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**CORTONA**

RESOURCES LIMITED

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## CORTONA SIGNS MINING AGREEMENT WITH BARRICK FOR WOMBOLA GOLD RESOURCES

### HIGHLIGHTS

- ✪ Agreement to mine and process Cortona's North Monger gold resources which stand at 861,000t (subject to Barrick completing due diligence).
- ✪ Minimum royalty of A\$6/tonne mined and carted with exposure to increases in the gold price.
- ✪ Barrick to mine and manage the operation and fund all obligations.
- ✪ Potential to generate strong revenue stream for Cortona in 2009.
- ✪ Consistent with Cortona's focus on developing its Dargues Reef Gold Project (NSW).

Emerging Australian gold company, **Cortona Resources Limited** (ASX: **CRC** – "Cortona"), is pleased to advise that it has reached agreement with Barrick Kanowna Limited, a wholly-owned subsidiary of the world's largest gold producer, **Barrick Gold Corp**, for the mining, haulage and treatment of Cortona's **Wombola** gold resources, located at North Monger near Kalgoorlie in Western Australia.

The North Monger Project comprises strategically located gold deposits at Wombola Pit (Inferred Resource of 304,000t @ 2.7g/t Au for 26,800oz) and Wombola Dam (Indicated and Inferred Resource of 557,000t @ 3.0g/t Au for 53,500oz)

Under the mining agreement, Barrick has agreed, subject to completion of a 6-month due diligence period, to mine and process these deposits. Barrick will manage the entire operation, including the carting and treatment of ore, and also assume responsibility for environmental bonds and rehabilitation.

Once mining commences, Barrick will pay Cortona a royalty dependent on the tonnes mined and the prevailing gold price at the time of mining. The agreement includes provision for Barrick to mine a **minimum 300,000 tonnes of ore**, with royalty payments set at **A\$6/tonne** up to and including a gold price of A\$932/ounce (the floor price).

In addition, Barrick and Cortona have agreed to share any gold price upside above this floor price on a 50/50 basis using a formula based on the deposit grade and recovery (to be confirmed during the due diligence), the gold price at time of mining and State Royalty payments. This is expected to equate to an additional **~A\$4/tonne** to each party for every **A\$100 increase** in the gold price above A\$932.

Any low-grade stockpiles will be owned 50/50 by Cortona and Barrick.

## **Strategic Revenue Opportunity**

The agreement represents an attractive, low-risk opportunity for Cortona to monetise its gold resources at North Monger, with all aspects of the operation to be managed and funded by Barrick, one of the world's leading gold producers.

Subject to successful completion of due diligence, the commencement of mining at North Monger in 2009 will generate an attractive revenue stream for Cortona which will be utilised to further its aggressive exploration and development activities at the **100%-owned Dargues Reef Gold Project** in New South Wales.

"One can't overstate the significance of a revenue stream in the current difficult market conditions," said Cortona's Managing Director, Peter van der Borgh.

"Generating an income without the need for financing whilst retaining exposure to a rising gold price has always been the preferred outcome for our WA resources," he said. "Achieving this with the world's biggest gold miner adds greater security to the deal and represents an excellent outcome for our shareholders.

"The minimum payment is set at A\$6/tonne, which means that we stand to earn at least A\$1.5 million in royalties, however there is considerable upside because the deal is linked to both the gold price and the number of tonnes mined, which is set at a minimum of 300,000 tonnes," Mr van der Borgh continued. "As a result, it's impossible to put a figure on how much revenue could be generated should one or both of these variables increase.

"Global fundamentals for a rising gold price appear good given declining production, strong demand and increasing production costs. Add to this equation the speculative aspects surrounding inflation, the US dollar and a raft of other uncertainties that are generally considered to have a bearing on the price, and hopefully we've timed this agreement just right."

The revenue generated will enable Cortona to maintain its high level of activity in NSW, where the Company is advancing the Dargues Reef resource (currently 310,000oz) towards production. There is also scope to explore for further resources at North Monger, where prospects such as Hammer & Tap, Wombola North, and Carillon have all returned positive drill results in the past, yet remain under-explored.

Yours Faithfully

Peter van der Borgh  
Managing Director

## **About Cortona Resources Limited (ASX: CRC)**

*Cortona is an emerging Australian gold company focused on the exploration and development of the Dargues Reef Gold deposit, part of its 100%-owned Majors Creek Project, located 60km east of Canberra in New South Wales.*

*Cortona is an energetic explorer, with aggressive exploration programs underway targeting an increase in the current Inferred Resource at Dargues Reef of 2.9Mt @ 3.4g/t for 310,000oz to underpin a long-term gold business planned to commence in 2010.*

*The Company has a portfolio of gold and nickel projects in Western Australia and NSW.*