

29th December 2009

COMPANY UPDATE

HIGHLIGHTS

- **Update on shortfall from renounceable Rights Issue**
 - **DFS and aggressive exploration programs to follow immediately**
 - **Four drilling rigs scheduled to arrive in January**
 - **Considerable news flow anticipated**
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Cortona Resources Limited (Cortona) announces that, by mutual agreement, it has extended the settlement date for its Underwriting Agreement with Patersons Securities Limited (PSL) to underwrite \$7.8 million in respect of the renounceable Rights Issue announced on 18th November 2009. As previously disclosed, Cortona shareholders subscribed for 27,482,858 shares (53%) leaving a shortfall of 24,695,669 shares (47%) falling to the underwriter PSL. The shortfall is to be placed to sub-underwriters and clients of PSL. A further \$2.5M has been raised via an institutional placement. PSL has also advised Cortona that a termination event in the Underwriting Agreement has been triggered but has not, at this stage, sought to rely on the termination event.

The settlement date for the Underwriting Agreement has now been extended by 15 working days from the closing date of the Rights Issue (16th December 2009) in accordance with listing rule 7.2 exception 2. The revised settlement date for the shortfall shares is 8th January 2010 and the new allotment date for the shortfall shares is 11th January 2010. This announcement releases the Company from the trading halt.

The funds raised are to be used to advance the Majors Creek project as outlined in the Prospectus for the Rights Issue dated 17th November 2009. Two drilling rigs are scheduled to arrive on site on January 11th to commence 10,000m of resource to reserve drilling. Another two rigs will arrive by January 21st to begin the Dargues Deeps exploration drilling aimed at expanding the resource and extending the life of mine. The program is expected to lead to a resource upgrade in the second quarter of the calendar year.

Managing Director Peter van der Borgh commented "Cortona is poised for a big 2010. Our plan combines advancing Dargues Reef towards gold production in mid-2011 with aggressive near mine and regional exploration programs. We anticipate a steady flow of drilling results, a resource upgrade by the middle of the year, conclusion of the DFS in August, planning approvals in October and a decision to mine soon thereafter. We are also embarking on the first regional exploration program across this highly prospective province."

Yours Faithfully

Peter van der Borgh
Managing Director