

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

Consolidated Financial Report
For the Half-Year Ended
31 December 2007

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

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CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

COMPANY DIRECTORY

DIRECTORS

Non-Executive Chairman
Clive Jones

Managing Director
Peter van der Borgh

Non-Executive Directors
George Lazarou
Derek Fisher

COMPANY SECRETARY

Suzie Foreman

REGISTERED OFFICE

Ground Floor
22 Oxford Close
WEST LEEDERVILLE WA 6007
Telephone: (08) 6380 1093
Facsimile: (08) 6380 1387

AUDITORS

Mack & Co
Level 2
35 Havelock Street
WEST PERTH WA 6005

SHARE REGISTRAR

Security Transfer Registrars Pty Ltd
Level 1
770 Canning Highway
APPLECROSS WA 6153

STOCK EXCHANGE LISTING

Australian Stock Exchange
(Home Exchange: Perth, Western Australia)
Code: CRC, CRCO

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
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DIRECTORS' REPORT

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2007.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Clive Jones
Peter van der Borgh
George Lazarou
Derek Fisher (Appointed 5 July 2007)

RESULTS

The loss after tax for the half year ended 31 December 2007 was \$468,966.

REVIEW OF OPERATIONS

Exploration Activities

Cortona has been drilling at the Majors Creek Project since October 2007. A first phase of drilling at Dargues Reef highlighted the potential to grow the resource at shallower levels than previously defined, and suggested that historic drilling may have been ineffective and the lode system at shallower levels remained open to the east.

In January and February drilling was concentrated at the newly defined Exeter Farm target 2km north of Dargues Reef. The Company announced a spectacular result of 19m @ 5.6g/t gold from 47m in the first hole. Further results are awaited.

The drilling rig is currently back at Dargues Reef where it is testing the continuity of mineralisation eastwards and within 100m of the surface. Cortona is working towards a resource upgrade in July 2008.

Corporate Activities

On 8 February 2007, Cortona Resources Limited entered into an agreement to acquire 100% of Moly Mines Limited's gold assets in New South Wales. The transaction was settled on 5 July 2007 for the following consideration:

Stage 1: Payment upon settlement:

- \$5,000,000 cash;
- Issue of 12,000,000 fully paid share at 20 cents each , which are escrowed for 12 months; and
- Issue of 8,000,000 unlisted options with an exercise price of 35 cents, exercisable within 2 years from date of issue for nil consideration.

CORTONA RESOURCES LIMITED
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DIRECTORS' REPORT

Stage 2: Royalty payment upon the delineation of 1,000,000 ounces indicated/measured gold resources, or a decision to mine (whichever is achieved first)

- \$4,000,000 in cash; and
- Issue of 8,000,000 unlisted options with an exercise price of 50 cents, exercisable within 5 years from date of issue for nil consideration. These options will be issued upon settlement and only vest and become exercisable if one of the conditions of stage 2 is met.

Cortona Resources Ltd funded the acquisition through a share purchase plan together with a placement to brokers and institutions raising a total of \$10.85 million from the issue of 33,906,252 shares at 32 cents each.

During the half year period 197,010 options expiring 31 March 2008 were exercised at 20 cents each, raising a total of \$39,402.

EVENTS SUBSEQUENT TO REPORTING DATE

Between 14 January and 7 March 2008 a total of 406,604 listed options expiring 31 March 2008 were exercised by shareholders at 20 cents each raising \$81,320.80.

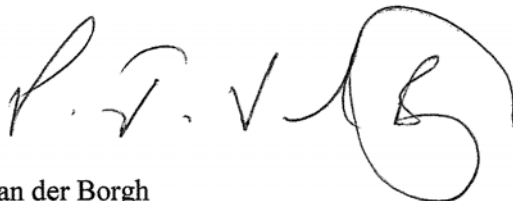
On 11 February 2008 3,000,000 options expiring 31 January 2008, issued to directors and promoters were exercised at 30 cents each raising a total of \$900,000.

Apart from the above, no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors.



Peter van der Borgh
Managing Director

Dated this 14th day of March 2008

**CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES**

**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CORTONA RESOURCES LIMITED**

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2007 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

mack & co

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

n a Calder

N A Calder
Partner

Date: *MARCH 14 2008*

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT
For the Half-Year Ended 31 December 2007

| | Note | Consolidated 31 December 2007 \$ | 31 December 2006 \$ |
|--|------|---|---------------------------|
| Revenue | 2 | 291,222 | 77,605 |
| Employee benefits expense | | (141,871) | (42,069) |
| Directors fees | | (142,993) | (100,000) |
| Depreciation expense | | (30,378) | (7,803) |
| Compliance and regulatory expenses | | (99,268) | (21,809) |
| Borrowing costs expense | | (11,769) | (818) |
| Administration expenses | | (106,240) | (48,014) |
| Consultancy costs | | (48,004) | (36,973) |
| Occupancy costs | | (25,098) | (7,810) |
| Insurance expenses | | (13,267) | (3,075) |
| Travel and Accommodation | | (36,016) | - |
| Provision for diminution of investments | | (47,500) | - |
| Write off of exploration expenditure | | (57,784) | - |
| Loss before income tax expense | | (468,966) | (190,766) |
| Income tax expense | | - | - |
| Net loss attributable to members of Cortona Resources Ltd | | (468,966) | (190,766) |
| Basic loss per share (cents per share) | | (0.63) | (0.64) |
| Diluted loss per share (cents per share) | | (0.63) | (0.64) |

The accompanying notes form part of this financial report.

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

| | Notes | Consolidated | |
|--|-------|---------------------------|-----------------------|
| | | 31 December 2007 \$ | 30 June 2007 \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 4,993,451 | 8,029,205 |
| Trade and other receivables | | 165,793 | 48,158 |
| Other assets | | 9,785 | 10,674 |
| TOTAL CURRENT ASSETS | | 5,169,029 | 8,088,037 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | | 52,500 | - |
| Trade and other receivables | | 50,000 | - |
| Plant and equipment | | 123,195 | 44,045 |
| Exploration and evaluation expenditure | 3 | 13,819,124 | 2,063,229 |
| TOTAL NON-CURRENT ASSETS | | 14,044,819 | 2,107,274 |
| TOTAL ASSETS | | 19,213,848 | 10,195,311 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 195,121 | 6,852,738 |
| Provisions | | 80,996 | 18,739 |
| TOTAL CURRENT LIABILITIES | | 276,117 | 6,871,477 |
| TOTAL LIABILITIES | | 276,117 | 6,871,477 |
| NET ASSETS | | 18,973,731 | 3,323,834 |
| EQUITY | | | |
| Issued Capital | 4 | 18,830,837 | 3,881,617 |
| Reserves | 5 | 1,412,028 | 278,384 |
| Accumulated losses | | (1,305,134) | (836,167) |
| TOTAL EQUITY | | 18,973,731 | 3,323,834 |

The accompanying notes form part of this financial report.

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

CONSOLIDATED CASH FLOW STATEMENT
For the Half-Year Ended 31 December 2007

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 December | 31 December |
| | 2007 | 2006 |
| | \$ | \$ |
| CASHFLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (540,835) | (328,953) |
| Interest and bill discounts received | 174,386 | 77,968 |
| Payments for bonds and long term deposits | (63,106) | - |
| Net cash used in operating activities | (429,555) | (250,985) |
| CASHFLOWS FROM INVESTING ACTIVITIES | | |
| Payments for plant and equipment | (15,513) | - |
| Payments for exploration and evaluation | (1,426,864) | (569,616) |
| Cash payment for subsidiary net of assets acquired | (5,000,000) | - |
| Net cash used in investing activities | (6,442,377) | (569,616) |
| CASHFLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 4,348,803 | - |
| Payments for costs of issue of shares | (512,625) | - |
| Net cash used in financing activities | 3,836,178 | - |
| Net decrease in cash held | (3,035,754) | (820,601) |
| Cash and cash equivalents at beginning of period | 8,029,205 | 3,002,845 |
| Cash and cash equivalents at end of reporting period | 4,993,151 | 2,182,244 |

The accompanying notes form part of this financial report.

CORTONA RESOURCES LIMITED
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STATEMENT OF CHANGES IN EQUITY
For The Half-Year Ended 31 December 2007

| | Issued Capital | Accumulated Losses | Option Premium Reserve | Total |
|--------------------------------------|-----------------------|-------------------------------|---------------------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2007 | 3,881,617 | (836,168) | 278,384 | 3,323,833 |
| Shares issued during the year | 14,949,220 | - | - | 14,949,220 |
| Equity settled transactions | - | - | 1,133,644 | 1,133,644 |
| Loss attributable to members | - | (468,966) | - | (468,966) |
| Balance at 31 December 2007 | 18,830,837 | (1,305,134) | 1,412,028 | 18,973,731 |
| Balance at 1 July 2006 | 4,041,959 | (165,863) | 23,900 | 3,899,996 |
| Shares issued during the year | - | - | - | - |
| Employee equity settled transactions | - | - | 8,023 | 8,023 |
| Loss attributable to members | - | (190,766) | - | (190,766) |
| Balance at 31 December 2006 | 4,041,959 | (356,629) | 31,923 | 3,717,253 |

The accompanying notes form part of these financial statements.

CORTONA RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For The Half-Year Ended 31 December 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Cortona Resources Limited and its subsidiary during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2007.

In the half-year ended 31 December 2007, the Company and its subsidiary has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007.

It has been determined by the Company and its subsidiary that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

| | Consolidated | |
|---------------------------------|-----------------------------|-----------------------------|
| | 31 December 2007 | 31 December 2006 |
| | \$ | \$ |
| Interest revenue | 189,872 | 77,605 |
| Proceeds from sale of tenements | 100,000 | - |
| Other income | 1,350 | - |
| | 291,222 | 77,605 |

CORTONA RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For The Half-Year Ended 31 December 2007

| | Consolidated | |
|--|-----------------------------|-------------------------|
| | 31 December 2007 | 30 June 2007 |
| | \$ | \$ |
| NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE | | |
| Costs carried forward in respect of areas of interest in the following phases: | | |
| Exploration and evaluation phase – at cost | | |
| Balance at beginning of the period | 2,063,229 | 965,451 |
| Acquisition costs of subsidiary / tenements | 6,347,025 | 50,000 |
| Expenditure incurred | 5,408,870 | 1,047,778 |
| As at 31 December 2007 | <u><u>13,819,124</u></u> | <u><u>2,063,229</u></u> |

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

| | Consolidated | |
|---|-----------------------------|-------------------------|
| | 31 December 2007 | 30 June 2007 |
| | \$ | \$ |
| NOTE 4: ISSUED CAPITAL | | |
| (a) Fully paid ordinary shares | 18,686,112 | 3,733,022 |
| (b) Options | 144,725 | 148,595 |
| | <u><u>18,830,837</u></u> | <u><u>3,881,617</u></u> |
| (a) Movements in fully paid ordinary shares on issue | | |
| At 1 July 2007 | 3,881,617 | 3,881,617 |
| Movement during the period | 15,304,678 | - |
| Capital raising costs | (500,183) | - |
| At 31 December 2007 | <u><u>18,686,112</u></u> | <u><u>3,881,617</u></u> |
| (b) Movements in options on issue | | |
| At 1 July 2007 | 148,595 | 148,595 |
| Options issued at 1 cent exercised during the period | (3,870) | - |
| At 31 December 2007 | <u><u>144,725</u></u> | <u><u>148,595</u></u> |

| | | |
|--------------------------------|-------------------------|-----------------------|
| NOTE 5: RESERVES | | |
| Balance at beginning of period | 278,384 | 23,900 |
| Equity settled transactions | 1,133,644 | 254,484 |
| Option Reserves | <u><u>1,412,028</u></u> | <u><u>278,384</u></u> |

CORTONA RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For The Half-Year Ended 31 December 2007

NOTE 6: ACQUISITION OF AN ENTITY

On 5 July 2007, the company acquired 100% interest in Big Island Mining Limited. Details of the acquisition are as follows:-

| | 2007 | 2006 |
|--|-------------------|-------------|
| | \$ | \$ |
| Purchase consideration | | |
| Cash | 5,000,000 | - |
| Equity consideration | 5,473,600 | - |
| Total consideration | <u>10,473,600</u> | <u>-</u> |
| Assets and liabilities held at acquisition date: | | |
| Cash and cash equivalents | - | - |
| Trade and other receivables | - | - |
| Plant & equipment | 94,015 | - |
| Exploration and evaluation expenditure | 4,126,888 | - |
| Trade and other payables | (51,033) | - |
| Goodwill on consolidation | <u>6,303,730</u> | <u>-</u> |

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.

7. SUBSEQUENT EVENTS

Between 14 January and 7 March 2008 a total of 406,604 listed options expiring 31 March 2008 were exercised by shareholders at 20 cents each raising \$81,320.80.

On 11 February 2008 3,000,000 options expiring 31 January 2008, issued to directors and promoters were exercised at 30 cents each raising a total of \$900,000.

Apart from the above, no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

8. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

9. SEGMENTAL REPORTING

The Company operates predominantly in one geographical and segment, being Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

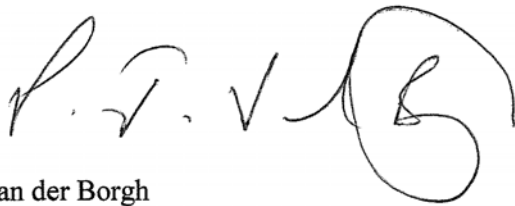
CORTONA RESOURCES LIMITED
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DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2007

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 11:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the Economic Entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Economic Entities will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter van der Borgh
Managing Director

Dated this 14th day of March 2008

CORTONA RESOURCES LIMITED
ABN 98 117 848 790
AND CONTROLLED ENTITIES

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF CORTONA RESOURCES LIMITED

Report on the Half year Financial Report

We have reviewed the financial report of Cortona Resources Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Director's Responsibility for the Half year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. Our review has been conducted in accordance with Auditing Standards on Review Engagements *ASRE 2410 Review on an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporation Regulations 2001*. As the auditor of Cortona Resources Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Cortona Resources Limited and Controlled Entities would be in the same terms if provided to the directors as at the date of this auditor's review report.

**CORTONA RESOURCES LIMITED
ABN 98 117 848 790
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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF CORTONA RESOURCES LIMITED**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Cortona Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

MACK & CO

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

N A Calder

N A Calder
Partner

Date: *MARCH 14 2008*