shares price of Cortona traded on ASX between 17 cents and 24 cents. It is noted that on 9 February 2007, Cortona announced the proposal with Moly to acquire BIM by way of \$5,000,000 cash, 12,000,000 shares in Cortona and the issue of 8,000,000 Acquisition Options and 8,000,000 Royalty Options. The Royalty Options can only be exercised on the delineation of a 1,000,000 ounce JORC compliant measure/indicated gold resource or a decision to mine is made by Cortona in relation to the BIM tenements that includes the Major Creek gold project. If the Royalty Options can be exercised a further payment is due by Moly to Cortona of \$4,000,000 in addition to any cash payable (also \$4,000,000) to Cortona on exercise of all of the 8,000,000 Royalty Options. The 5 day weighted average share price before the announcement was approximately 25 cents. As can be seen from the table above, the share price rose subsequent to the announcement and we consider it probable that the share price would not have risen (particularly over 30 cents) if it was not for the BIM deal with Moly. In May 2007, the Company announced a share purchase plan to issue shares at 32 cents each. The plan and subsequent placement of part of the shortfall in late June /early July raised approximately \$6,749,000 and out of such proceeds, the Company paid Moly the cash due in tranche 1 of \$5,000,000. A further approximate \$4,100,000 was raised to complete the plan shortfall on 13 July 2007. On 30 April 2007 the Company lodged its quarterly report that focused on the BIM deal although it did give updates on its existing gold and nickel projects. On 18 June 2007, the Company announced an extension of gold mineralisation on its North Monger gold project.

5.5.3 It is noted that over the past year or so, the majority of gold and precious metal exploration and mining companies listed on the ASX are arguably trading at significant premiums to appraised technical values (this is a turn around from the early 2000's when a discount may have applied). In the case of Cortona, the monthly volume of trades over the last eight months on the ASX is enough to argue that an orderly market exists for the Company's shares. The "market" arguably is fully informed of the Company's activities. The Company's capital increased sharply in early July 2007 as a result of the share purchase plan/ shortfall of shares issues (33,906,252 shares) and the issue of 12,000,000 shares to Moly. We are of the opinion that it is fair to use a range of market values over the past eight months as a fair indicator of what a Cortona share is worth. Given the share price has ranged from 18 cents to 46 cents over the past three months, we note that shares have generally traded at 28 cents to 32 cents in the last one month with only a few sales outside that range. Further, we note that negotiations concluded with Moly around early February 2007 when the market share price was mostly around the 25 cent mark. It would be expected that the share price of a Cortona share would not have traded above 30 cents for any length of time in the last eight months if the BIM deal with Moly had not been announced and concluded.

5.6 Preferred value of Cortona fully paid shares

5.6.1 We conclude that the market value range of 28 cents to 35 cents is an acceptable indicator as to what a Cortona share is currently worth. The value goes up and down depending on announcements made by Cortona and the general market. As noted, the shares are currently trading above 35 cents.

The future ultimate value of a Cortona share will depend upon, inter alia:

- the future prospects of its mineral projects, including the NSW gold assets in BIM, the nickel project at Black Hill and the gold project at North Monger;
- the state of the gold, other precious metals and nickel markets (and prices) in Australia and overseas;
- the state of Australian and overseas stock markets;
- who controls the Board;
- general economic conditions;
- the liquidity of shares in Cortona; and
- possible other ventures entered into by Cortona.

6. PREMIUM FOR CONTROL

6.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.

6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Moly could hold

approximately 23.86% of the expanded issued capital of Cortona if it is allowed (the subject of resolution 5) and does exercise the 8,000,000 Acquisition Options at 35 cents each (and possibly 30.49% if the Royalty Options were exercised after meeting the performance conditions) and in the absence of any further share issues). Accordingly, we have addressed whether a premium for control will be paid.

- 6.3 The current market value of a Cortona share lies in the range of approximately 28 cents to 35 cents. As Moly would be paying 35 cents per share to exercise the 8,000,000 Acquisition Options, it could be argued that on balance Moly would probably be paying a premium for increased control as without the initial transaction to acquire BIM, arguably the shares in Cortona would be lower. However the shareholders of Cortona are arguably better off as the net book value increases from around 25.39 cents to around 26.30 cents as noted in paragraph 5.4.3 of this report. It is noted that the current share price of a Cortona share approximates 30 cents to 39 cents (on 24 September 2007 it rose 3.5 cents as a result of a positive announcement on the Majors Creek gold project owned by BIM (as at 11 October 2007 the closing price was 37.5 cents) and that the exercise price for the 8,000,000 Acquisition Options is 35 cents per share that for most part of the past two and a half months has been in excess of trading values of shares in Cortona. If exercised, Moly would need to pay to the Company a total of \$2,800,000 and it is unlikely (but not impossible) that the Acquisition Options would not be exercised unless the shares in Cortona were trading consistently above 35 cents for some period of time before the expiry date of 5 July 2009. Current shareholders would benefit from an increase in the Cortona share price. Furthermore, if the performance conditions were met Moly could increase its shareholding by exercising the 8,000,000 Royalty Options at 50 cents each. It is quite possible that the share price at that time may exceed 50 cents but all shareholders would have benefited from an increased share price and the possibility of future gold production.
- 6.4 However, we note that currently Moly does not have Board control of Cortona and following the passing and consummation of resolution 5, it is not envisaged that Moly will seek the appointment of an additional Board member, although it can never be discounted.

7. FAIRNESS AND REASONABLENESS OF THE PROPOSAL

We set out below, some of the advantages, disadvantages and other factors pertaining to the proposals, pursuant to resolution 5.

Advantages

- 7.1 By allowing Moly to subscribe for shares at 35 cents each by exercise of the Acquisition Options the Company would raise \$2,800,000 that could be used to further the current exploration activities of Cortona along with allowing the Company to acquire interests in other exploration assets if it wishes to do so. There will still be a significant non-associated shareholding in Cortona after the passing of resolution 5 and the exercise of the Acquisition Options. There are no immediate plans for Moly to exercise the Acquisition Options and they will probably wait until results of exploration activities on the BIM tenements and other exploration assets of Moly.

- 7.2 The exercise price of the Acquisition Options of shares by Moly at 35 cents per share is at a small premium to traded share prices of Cortona on the ASX (since 8 August 2007 to 20 September 2007). However we note that as at 11 October 2007, the share price of a Cortona share is in excess of the exercise price.
- 7.3 The Company could raise \$2,800,000 without paying a commission that in today's market would be between 5% and 6%. This saves the Company between \$140,000 and \$168,000 although there is a cost of approximately \$25,000 in regard to the issue of the Notice and accompanying documents as shareholder approval is required pursuant to TCA and ASX Listing Rules. The Company depending on on-going exploration results is budgeting to spend approximately \$4,000,000 in the year to September 2008 and thus the need to have cash funds is always important.
- 7.4 There is always a risk that the Acquisition Options would not be exercised before they expire on 5 July 2009 as the share price in the future may be less than 35 cents. The resolution only allows Moly the ability to exercise the Acquisition Options (and Royalty Options on meeting the performance conditions).
- 7.5 In the event that the performance conditions are met, it would be expected that the share price would have increased to above share price highs over the past eight months and thus all shareholders would benefit. There are a significant number of share options exercisable at between 20 cents and 45 cents and thus there would be an expectation that many of these options would be exercised and additional cash funds raised.

Disadvantages

- 7.6 An influential shareholding of the Company is being given to Moly in that they could on exercise of the Acquisition Options increase voting control from 15.83% to 23.86% and if only the Royalty Options were exercised and no other shares issued (other than in relation to the exercise of the Acquisition Options), Moly's interest could increase to 30.49%. However this latter percentage would be unlikely as there would be the expectation that the share options exercisable between 20 cents and 41 cents would substantially be exercised and thus Moly's shareholding would be reduced. If all of the share options exercisable between 20 cents and 41 cents were exercised, Moly's shareholding would reduce to 24.95% and if all outstanding share options were exercised (some are exercisable at 45 cents and 50 cents), Moly's shareholding would reduce to 24.13%.
- 7.7 The share price of a Cortona share may exceed 35 cents before Moly exercised any Acquisition Options and possibly exceed 50 cents if the Royalty Options could be exercised and thus both sets of Options may be exercised below the then share price of a Moly share. In June 2007 the shares in Cortona traded as high as 42 cents and in early July 2007 as high as 46 cents that is considerably higher than the exercise price of 35 cents for the Acquisition Options. However there is a belief that the share price of Cortona rose above 25/30 cent levels after the announcement in February 2007 of the then proposed acquisition of BIM and its gold assets in NSW.

Other Factors

- 7.8 The shareholders approved the transaction with Moly to acquire BIM back in June 2007 and thus there was an expectation that there was the possibility that the Acquisition Options and Royalty Options may in the future be exercised by Moly (assuming that the performance conditions attached to the Royalty Options could be achieved). The resolution at the time (in June 2007) did not state that shareholders approval was required for Moly to exercise the two classes of Options.
- 7.9 The exercise price of 35 cents pursuant to resolution 5 relating to the Acquisition Options approximated a 28% premium to the quoted market value of Cortona's shares at the time of the initial negotiations with Moly.
- 7.10 Moly is becoming a well known mineral exploration company with potential to become a producer of molybdenum in the future. Having such a company on the share register of Cortona may be perceived to be an advantage in assisting in future capital raisings, although it can also lead to an "overhang" on the register as the market may not know the longer term intentions of Moly in relation to its investment in Cortona.

8. CONCLUSION AS TO FAIRNESS AND REASONABLENESS

- 8.1 After taking into account the factors referred to in Section 7 above and elsewhere in this report, we are of the opinion that the proposals as outlined in resolution 5 are, on balance, considered fair and reasonable to the non associated shareholders of Cortona.

9. SOURCES OF INFORMATION

- 9.1 In making our assessment as to whether the proposals pursuant to resolutions 5 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of Cortona about the present and future operations of Cortona. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the Directors and management of Cortona.

- 9.2 Information we have received, includes, but is not limited to:

- Draft September and October 2007 Notice of General Meeting of Shareholders and Explanatory Memorandum of Cortona;
- Discussions with management and a Director of Cortona;
- Shareholding details of Cortona as supplied by the Company's Share Registry at 14 September 2007;
- Share prices of Cortona since 1 October 2006 to 11 October 2007;
- Annual Report of Cortona for the year ended 30 June 2007
- Announcements made by Cortona to the ASX from 1 October 2006 to 4 pm on 11 October 2007;
- Quarterly Reports lodged by Cortona with the ASX from January 2007 to 30 June 2007; and

- The Notice of Meeting and Explanatory Statement of Cortona sent to shareholders in May 2007 for a shareholders meeting held on 29 June 2007.

9.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTON PARTNERS CORPORATE PTY LTD

A handwritten signature in black ink, appearing to read 'J P Van Dieren', followed by a long horizontal flourish.

J P Van Dieren, FCA
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stanton Partners Corporate Pty Ltd dated 11 October 2007, relating to resolution 5 outlined in the Notice of Meeting of Shareholders of Cortona.

At the date of this report, Stanton Partners Corporate Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with Cortona or Moly other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stanton Partners Corporate Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$11,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stanton Partners Corporate Pty Ltd nor John P Van Dieren have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Stanton Partners Corporate Pty Ltd, Stanton Partners or Stantons International Pty Ltd or any partners or directors of Stanton Partners and Stantons International Pty Ltd do not hold any securities in Cortona. There are no pecuniary or other interests of Stanton Partners Corporate Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stanton Partners Corporate Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stanton Partners Corporate Pty Ltd is the holder of an Investment Advisers Licence (No 231201) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions. A number of the partners of Stanton Partners and Stantons International Pty Ltd are the Directors of Stanton Partners Corporate Pty Ltd. Stanton Partners, Stantons International Pty Ltd and Stanton Partners Corporate Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John P Van Dieren FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Cortona in order to assist the shareholders of Cortona to assess the merits of the proposals (resolution 5 only) to which this report relates. This report has been prepared for the benefit of Cortona and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act and does not provide a general expression of Stanton Partners Corporate Pty Ltd's opinion as to the longer term value of Cortona and its subsidiaries or their mineral projects. Stanton Partners Corporate Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Cortona or its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stanton Partners Corporate Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stanton Partners Corporate Pty Ltd with care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stanton Partners Corporate Pty Ltd, Stanton Partners, Stantons International Pty Ltd, its partners, directors, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stanton Partners Corporate Pty Ltd may rely on information provided by Cortona and its officers (save whether it would not be reasonable to rely on the information having regard to Stanton Partners Corporate Pty Ltd experience and qualifications), Cortona has agreed:-

- (a) to make no claim by it or its officers against Stanton Partners Corporate Pty Ltd to recover any loss or damage which Cortona may suffer as a result of reasonable reliance by Stanton Partners Corporate Pty Ltd on the information provided by Cortona; and
- (b) to indemnify Stanton Partners Corporate Pty Ltd against any claim arising (wholly or in part) from Cortona or any of its officers providing Stanton Partners Corporate Pty Ltd any false or misleading information or in the failure of Cortona or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stanton Partners Corporate Pty Ltd.

A draft of this report was presented to Cortona Directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.



STANTON PARTNERS CORPORATE PTY LTD

A.C.N 063 036 331

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

FACSIMILE: (08) 9321 1204

e-mail: jvdieren@stanton.com.au

FINANCIAL SERVICES GUIDE

Dated 11 October 2007

1. STANTON PARTNERS CORPORATE PTY LTD

Stanton Partners Corporate Pty Ltd ABN 89 036 036 331 (“SPC” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 231201**;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. FINANCIAL SERVICES WE ARE LICENCED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares and options)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. GENERAL FINANCIAL PRODUCT ADVICE

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SPC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

All employees are employed through entities associated with Stanton Partners and Stantons International Pty Ltd. All employees receive a salary. The employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. ASSOCIATIONS AND RELATIONSHIPS

Through a variety of corporate and trust structures, SPC is ultimately wholly owned by and operates as part of Stanton Partners and Stantons International Pty Ltd professional advisory and accounting practices. Our directors may be partners and or Directors in Stanton Partners and/or Stantons International Pty Ltd.

From time to time, SPC Stanton Partners and Stantons International Pty Ltd and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. COMPLAINTS RESOLUTION

9.1 *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stanton Partners Corporate Pty Ltd
Level 1
1 Havelock Street
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 *Referral to External Dispute Resolution Scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited (“**FICS**”). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

10. CONTACT DETAILS

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

CORTONA RESOURCES LIMITED
ABN 98 117 848 790

Instructions for Completing 'Appointment of Proxy' Form

1. A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - Directors of the company;
 - a Director and a company secretary of the company; or
 - for a proprietary company that has a sole Director who is also the sole company secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:
 - (a) send the proxy form by post to Cortona Resources Limited, Ground Floor, 22 Oxford Close, West Leederville, Western Australia 6007; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (08) 6380 1387,

so that it is received not later than 9.00am WST on Thursday, 22 November 2007.

Proxy forms received later than this time will be invalid.
