

31st July 2008

cortonaresources.com.au

ACTIVITIES STATEMENT, JUNE QUARTER 2008

Cortona Resources maintained a high level of activity during the quarter, resulting in significant advances in resource definition and scoping studies at Dargues Reef in NSW. The Company also entered into an Agreement with Barrick Kanowna Ltd for the mining of its WA resources. Highlights include:

- ✘ **Entered into off-take Agreement with Barrick for WA resources;**
- ✘ **Lode extensions at Dargues Reef in NSW, with a series of outstanding intersections from shallow depths, including:**
 - 11m @ 6.85g/t Au from 69m in DREX067**
 - 14m @ 6.95g/t Au from 46m in DREX068**
 - 16m @ 11g/t Au from 48m in DREX050**
 - 10m @ 7.64g/t Au from 36m and 7m @ 7.25g/t Au from 53m in DREX059**
- ✘ **Confirmation of exceptional metallurgical test work results;**
- ✘ **Acquisition of freehold farmland surrounding Dargues Mining Lease;**

SUMMARY

The Company entered into an Agreement with Barrick Kanowna Limited for the mining of its Wombola resources in WA, which represents an attractive, low-risk opportunity for Cortona to monetise these gold resources. All aspects of the operation to be managed and funded by Barrick, one of the world's leading gold producers.

Considerable progress was made at the Company's 100% owned Majors Creek gold project in NSW. Diamond and RC drilling of extensions to the Dargues Reef deposit continued to return robust grades and widths that extended the strike length further east, and appear to be improving the ounces per vertical metre component.

Scoping studies into the mining potential of Dargues commenced, with excellent gold recoveries reported from initial metallurgical test work. Over 99% of the sulphide hosted gold mineralisation was concentrated by a combination of gravity and floatation at a moderate grind size and up to 98% of the gold was recovered by gravity and cyanidation.

Cortona completed the acquisition of 319Ha of freehold farmland that incorporates the Dargues Reef ore body. Owning the land has strategic importance for current exploration activities and future development scenarios.

NEW SOUTH WALES

Drilling, Dargues Reef (ML103, 100% CRC)

During the period Cortona continued to aggressively explore the company's flagship project at Dargues Reef (310,000 oz). The ore body remains open at depth and along strike.

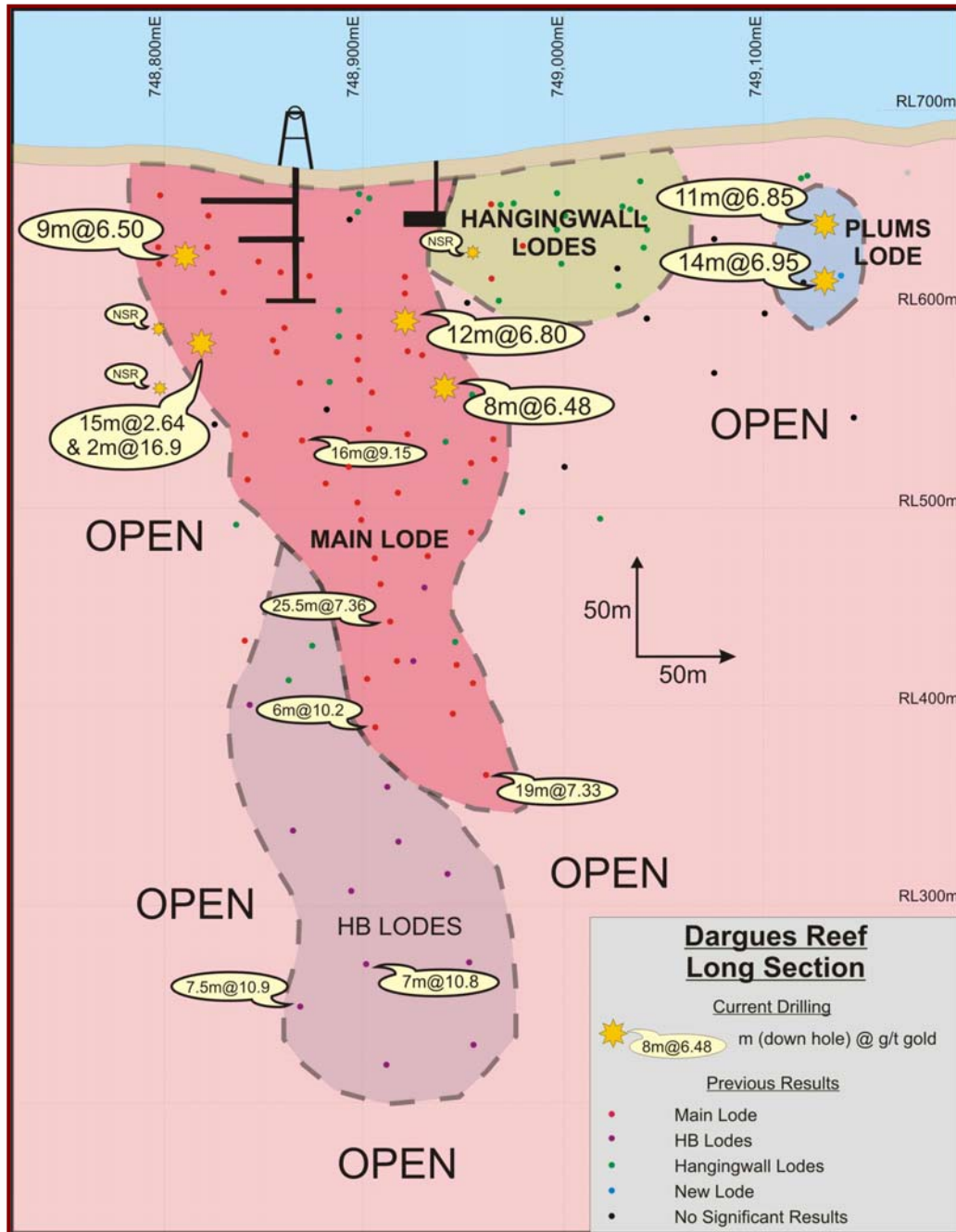


Figure 1: Dargues Reef long-section highlighting latest drilling results

Twenty-one RC holes (for 2,737m), and three diamond holes (for 1,590m) were completed during the period. The Company focused on defining untested, near surface strike extensions with RC drilling, and potential depth extensions with diamond drilling. The shallow drilling extended the known strike length beyond the hanging wall lode into a new eastern lode at the Plums workings with intercepts returning **11m @ 6.85g/t from 69m and 14m @ 6.95g/t from 46m**.

Several significant intersections including **16m @ 11.0g/t** (section 748920mE) and **5m @ 16.2g/t Au** (50m further east on section 748972mE) were returned from drilling within 50m of the surface in the central portion of the deposit. Drilling at the western end of the mineralisation trend also returned robust widths and grade with **9m @ 6.5g/t Au** from 66m.

The on-going drilling programme continues to return significant grades and mineable widths of mineralisation from the Dargues Reef deposit. The deeper diamond drilling has recently finished and results are pending.



Figure 2: Drilling rig working at Dargues Reef

The Dargues Reef resource upgrade is progressing and an announcement remains scheduled for the later part of the September quarter.

Regional Exploration

Geochemical soil sampling continued until the weather closed in. A total of 236 samples were collected and analysed during the period. Results are pending.

Regional rock chip and mapping programmes were initiated on the northern Majors Creek project area (EL6462 & EL6548); The preferred exploration target in the area is duplication of geology, structural trends and similar magnetic imagery to that delineated at Dargues Reef.

Of particular importance is an ENE, low-magnetic lineament ~15km north of Majors Creek, in an area with no previous history of gold mineralisation. This is a conceptual test of the Company's developing exploration model, and has the potential to open up the prospectivity of the entire project area.

A visually encouraging zone has been mapped along this lineament, and rock chip results are eagerly awaited. A plethora of structural targets of a similar nature have yet to be visited.

Dargues Metallurgical Test Work

Metallurgical test work has been conducted as part of a series of scoping studies into the mining potential of the Dargues Reef gold deposit (currently 310,000oz gold) situated in New South Wales. The test work was being managed by Independent Metallurgical Operations Pty Ltd (IMO) of West Perth.

A representative sample was compiled from RC drill samples (reported as **17 m @ 8.01g/t Au**) and the resultant composite sample check assayed reporting back at 8.30g/t Au.

A series of tests were then completed on the composite sample as follows:

1) **Gravity separation and cyanidation**

Sub-samples were subjected to gravity concentration at a P₈₀ size of 250 micron via a laboratory scale Knelson Concentrator with mercury amalgamation of gold and silver. Cyanidation testwork was conducted on the combined gravity tail samples (Knelson tail and amalgam tail) at three grind sizes (106, 75 and 53 microns P₈₀) with calculated head grades of 8.93g/t, 8.95g/t, and 8.83g/t reported, respectively.

Gravity gold recovery was quite high and very consistent (~53%). Overall gold recoveries (gravity concentration and cyanidation) were also excellent at 92.8%, 94.0%, and 98.0%, respectively. The results highlighted a moderate dependence for cyanidation gold recovery to grind size at the tested conditions. Leach kinetics were relatively fast with full extraction completed within 10 hours at the finest grind size. Cyanide and lime consumptions were low to moderate.

2) **Flotation**

Flotation testing was conducted at five P₈₀ grind sizes (212, 150, 125, 106 and 75 microns). The results were exceptional, with >99.5% of the whole ore feed gold reporting to the cumulative concentrate under all grind size conditions. There appears to be very little sensitivity to grind size which provides confidence for a relatively coarse optimum flotation feed size, with attendant benefits regarding comminution costs and equipment sizing.

3) **Gravity separation and flotation**

A further composite sub-sample was subjected to test both gravity and flotation concentration. The combined gravity tail was reground to 125 µm P₈₀ and subjected to flotation as previously tested. The combined gold recovery was again over 99%.

The metallurgical test work achieved exceptional results on all fronts. Over 99% of the gold was concentrated by a combination of gravity and flotation at a moderate grind size. Similar gold concentrations were achieved for flotation only, and up to 98% of gold was recovered by gravity and cyanidation. Both cyanide and lime consumptions in the leach testwork were low to moderate whilst very low arsenic and antimony levels were reported in the concentrate being well below any potential penalty limits.

The Company will now expand the test work to other portions of the ore body, and commence scoping a range of processing routes based on the results thus far.



Figure 3: Sulphide flotation testwork - concentrate for 106 μm grind

Purchase of Freehold Farm Land

The company successfully acquired 319Ha of freehold farmland that surrounds the Historical Dargues Reef mine. The land holding covers all of ML103 (13.2Ha) with the surrounding portion covered by EL6003, the purchased holding covers a square area of approximately 1.6km x 1.6km with a smaller contiguous 500mx400m block that abuts onto the sealed Braidwood-Majors Creek Road.

The Company now has unrestricted access to proposed drill sites at Dargues. This right of entry will greatly enhance the ability to target the resource and position drilling rigs on any location within the lease, ownership of the land will also allow for greater flexibility when planning for infrastructure.

This is the first time the land package has been offered for sale since the mid 19th Century. Cortona paid approximately \$5,300 per Ha for the holding which is in line with the current price for agricultural land in the district.

WESTERN AUSTRALIA

North Monger (90% CRC)

Cortona 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.

Metallurgical and leaching test work on the Black Hills nickel laterite deposit continued. Independent Metallurgical Operations Pty Ltd (IMO) managed a series of laboratory tests on the agglomeration and permeability of selected nickel laterite samples. A report on the findings is expected during the coming quarter.

The Company continues to explore options aimed at maximising a return from the nickel assets.

Juglah Rocks (90% CRC)

A previously reported geochemical soil sampling programme, covering a 50mx200m systematic grid pattern has been completed, with full coverage over tenements P25/1795-1799. In all 780 sieved samples were collected from the project area and subjected to extensive multi-element analysis. All the analytical results have now been received. The survey displays subtle, discontinuous gold in soil results peaking at 156.1ppb Au. Thirteen (13) samples returned values >10ppb Au.

Although subdued the identified anomalous soil results require follow up RAB drilling, it's planned to conduct a localised drill programme as part of exploration in the forthcoming expenditure period. The Annual Report for Juglah Rocks has been compiled and will be lodged with DoIR shortly, expenditure commitments have been met and the tenement status remains in good standing.

CORPORATE

The company appointed Mrs Amanda Wilton-Heald as Company Secretary following the resignation of Ms Suzie Forman. Mrs Wilton-Heald assumes the Company Secretary role as a Chartered Accountant. Amanda will be responsible for management of financial reporting, continuous disclosure and compliance. Ms Foreman has been an important contributor to Cortona's success since the Company's formation, and the Directors wish to thank Ms Foreman for her contribution to the Company's development over the past two and a half years.

Yours Faithfully

Peter van der Borgh
Managing Director

Table 1: Significant intercepts from Dargues Reef RC Drilling, March-June.

Hole ID	AMGE	AMGN	Hole Depth (m)	From (m)	Interval (m)	Au (g/t)
DREX045	748898	6062778	144	95	9	4.30
and				106	4	3.08
and				137	3	3.13
DREX047	748898	6062773	144	94	1	6.40
DREX048	748921	6062763	150	100	3	8.87
and				107	7	2.90
DREX049	748921	6062764	74	64	4	3.18
and				72	2	3.34
DREX050	748921	6062768	138	48	16	11.00
DREX051	748972	6062765	174	69	2	2.86
and				144	3	3.45
and				154	2	8.55
DREX052	748972	6062766	148	22	3	2.67
and				67	4	3.61
DREX054	748974	6062767	147	49	5	16.2
DREX055	748997	6062758	147	32	5	2.95
DREX057	749034	6062754	138	35	3	18.6
DREX059	749042	6062757	174	36	10	7.64
and				53	7	7.25
DREX067	749120	6062730	141	69	11	6.85
DREX068	749120	6062730	141	46	14	6.95
DREX071	748920	6062759	114	78	12	6.80
DREX073	748920	6062759	132	112	8	6.48
DREX076	748790	6062780	132	86	15	2.64
and				111	2	16.91
DREX077	748790	6062780	138	66	9	6.50

Only intercepts of >5 gram-metres reported. Intercepts >15 gram-metres are highlighted in red.

About Cortona Resources Limited (ASX: CRC)

Cortona is an emerging Australian gold company focused on the exploration and development of the Dargues Reef Gold Project, 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 310,000 oz of gold 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, including the North Monger Project, with an indicated/inferred resource of 861,000t @ 2.9g/t for 80,300 oz of gold which is subject to a Mining Agreement with Barrick Gold Corp with the potential to generate an income stream from early 2009.

For further information please contact:

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Amanda Wilton-Heald (Company Secretary) on +618 9388 8041

admin@cortonaresources.com.au

Wombola Pit Resource

Competent Persons: *Information in this report relating to Mineral Resources has either been completed or reviewed by Mr Paul Payne of Resource Evaluations Ltd., who is a member of the Australasian Institute of Mining and Metallurgy. Mr Payne has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'competent person' under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Payne consents to the inclusion of the data in the form and context in which it appears. The contents of this report that relate to geology and historical exploration are based on information compiled by Mr Peter van der Borgh, who is a Professional Geologist and Fellow of the Geological Society. He has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2004 Edition of the JORC Code. Mr van der Borgh consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.*

Wombola Dam Resource

Competent Persons: *Information in this report relating to Mineral Resources has been completed by Mr Aaron Green of Resource Evaluations Pty Ltd., who is a member of the Australasian Institute of Mining and Metallurgy. Mr Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'competent person' under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Green consents to the inclusion of the data in the form and context in which it appears. The contents of this report that relate to geology and historical exploration are based on information compiled by Mr Peter van der Borgh, who is a Professional Geologist and Fellow of the Geological Society. He has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2004 Edition of the JORC Code. Mr van der Borgh consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CORTONA RESOURCES LIMITED

ABN

98 117 848 790

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(876)	(2,843)
(b) development	-	-
(c) production	-	-
(d) administration	(345)	(1,186)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	73	347
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other – Tenement Bonds	-	(50)
Net Operating Cash Flows	(1,148)	(3,735)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	(19)	(50)
1.9 Proceeds from sale of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	-	20
1.10 Payment of subsidiary net of cash acquired	-	(5,000)
1.11 Loans repaid by other entities	-	-
1.12 Payment for purchase of land at Caloola – Majors Creek	(78)	(1,797)
Net investing cash flows	(97)	(6,827)
1.13 Total operating and investing cash flows (carried forward)	(1,245)	(10,562)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,245)	(10,562)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	4,311
1.15	Proceeds from exercise of options	580	3,288
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	(513)
	Net financing cash flows	580	7,086
	Net increase (decrease) in cash held	(665)	(3,476)
1.20	Cash at beginning of quarter/year to date	5,218	8,029
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,553	4,553

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Includes salaries and superannuation contributions for all directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	950
4.2 Development	-
Total	950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	-	1,637
5.2 Deposits at call	4,560	3,581
5.3 Bank overdraft	(7)	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,553	5,218

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	90,771,057	90,771,057		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,374,365	9,374,365	20 cents	20 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000	-	40 cents	31 December 2008
	75,000	-	25 cents	21 May 2009
	100,000	-	30 cents	20 October 2008
	50,000	-	25 cents	27 March 2009
	50,000	-	25 cents	27 March 2010
	2,500,000	-	50 cents	30 June 2010
	8,000,000	-	35 cents	5 July 2009
	8,000,000	-	50 cents	5 July 2012
	1,000,000	-	45 cents	30 June 2010
	75,000	-	41 cents	18 June 2010
	75,000	-	41 cents	18 June 2011
	100,000	-	50 cents	18 June 2009
	100,000	-	50 cents	30 June 2011
	100,000	-	50 cents	30 June 2010
	50,000	-	52 cents	30 November 2010
	100,000	-	60 cents	30 November 2011
7.8 Issued during quarter				
7.9 Exercised during quarter	9,374,365	9,374,365	20 cents	31 March 2008
7.10 Expired / cancelled during quarter	2,910,198 75,000 150,000	2,910,198 - -	20 cents 25 cents 41 cents	31 March 2008 21 May 2010 30 June 2011
7.11 Debentures <i>(totals only)</i>				

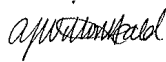
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes <i>(totals only)</i>		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 31 July 2008

Print name: Amanda Wilton-Heald

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.