

29<sup>th</sup> October 2008

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## **ACTIVITIES STATEMENT, SEPTEMBER QUARTER 2008**

Cortona Resources maintained a high level of exploration activity at its flagship Majors Creek project in NSW. Highlights include:

- ✘ **Dargues Reef resource grade almost doubled: 1.44Mt @ 6.2g/t for 286,000 ounces**
- ✘ **Shallow mineralisation discovered at Plums Lode, 250m east of Dargues Main Lode**

**14m @ 6.95 g/t Au from 46m  
12m @ 6.80 g/t Au from 78m  
14m @ 8.11 g/t Au from 24m**

- ✘ **Deep diamond hole 100m beneath Plums Lode extends mineralisation:**

**28.7m @ 5.88 g/t Au from 195.5m, including**

**10.5m @ 8.17 g/t Au  
11.2m @ 6.98 g/t Au**

- ✘ **Dargues Reef – Main Lode (NSW) continues to return significant intersections from deep diamond drilling, including:**

**11m @ 7.22 g/t Au from 407m in DREX085  
8.2m @ 5.2 g/t Au from 556.6m in DREX083**

- ✘ **Signs off-take Agreement with Barrick Kanowna Limited for WA resources.**

### **DARGUES REEF, MAJORS CREEK (100% CRC)**

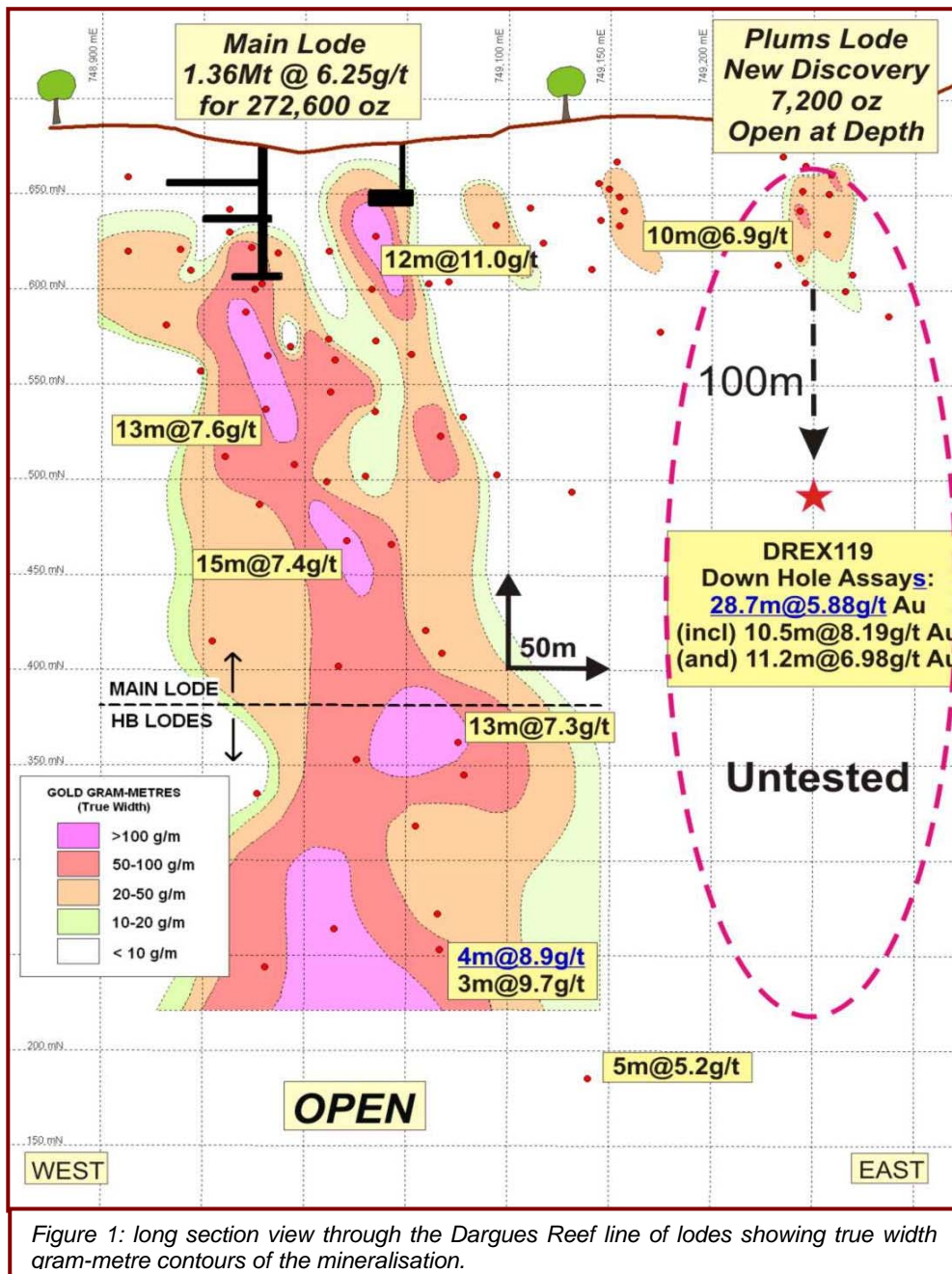
Cortona recently announced a revised resource estimate for Dargues Reef, which almost doubled the gold grade from 3.4g/t to 6.2g/t. The resource, which was estimated by Runge Limited, now includes a significant Indicated component, and comprises an Indicated and Inferred total of 1.44Mt @ 6.2g/t for 286,000 ounces.

A total of 37m of Reverse Circulation (RC) holes were completed during the period for an advance of 3,962m. The drilling continued to define additional gold mineralisation at Dargues Reef. RC drilling focused on extending shallow mineralisation along strike of the Main Lode, whilst diamond drilling continued to test depth extensions. The system remains open in all directions.

Robust widths and grades were returned with the discovery of mineralisation at Plums Lode, ~250m east of Main Lode. Significant shallow intercepts included **14m @ 8.11g/t, 14m @ 6.95g/t, 12m @ 6.88g/t, and 11m @ 6.85g/t**, all of which are within 60m of the surface. At Plums, mineralisation occurs in the footwall of the diorite, spatially equivalent to the Dargues

Main Lode position, giving much scope for further mineralisation to be defined. This shallow mineralisation contributed ~7,200 ounces to the resource.

The Company recently drilled a deep diamond hole beneath the shallow mineralisation at Plums Lode. The hole intersected a broad zone of mineralisation where predicted, ~100m beneath the resource boundary, which returned **10.5m @ 8.17g/t, and 11.2m @ 6.98g/t gold within a broad zone assaying 28.7m @ 5.88g/t**. The true width of this zone is expected to be in the order of 10-12m. The system remains open, and the recent results from DREX119 highlight considerable potential for further mineralisation to be defined at Dargues.



In addition, encouraging results received from two deep diamond holes, including **11m @ 7.22g/t in DREX085 from 407m**, and **8m @ 5.20g/t in DREX083 from 556.6m**, demonstrate the down-dip potential and open nature of the resource at depth. Cortona has commenced conceptual financial modelling of the resource, which is expected to lead in to a full feasibility study.

## **EUGOWRA (EL6880, 100% CRC)**

Cortona has received preliminary images from a detailed aeromagnetic and radiometric survey flown over the Eugowra project in August. The Eugowra granite suite is located ~50km SE of Forbes in central NSW, and is interpreted to have similar chemistry, age and geology to the Braidwood Granodiorite, which host Dargues Reef. A total of 9,812 line kilometres of data were recorded at 50m line spacing and 40m flight height. The data appears to be of the highest quality, and initial inspection highlights considerable new structural and lithological information that will be valuable inputs for future targeting of Dargues Reef 'look-alike' features.

## **NORTH MONGER (90% CRC)**

Cortona has entered into an off take agreement with Barrick Kanowna Limited, a wholly owned subsidiary of the world's largest gold producer, **Barrick Gold Corp**, to mine, haul and treat the Company's Wombola gold resources, at North Monger, 45km south east of Kalgoorlie in Western Australia.

The North Monger Project comprises two gold deposits.

- 📌 Wombola Pit (Inferred Resource of 304,000t @ 2.7g/t Au for 26,800oz).
- 📌 Wombola Dam (Indicated and Inferred Resource of 557,000t @ 3.0g/t Au for 53,500oz).

Under the mining agreement, signed in early July and subject to a 6 month due diligence period, Barrick will manage the mining and processing of all ore from the North Monger deposits, and assume the responsibility for environmental bonds and rehabilitation obligations.

Once mining commences, Barrick have agreed to pay Cortona a royalty based on the number of tonnes mined and the prevailing gold price at the time of mining.

The agreement requires Barrick to mine a **minimum 300,000 tonnes of ore**, with royalty payments set at **A\$6/tonne** up to and including a Australian gold price of A\$932/ounce (the floor price).

As part of the agreement Barrick and Cortona will share 50-50 in any gold price upside above this floor price, using a formula based on the deposit grade and recovery, the gold price at time of mining and State Royalty payments.

This formula is expected to equate to an additional **~A\$1/tonne** to Cortona for every **A\$25 increase** in the gold price above the floor price. Low-grade stockpiles will be owned 50-50 by Cortona and Barrick.

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

Under the agreement Cortona will generate a free-carried income with significant exposure to the price of gold.

## **LOOKING AHEAD**

Cortona has maintained a high level of exploration activity at Dargues Reef despite the turmoil in global financial Markets. This reflects the Company's belief that Dargues Reef is a

genuine opportunity with considerable potential for a mining development. This is reflected in the very significant updated resource estimate of 1.44Mt @ 6.2g/t, which highlights the robust nature of the Dargues lodes and consistent nature of gold mineralisation from near surface to considerable depth. The recent deep hole under Plums (28.7m @ 5.88g/t Au) highlights the potential to add considerable ounces to the resource, which remains open in all directions. Additional drilling is underway.

The Company is cognisant of the funding challenges ahead, and to this end the Wombola off-take Agreement with Barrick could prove to be hugely valuable in the coming months.

The conceptual financial modelling of Dargues is expected to be completed in the December quarter, and will form the basis of a decision whether to move forward to full feasibility.

Yours Faithfully

**Peter van der Borgh**  
Managing Director

**Table 1: Significant intercepts from Dargues Reef Drilling, July-September 2008.**

Hole ID	AMGE	AMGN	Dip	Azimuth	Depth (m)	From (m)	Interval (m)	True width (m)	Au (g/t)
<b>RC Drill Holes</b>									
DREX079	749247	6062978	-58	154	141	111	<b>6</b>	<b>1.9</b>	<b>9.92</b>
DREX082	749248	6062986	-55	141	159	38	<b>4</b>	<b>1.2</b>	<b>3.87</b>
DREX087	749174	6062937	-73	360	129	111	<b>9</b>	<b>4.1</b>	<b>2.69</b>
DREX091	749244	6062942	-50	20	45	24	<b>5</b>	<b>3.6</b>	<b>2.63</b>
DREX092	749244	6062941	-55	20	81	34	<b>3</b>	<b>2</b>	<b>4.52</b>
and						42	<b>9</b>	<b>6.1</b>	<b>4.72</b>
DREX093	749256	6062943	-63	40	81	55	<b>13</b>	<b>6.5</b>	<b>3.12</b>
DREX094	749255	6062942	-50	40	63	37	<b>7</b>	<b>4.3</b>	<b>6.44</b>
and						48	<b>5</b>	<b>3.1</b>	<b>9.94</b>
DREX095	749243	6062927	-50	50	45	24	<b>14</b>	<b>7.6</b>	<b>8.11</b>
DREX100	748954	6062932	-52	360	138	51	<b>7</b>	<b>4.9</b>	<b>10.0</b>
and						90	<b>4</b>	<b>2.8</b>	<b>10.8</b>
and						97	<b>3</b>	<b>2.1</b>	<b>6.21</b>
DREX101	748933.3	6062942	-60	360	132	87	<b>7</b>	<b>4.5</b>	<b>4.95</b>
and						101	<b>2</b>	<b>1.3</b>	<b>4.20</b>
DREX102	748885.2	6062976	-55	014	120	67	<b>4</b>	<b>2.8</b>	<b>10.3</b>
DREX106	749014	6062958	-66	016	156	73	<b>17</b>	<b>7.4</b>	<b>6.34</b>
and						123	<b>8</b>	<b>3.5</b>	<b>3.40</b>
DREX107	749013.1	6062959	-73	330	132	83	<b>12</b>	<b>5</b>	<b>4.89</b>
DREX109	749010.9	6062959	-70	348	126	82	<b>9</b>	<b>4.4</b>	<b>2.16</b>
DREX116	749080.9	6063004	-71	197	69	59	<b>8</b>	<b>1.4</b>	<b>8.12</b>
<b>Diamond Drill Holes</b>									
DREX083	749063	6062731	-60	10	591.5	556.6	<b>8.2</b>	<b>5.2</b>	<b>5.20</b>
DREX084	749063	6062732	-50	10	471.3	397.6	<b>1</b>	<b>0.8</b>	<b>10.95</b>
DREX085	749062	6062730	-50	358	528.3	407	<b>11</b>	<b>8.3</b>	<b>7.22</b>

Note: 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 deposit, part of its 100%-owned Majors Creek Project, located 60km east of Canberra in New South Wales.*

*Majors Creek was the largest historical alluvial goldfield in NSW, with historical production of 1.25 million ounces. The Dargues Reef underground mine was operated between 1870-91 and 1914-16 to a maximum depth of 70 metres.*

*Cortona is an energetic explorer, with aggressive exploration programs underway targeting an increase in the updated Indicated and Inferred Resource at Dargues Reef of 1.44Mt @ 6.2g/t for 286,000oz to underpin a long-term gold mining business.*

*The Company manages a portfolio of gold and nickel projects in New South Wales and Western Australia, including the North Monger Project, with an indicated/inferred resources that are the subject of a Mining Agreement with Barrick Gold Corp with the potential to generate a free-carried income stream during 2009.*

For further information please contact:

**Peter van der Borgh (Managing Director) on +618 6380 1093**

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

**[admin@cortonaresources.com.au](mailto:admin@cortonaresources.com.au)**

**Competent Persons:** *Information in this report relating to Mineral Resources has been completed by Mr Aaron Green of Runge 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 September 2008

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(900)	(900)
(b) development	-	-
(c) production	-	-
(d) administration	(317)	(317)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	53	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Refund of tenement bonds	20	20
<b>Net Operating Cash Flows</b>	<b>(1,144)</b>	<b>(1,144)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	(8)	(8)
1.9 Proceeds from sale of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Payment of subsidiary net of cash acquired	-	-
1.11 Loans repaid by other entities	-	-
1.12 Payment for purchase of land at Caloola – Majors Creek	-	-
<b>Net investing cash flows</b>	<b>(8)</b>	<b>(8)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,152)</b>	<b>(1,152)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,152)	(1,152)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from exercise of options	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,152)	(1,152)
1.20	Cash at beginning of quarter/year to date	4,553	4,553
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,401	3,401

**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	86
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	500
4.2 Development	-
<b>Total</b>	<b>500</b>

### 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	488	-
5.2 Deposits at call	2,913	4,560
5.3 Bank overdraft	-	(7)
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,401</b>	<b>4,553</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**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		

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

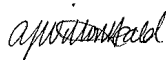
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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				
7.10 Expired / cancelled during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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: 29 October 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.