

# **CORTONA RESOURCES LIMITED**

## **ABN 98 117 848 790**

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### **ENTITLEMENT ISSUE PROSPECTUS**

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For a pro rata renounceable entitlement issue of one (1) Share for every two (2) Shares held by Shareholders at 26 November 2009 at an issue price of \$0.15 per Share to raise up to \$7,826,779, together with one (1) free attaching Option for every two (2) Shares issued under this Prospectus, exercisable at \$0.20 per Option on or before 31 January 2012 (**Entitlement Issue**).

The Entitlement Issue is fully underwritten by Patersons Securities Limited.

#### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### TIMETABLE AND IMPORTANT DATES\*

Lodgement of Prospectus with ASIC	17 November 2009
Notice sent to Shareholders	19 November 2009
Ex Date and commencement of rights trading	20 November 2009
Record Date for determining Shareholder entitlements	26 November 2009
Prospectus dispatched to Shareholders	2 December 2009
Rights trading ends	9 December 2009
Securities quoted on a deferred settlement basis	10 December 2009
Closing Date of Offer	16 December 2009
Notify ASX of under-subscriptions	21 December 2009
Dispatch date/Securities entered into Shareholders' security holdings	24 December 2009

\*These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

### IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 17 November 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. The expiry date of the Prospectus is 17 December 2010 (**Expiry Date**). No Securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### RISK FACTORS

The Shares offered by this Prospectus are of a speculative nature. Prospective investors should carefully consider the risk factors summarised in Section 4.17 and detailed in full in Section 7 of this Prospectus. Key risks include exploration risk, operational and technical risks, metallurgical risk, funding, reliance on key management, and general economic conditions.

### FORWARD LOOKING STATEMENTS

Certain information in this Prospectus constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the

actual expenditure of the Company to be different from the expectations expressed or implied in this Prospectus.

## **ELECTRONIC PROSPECTUS**

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

## **OFFERS ONLY TO AUSTRALIAN AND NEW ZEALAND RESIDENTS**

The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Before making an Offer in New Zealand, the Company will have lodged with the New Zealand Securities Commission (**NZSC**) a written notice (in the prescribed form) of the Company's intention to make offers in New Zealand under section 73(1)(c) of the Securities Act 1978 (New Zealand) and regulation 11 of the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 (New Zealand).

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made. There are differences in how securities are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

## **EXPOSURE PERIOD**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and in those circumstances any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

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## 2. CORPORATE DIRECTORY

### Directors

Mr Clive Jones (Non-Executive Chairman)  
Mr Peter van der Borgh (Managing Director)  
Mr George Lazarou (Non-Executive Director)  
Dr Derek Fisher (Non-Executive Director)

### Company Secretary

Mrs Amanda Wilton-Heald

### Share Registry\*

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: (08) 9315 2333

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Registered Office and Principal Place of Business

Ground Floor  
22 Oxford Close  
WEST LEEDERVILLE WA 6007

Telephone: (08) 6380 1093  
Facsimile: (08) 6380 1387

### Lead Manager and Underwriter

Patersons Securities Limited  
Level 23, Exchange Plaza  
2 The Esplanade  
PERTH, WA 6000

### Auditor\*

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

\*This party has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

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### 3. CHAIRMAN'S LETTER

Dear Shareholder

I would like to invite you to participate in the upcoming renounceable entitlement issue (**Entitlement Issue**) that is the subject of this Prospectus. The Entitlement Issue entitles all shareholders with registered addresses in Australia and New Zealand to purchase one new share in Cortona for every two Cortona shares held on 26 November 2009. The cost of each new share is \$0.15, which is at a 25% discount to our last traded price. Those taking up their entitlement will also receive one Option for every two new shares acquired under the Entitlement Issue. The Company will apply to the ASX for these new options to be tradeable.

The Entitlement Issue is to be fully underwritten by Patersons Securities, and is expected to raise approximately \$7.8 million. An additional \$2.5 million is being raised via a placement to an international financial institution.

The funds being raised will provide finance for the Dargues Reef Feasibility Study, exploration and for working capital.

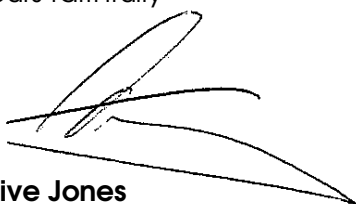
To this end, we have assembled a dynamic team with the necessary expertise to ensure efficient management of the Dargues Reef Feasibility Study. We will also ramp up exploration on a range of fronts.

If you choose to do nothing, your rights will pass to the underwriter, in which case you will incur no cost and receive no benefit.

Please read the Prospectus carefully, and if you are uncertain on any aspects of the content, I recommend that you seek professional advice.

Finally, I would like to take this opportunity to thank you for your support, and trust that you will be there with us for this next exciting phase as we move towards production.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Clive Jones', written over a horizontal line.

**Clive Jones**  
Chairman

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## 4. DETAILS OF THE OFFER

### 4.1 Offer

By this Prospectus, the Company offers for subscription approximately 52,178,527 new Shares and 26,089,264 new Options pursuant to a pro-rata renounceable entitlement issue to Shareholders of:

- (a) one (1) new Share for every two (2) Shares held on the Record Date at an issue price of \$0.15 per Share; together with
- (b) one (1) free attaching Option for every two (2) Shares issued under this Prospectus, exercisable at \$0.20 per Option on or before 31 January 2012.

Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Securities to be issued pursuant to the Entitlement Issue is approximately 52,178,527 Shares and 26,089,264 Options. The Entitlement Issue will raise approximately \$7,826,779. The purpose of the Entitlement Issue and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Entitlement Issue. The Company currently has 13,350,000 Options on issue as at the date of this Prospectus. Some of these Options may be exercised by the Option holders prior to the Record Date in order to participate in the Entitlement Issue.

Qualifying Shareholders should be aware that their Entitlement may have value. The Entitlement Issue is renounceable, which allows qualifying Shareholders who do not wish to take up some or all of their Entitlement to sell their Entitlement to the Securities they are not going to take up. Qualifying Shareholders should either take up their Entitlement in whole or in part or deal with their Entitlement as outlined below. You do not need to take up your Entitlement in full. You will receive no benefit if your Entitlement lapses.

### 4.2 Rights Trading

Entitlements to Securities pursuant to the Offer are renounceable and accordingly, rights will be traded on ASX. Details on how to sell your rights are set out in Section 4.3 below.

### 4.3 How to Accept the Entitlement Issue

Your acceptance of the Entitlement Issue must be made on the **Entitlement and Acceptance Form** accompanying this Prospectus. Your acceptance under the Entitlement Issue must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. Applications for the Shortfall should be made on the Shortfall Application Form (refer to Section 4.6 below for further information on the Shortfall Offer).

You may participate in the Entitlement Issue as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and

- (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application moneys (at \$0.15 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Alternatively, you can trade your Entitlement rights as follows:

- (a) to sell any or all of your Entitlement you will need to instruct a stockbroker to sell the Entitlement rights which you wish to renounce. If you wish to do so, you must instruct your stockbroker by completing the panel headed "Instructions to your Stockbroker" on the back of the Entitlement and Acceptance Form and lodge that form with your stockbroker. Your stockbroker must sell those rights before the rights trading ceases; or
- (b) if you wish to transfer all or part of your Entitlement to another person other than on ASX, you must forward a completed renunciation form (which you can obtain by contacting the Company) together with the Entitlement and Acceptance Form.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Cortona Resources Limited – Trust Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 17:00 (WST) on the Closing Date. Alternatively, Applicants may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

Qualifying Shareholders may apply for more than their Entitlement under the terms of the Shortfall Offer. Refer to Section 4.6 below for further details.

#### **4.4 Minimum Subscription**

There is no minimum subscription with respect to the Offer.

#### **4.5 Underwriting**

The Entitlement Issue is fully underwritten by Patersons Securities Limited.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting. The potential effect of the underwriting on the Company is set out in Section 8.2 of this Prospectus.

#### **4.6 Shortfall Offer**

If you do not wish to take up any part of your Entitlement or trade your Rights under the Offer, you are not required to take any action. That part of your

Entitlement not taken up or traded will form part of the Shortfall and will revert to the Underwriter and be treated in accordance with the Underwriting Agreement.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Shares offered pursuant to the Shortfall Offer shall be \$0.15, being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

If you wish to take up your Entitlement in full and apply for Shortfall Shares, you should complete both the accompanying Entitlement Acceptance Form and the Shortfall Application Form in accordance with the instructions set out in those forms and return them, together with payment for the full amount payable so that it is received by the Closing Date.

The Directors and the Underwriter reserve the right to allot and issue the Shortfall progressively at the discretion of the Underwriter in consultation with the Directors.

In accordance with the Underwriting Agreement, the Underwriter has the right to allot all of the Shortfall Shares and accordingly there is no guarantee that applications for Shortfall will be successful either in whole or in part. Under the Shortfall Offer the Underwriter may allot Applicants a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an application, or to not proceed with placing the Shortfall. No interest will be paid by the Company for refunds on unsuccessful applications.

#### **4.7 Entitlement and Acceptance Form and Shortfall Application Forms are binding**

A completed and lodged Entitlement and Acceptance Form or Shortfall Application Form, together with the application moneys for the number of Securities applied for, cannot be withdrawn and constitutes a binding application for the number of Securities specified in the Entitlement and Acceptance Form or Shortfall Application Form on the terms set out in this Prospectus. The Entitlement and Acceptance Form and Shortfall Application Form do not need to be signed to be binding.

If the Entitlement and Acceptance or Shortfall Application Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or Shortfall Application Form or how to construe, amend or complete it, is final.

#### **4.8 Rights and liabilities attaching to Shares issued under the Offer**

All Shares issued pursuant to the Offer will, from the time they are issued, rank pari passu with all the Company's existing Shares. The rights and liabilities attaching to Securities issued under the Offer are set out in Section 6 of this Prospectus.

#### **4.9 Additional Offer**

This Prospectus also contains an additional offer, subject to the receipt of shareholder approval, of one (1) Share and (1) Option that will remain open until after completion of the Tranche 2 Placement for the purposes of Section 708A(11) of the Corporations Act (and will then immediately close). No Shares or Options will be issued under this additional offer and the sole purpose of the additional offer (subject to the receipt of shareholder approval) is to ensure that

there are no trading restrictions on the Shares and Options issued under the Tranche 2 Placement.

#### **4.10 ASX Listing**

Application for official quotation by ASX of the Securities offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Securities and will repay all application moneys for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.11 Allotment of Securities**

Securities issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Securities on the basis of a Shareholder's Entitlement and Acceptance Form or Shortfall Application Form. Where the number of Securities issued is less than the number applied for, or where no allotment is made, surplus application moneys will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Securities or payment of refunds pursuant to this Prospectus, all application moneys will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.12 Overseas Shareholders**

The Offer does not, and is not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

Pursuant to ASX Listing Rule 7.7, the Company has appointed Patersons Securities Limited as nominee broker (**Nominee**) to sell the Entitlements to which non-qualifying foreign Shareholders are entitled. The net proceeds (if any) of the sale of each Entitlement will then be forwarded by the Share Registry as soon as practicable to the non-qualifying foreign Shareholders in Australian Dollars. There can be no guarantee that a market for the Entitlement of non-qualifying

Shareholders will exist and the Nominee is under no obligation to take up any Entitlement for which it is unable to find a qualified buyer. The Nominee will have the absolute and sole discretion to determine the timing and the price at which the Entitlements may be sold and the manner in which any sale is made. If no market for the Entitlement of non-qualifying Shareholders exists, or the gross proceeds are less than the expenses of the sale process, these Entitlements will, at the Company's discretion, either be allowed to expire or be sold and the Company will retain any proceeds.

Neither the Company nor the Nominee will be liable for a failure to sell Entitlements or to sell Entitlements at any particular price.

The Company will pay the Nominee brokerage of 1.5% on the value of Entitlements sold on behalf of the non-qualifying foreign shareholders or \$750 (whichever is the greater) and applicable GST.

#### **4.13 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

#### **4.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing Share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of Securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.15 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

#### **4.16 Withdrawal of Offer**

The Company, in consultation with the Underwriter, reserves the right not to proceed with the Offer at any time before the issue of the Securities to qualifying Shareholders. If the Offer does not proceed, the Company will return all application moneys, without interest, as soon as practicable after giving notice of its withdrawal.

#### **4.17 Risk Factors**

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks, including exploration risks, operational and technical risks, metallurgical risks, funding, reliance on key management, and general economic conditions.

Details of these specific risks and other general risks are set out in Section 7 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 7 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative.

#### **4.18 Enquiries**

Shareholders with queries in relation to the Offer may contact the Company Secretary, Amanda Wilton-Heald on +61 (08) 6380 1093 or email [amanda@miningcorporate.com.au](mailto:amanda@miningcorporate.com.au).

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$7,826,779 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>\$</b>
Completion of Bank Feasibility Study (including drilling)	3,500,000
Exploration	3,000,000
Land Acquisition	450,000
Working Capital	876,779
<b>Total</b>	<b>\$7,826,779</b>

In addition, this Prospectus will also remove any trading restrictions on the securities issued under the Tranche 1 Placement and the Tranche 2 Placement (subject to the receipt of shareholder approval) pursuant to s708A(11) of the Corporations Act.

### 5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$7,250,163 immediately after completion of the Offer after deducting the estimated expenses of the Offer;
- (b) increase the number of Shares on issue from 104,357,055, to approximately 156,535,582 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 13,350,000, to approximately 39,439,264 Options following completion of the Offer.

### 5.3 Consolidated Balance Sheet

The unaudited Balance Sheet as at 30 September 2009 and the unaudited Pro Forma Balance Sheet as at 30 September 2009 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Balance Sheet and Unaudited Pro Forma Balance Sheet as at 30 September 2009**

	Unaudited 30- September- 09	Pro-forma adjustments <sup>1, 2, 3 &amp; 4</sup>	Pro-forma 30- September- 09
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,630,487	9,820,163	11,450,650
Trade and other receivables	127,640	-	127,640
<b>TOTAL CURRENT ASSETS</b>	<u>1,758,127</u>	<u>9,820,163</u>	<u>11,578,290</u>
<b>NON CURRENT ASSETS</b>			
Financial Assets	82,969	-	82,969
Property, plant and equipment	1,903,300	-	1,903,300
Deferred exploration expenditure	18,196,126	-	18,196,126
<b>TOTAL NON CURRENT ASSETS</b>	<u>20,182,395</u>	<u>-</u>	<u>20,182,395</u>
<b>TOTAL ASSETS</b>	<u>21,940,522</u>	<u>9,820,163</u>	<u>31,760,685</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	421,405	-	421,405
Other liabilities	85,614	-	85,614
<b>TOTAL CURRENT LIABILITIES</b>	<u>507,019</u>	<u>-</u>	<u>507,019</u>
<b>TOTAL LIABILITIES</b>	<u>507,019</u>	<u>-</u>	<u>507,019</u>
<b>NET ASSETS</b>	<u>21,433,503</u>	<u>9,820,163</u>	<u>31,253,666</u>
<b>EQUITY</b>			
Contributed Capital	23,788,798	9,820,163	33,608,961
Reserves	1,373,590	-	1,373,590
Accumulated losses	(3,728,885)	-	(3,728,885)
<b>TOTAL EQUITY</b>	<u>21,433,503</u>	<u>7,770,163</u>	<u>31,253,666</u>

<sup>1</sup> Raising of \$450,000 through the issue of 3,000,000 fully paid ordinary Shares at an issue price of 15 cents per Share, together with one free attaching Option for every two Shares issued, exercisable at 20 cents per Option on or before 31 January 2012 (Tranche 1 Placement).

<sup>2</sup> Raising of \$2,050,000 through the issue of 13,666,667 fully paid ordinary Shares at an issue price of 15 cents per Share, together with one free attaching Option for every two Shares issued, exercisable at 20 cents per Option on or before 31 January 2012 (Tranche 2 Placement).

<sup>3</sup> Raising of \$7,826,779 through the issue of 52,178,527 fully paid ordinary Shares at an issue price of 15 cents per Share, together with one free attaching Option for every two Shares issued, exercisable at 20 cents per Option on or before 31 January 2012 (the Entitlement Issue).

<sup>4</sup> Costs associated with the entitlements issue estimated at \$576,616, which have been taken directly to equity.

## 5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below.

### Shares

	<b>Number</b>
Shares on issue at date of Prospectus <sup>1</sup>	104,357,055
Shares offered pursuant to the Entitlement Issue	52,178,527
Shares offered pursuant to the Tranche 2 Placement	13,666,667 <sup>2</sup>
<b>Total Shares on issue after completion of the Offer</b>	<b>170,202,249</b>

### Notes:

1. This includes the Tranche 1 Placement of 3,000,000 Shares.
2. The Tranche 2 Placement is subject to obtaining shareholder approval.

### Options

	<b>Number</b>
Options currently on issue exercisable at 27 cents each on or before 27 March 2010	50,000
Options currently on issue exercisable at 41 cents each on or before 18 June 2010	75,000
Options currently on issue exercisable at 50 cents each on or before 30 June 2010	2,500,000
Options currently on issue exercisable at 45 cents each on or before 30 June 2010	1,000,000
Options currently on issue exercisable at 52 cents each on or before 30 November 2010	50,000
Options currently on issue exercisable at 41 cents each on or before 18 June 2011	75,000
Options currently on issue exercisable at 60 cents each on or before 30 November 2011	100,000
Options currently on issue exercisable at 50 cents each on or before 5 July 2012	8,000,000
Options granted pursuant to the Tranche 1 Placement	1,500,000
Options granted pursuant to Offer	26,089,264
Options granted pursuant to the Tranche 2 Placement	6,833,333 <sup>1</sup>
<b>Total Options on issue after completion of the Offer</b>	<b>46,272,597</b>

1. The Tranche 2 Placement is subject to obtaining shareholder approval.

Pursuant to Resolutions 5 and 6 of the Company's Notice of Annual General Meeting dated 30 October 2009 (to be held on 30 November 2009), and subject to obtaining shareholder approval, the Company will be seeking to issue up to a further 3,750,000 Options to stockbrokers and investment advisors of the Company and 1,000,000 Options to Ajanth Saverimutto for his services as Project Manager.

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## **6. RIGHTS AND LIABILITIES ATTACHING TO THE SECURITIES**

### **6.1 Terms of Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up (not credited) bears to the total issue price for the share (excluding amounts credited).

#### **Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

## **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided.

The liquidator may also, with the authority of a special resolution, may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders, and vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding up, all moneys and property that are to be distributed among Shareholders on a winding up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares.

## **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

## **Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## **Variation of Rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **6.2 Terms of Options**

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option holder the right to subscribe for one Share. To obtain the right given by each Option, the Option holder must exercise the Options in accordance with the terms and conditions of the Options.

- (b) The Options will expire at 17:00 (WST) on 31 January 2012 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Option is \$0.20 (**Exercise Price**).
  - (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required in respect of the number of Options specified in the Exercise Notice.
  - (h) The Options are freely transferable.
  - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will apply for quotation of the Options on ASX and will also apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 business days after the date of allotment of those Shares.
  - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (l) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
  - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised.

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## **7. RISK FACTORS**

### **7.1 Introduction**

Set out below is a list of some of the risk factors which should be considered before subscribing for Securities under this Prospectus. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated. The Directors are of the view that the Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business and the Company's history. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Securities.

### **7.2 Exploration Risks**

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. There can be no guarantee that planned exploration and evaluation programs of the Company will lead to positive exploration and evaluation results and the delineation of a commercial deposit or further, a commercial mining operation.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to the tenements, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the cash reserves of the Company and possible relinquishment of the tenements.

### **7.3 Market Conditions**

The market price of the Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **7.4 Exploration Success**

The Company's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the existing tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic gold deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

## **7.5 Metallurgical Risks**

Preliminary test work at Dargues Reef has produced very promising results from combined gravity separation and a floated pyrite concentrate. Further metallurgical test work is required to confirm these preliminary findings. Furthermore, the current process route requires that the concentrate be removed from site for further processing to extract the gold. The Company has not yet secured an off take agreement for this concentrate.

## **7.6 Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

## **7.7 Title Risk**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences and leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure requirements.

All of the tenements in which the Company may earn an interest will be subject to applications for renewal. If a tenement is not renewed, the Company may suffer significant damage through the loss of the opportunity to develop and discover any mineral resources on the tenements.

## **7.8 Native Title Issues and Access Risk**

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

## **7.9 Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

#### **7.10 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Industry & Resources in Western Australia and Industry and Investment New South Wales from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

#### **7.11 Limited History**

The Company was incorporated on 12 January 2006 and thus the operational and financial historical performance of the Company is limited. The Company's future prospects must be considered in light of the difficulties commonly encountered in the early stages of a company's development, particularly those companies involved in the exploration of mineral resources.

#### **7.12 General Economic Conditions**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism and other hostilities.

#### **7.13 Operating and Technical Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities, may be affected by a range of factors, including:

- (a) start up risks;
- (b) geological conditions;
- (c) limitation on activities due to adverse weather conditions;
- (d) unanticipated operational and technical difficulties encountered in sampling, drilling and production activities;
- (e) mechanical failure of operating plant and equipment;
- (f) industrial and environmental accidents, industrial disputes and other force majeure events;
- (g) unavailability of drilling equipment;
- (h) unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment;
- (i) prevention of access due to the inability to obtain consents or approvals, including the need to observe the Native Title Act and the Aboriginal Heritage Act;
- (j) access to certain parts of the project area; and
- (k) contracting risk from third parties providing essential services.

The Company intends to obtain insurance where appropriate, taking into consideration the availability of cover and premium costs and where required by contractual obligations.

#### **7.14 Joint Venture Risks**

The future viability and success of any of the joint ventures entered into by the Company or its subsidiaries or any future joint ventures entered into by the Company or its subsidiaries could be affected by the financial failure or default of any of the joint venture participants.

#### **7.15 Funding**

The funds raised by the Offer will be used to carry out the Company's objectives (as detailed in this Prospectus). Upon completion of the proposed objectives, the Company will probably require additional capital to fund further exploration at the Company's existing or new projects, undertake feasibility studies, develop mining operations or acquire new projects. The Company's ability to raise further capital (equity or debt) within an acceptable time, of sufficient quantum, and on terms acceptable to the Company, will vary according to a number of factors, including:

- (a) prospectivity of new projects;
- (b) the results of exploration and subsequent feasibility studies;
- (c) share market and industry conditions; and
- (d) the price of the relevant commodities.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all).

Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute Shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

#### **7.16 Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

#### **7.17 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2009 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for

the year ended 30 June 2009 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

<b>Date</b>	<b>Description of Announcement</b>
30/10/2009	Quarterly Activities and Cashflow Report
30/10/2009	Notice of Annual General Meeting /Proxy Form
30/10/2009	Annual Report to Shareholders
28/10/2009	Voluntary Suspension
26/10/2009	Trading Halt
30/09/2009	Full Year Statutory Accounts

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.cortonaresources.com.au](http://www.cortonaresources.com.au).

## **8.2 Underwriting Agreement**

Pursuant to an agreement between Patersons Securities Limited (**Underwriter**) and the Company (**Underwriting Agreement**) or (**Agreement**) dated 17 November 2009, the Underwriter has agreed to exclusively lead manage and fully underwrite the Entitlement Issue of 52,178,527 Shares and 26,089,264 free attaching Options (**Underwritten Securities**).

Under the terms of the Underwriting Agreement, the Company has agreed to:

- (a) pay the Underwriter an underwriting fee of 6% (equal to \$469,606.74) of the underwritten amount;
- (b) pay the Underwriter a corporate advisory fee of \$60,000; and
- (c) all other reasonable costs and expenses incidental to the Offer.

The obligations of the Underwriter under the Agreement to subscribe for the Shortfall Securities (as defined in the Agreement) is conditional upon satisfaction of the following conditions on or before the Lodgement Date of the Prospectus:

- (a) the Underwriter entering into sub-underwriting agreements to sub-underwrite all of the amount to be underwritten pursuant to the Offer on terms and conditions, quantum and quality satisfactory to the Underwriter in its sole discretion;
- (b) the Underwriter being satisfied with the form of the Prospectus (acting reasonably) and having given its consent to be named in the Prospectus;
- (c) a satisfactory outcome to the Company's due diligence process;
- (d) legal sign-off being provided to the Company's due diligence committee by the Company's solicitors to the satisfaction of the Underwriter, and addressed to be for the benefit of the Underwriter; and
- (e) the Prospectus being lodged with the ASIC prior to 5:00pm on the Lodgement Date of the Prospectus.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of specified events including:

- (a) **(Indices fall)**: the All Ordinaries Index as published by ASX is for 2 consecutive Business Days at any time after the date of the Underwriting Agreement 10% or more below its respective level at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) **(Gold Price)** the US\$ price of gold is for 2 consecutive Business Days at any time after the date of this Agreement, 12.5% or more below its price at 5pm Western Australia time on the Business Day prior to the date of this Agreement in each case as quoted on Bloomberg;
- (c) **(Share Price)**: the Company's shares as quoted on ASX under the ticker "CRC" trade at any time prior to the Allotment Date at less than \$0.15 per share;
- (d) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgment Date or the Prospectus or Offer is withdrawn by the Company;
- (e) **(Approvals)** the Company fails to secure all necessary approvals to undertake the second tranche of the proposed share placement of circa 13.67 million Shares which are to be issued on the same terms as the Entitlement Issue;
- (f) **(No Official Quotation)**: official quotation has not been granted by the date of the notice of shortfall being given by the Company or, having been granted, is subsequently withdrawn, withheld or qualified;
- (g) **(Supplementary prospectus)**:
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 4.1(i) of the Underwriting Agreement, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a

supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (h) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act;
- (i) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is, or becomes misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 713 of the Corporations Act);
- (j) **(Failure to Comply)** the Company or any Relevant Company fails to comply with any of the following:
  - (i) a provision of its Constitution;
  - (ii) any statute;
  - (iii) a requirement, order or request, made by or on behalf of ASIC or any Government Agency, or
  - (iv) any material agreement entered into by it,which is likely to prohibit or materially restrict the business of the Company or the Offer;
- (k) **(Restriction on allotment):** the Company is prevented from allotting the Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (l) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (m) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, and that application has not been dismissed or withdrawn;
- (n) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;
- (o) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are

unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

- (p) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, Canada, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (q) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (r) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (s) **(Termination Events)**: the occurrence of any termination events including:
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company (as defined in the Underwriting Agreement) of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or its subsidiaries, including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
  - (v) **(Error in due diligence results)**: it transpires that any of the due diligence results or any part of the verification materials was false, misleading or deceptive or that there was an omission from them;
  - (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;

- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than in accordance with the Underwriting Agreement;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the official quotation by ASX is qualified or conditional other than as set out in the definition of "Official Quotation";
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect the Company or any of its subsidiaries;
- (xiv) **(Judgment against the Company or any of its subsidiaries)**: a judgment in an amount exceeding \$100,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against the Company or its subsidiaries, other than any claims foreshadowed in the Prospectus (when read together with any Supplementary Prospectus);
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter whose consent shall not be unreasonably withheld;
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries;

- (xviii) (**Timetable**): there is a delay in any specified date in the Timetable due to the neglect or default of the Company which is greater than 5 Business Days;
- (xix) (**Force Majeure**): a Force Majeure (as defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) (**Certain resolutions passed**): the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) (**Capital Structure**): the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) (**Breach of Material Contracts**): any of the material contracts are terminated or substantially modified;
- (xxiii) (**Investigation**): any person is appointed under any legislation in respect of the companies to investigate the affairs of the Company; or
- (xxiv) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

### 8.3 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in Securities at the date of this Prospectus are:

Name	Shares	Options <sup>1</sup>	Option Entitlement under Offer	Share Entitlement under Offer
Mr Clive Jones	1,640,625	1,000,000	410,157	820,313
Mr Peter van der Borgh	4,815,627	1,000,000	1,203,907	2,407,814
Mr George Lazarou	657,813	500,000	164,454	328,907
Dr Derek Fisher	Nil	Nil	Nil	Nil

**Note:**

<sup>1</sup> These options have an exercise price of 50 cents each and an expiry date of 30 June 2010.

Mr Derek Fisher is a director of Moly Mines Limited, an entity that holds approximately 11.8% of the issued shares in the Company.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$343,500 (base salary/Directors fees) the year ended 30 June 2008 and \$343,500 (base salary/Directors fees) for the year ended 30 June 2009. In addition to the above, the Directors have been paid base salary/Directors fees totalling \$114,500 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

#### **8.4 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by

that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Patersons Securities Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named. Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Patersons Securities Limited makes no express or implied representation or warranty in relation to Cortona Resources Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Patersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Patersons Securities Limited will be paid an underwriting fee of \$469,606.74 and a Corporate advisory fee of \$60,000 in respect of the Offer. In its role as Nominee, Patersons Securities Limited will be paid brokerage of 1.5% on the value of rights sold (or \$750, whichever is greater) for non-qualifying foreign shareholders.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

## **8.5 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## **8.6 Estimated Expenses of Offer**

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	25,000
Underwriting & lead management fees	529,606
Legal expenses	10,000
Printing and other expenses	10,000
<b>Total</b>	<b>\$576,616</b>

## **8.7 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.24 per Share on 16 September 2009

Lowest: \$0.125 per Share on 17 August 2009

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.20 on 23 October 2009.

## **8.8 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

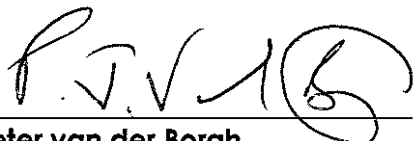
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**9. AUTHORITY OF DIRECTORS**

**9.1 Directors' Consent**

Each of the Directors of Cortona Resources Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

SIGNED for and on behalf of Cortona Resources Limited

A handwritten signature in black ink, appearing to read 'P. J. V. 16', written over a horizontal line.

**Peter van der Borgh**  
**Managing Director**  
**CORTONA RESOURCES LIMITED**

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## 10. DEFINITIONS

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term by Part 1.2, Division 2 of the Corporations Act.

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHESS.

**ASX** means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means the closing date of the Offer, being 17:00 (WST) on 16 December 2009 (unless extended).

**Company** means Cortona Resources Limited (ABN 98 117 848 790).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001(Cth)*.

**Directors** means the directors of the Company at the date of this Prospectus.

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Entitlement Issue** means the offer pursuant to the Prospectus of one (1) Share for every two (2) Share held by Shareholders at 26 November 2009 at an issue price of \$0.15 per Share to raise up to \$7,826,779, together with one (1) free attaching Option for every two (2) Shares issued under this Prospectus, exercisable at \$0.20 per Option on or before 31 January 2012, and includes the offer of the Shortfall.

**Exposure Period** means the period of 7 days after lodgement of this Prospectus which period may be extended by the ASIC by not more than 7 days pursuant to section 723(3) of the Corporations Act.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**Lodgement Date** means the date the Prospectus is lodged with the ASIC, being 17 November 2009.

**Offer** means the offer of Securities pursuant to this Prospectus.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Prospectus** means this prospectus.

**Qualifying Shareholders** means all Shareholders at 17:00 (WST) on the Record Date whose registered addresses are in Australia and New Zealand.

**Quotation** and **Official Quotation** means official quotation on ASX.

**Record Date** means 17:00 (WST) on 26 November 2009.

**Related Corporation** has the meaning given to that term in the Corporations Act.

**Securities** means Shares and/or Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Share Registry** means Security Transfer Registrars Pty Ltd.

**Shortfall** means those Shares under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Application Form** means the shortfall application form attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer to existing Shareholders described in Section 4.6.

**Tranche 1 Placement** means the placement of 3,000,000 Shares and 1,500,000 Options by the Company, which is anticipated to be completed prior to the Record Date.

**Tranche 2 Placement** means the placement of 13,666,667 Shares and 6,833,333 Options by the Company scheduled to occur after the Closing Date (on or about 23 December 2009).

**Underwriter** means Patersons Securities Limited (ACN 008 896 311) AFSL 239 052.

**WST** means Western Standard Time as observed in Perth, Western Australia.