

**CORTONA RESOURCES LIMITED**  
**ABN 98 117 848 790**  
**AND CONTROLLED ENTITIES**

Consolidated Financial Report  
For the Half-Year Ended  
31 December 2006

**CORTONA RESOURCES LIMITED**  
**ABN 98 117 848 790**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED FINANCIAL REPORT**  
**For the Half Year Ended 31 December 2006**

---

Company Directory	1
Directors' Report	2
Consolidated Income Statement	4
Consolidated Balance Sheet	5
Consolidated Cash Flow Statement	6
Consolidated Statement of Changes in Equity	7
Notes to the Financial Statements	8
Directors' Declaration	11
Auditor's Independence Declaration	12
Independent Review Report	13 - 14

## COMPANY DIRECTORY

---

### DIRECTORS

Non-Executive Chairman  
*Clive Jones*

Managing Director  
*Peter van der Borgh*

Non-Executive Director  
*George Lazarou*

### COMPANY SECRETARY

*Suzie Foreman*

### REGISTERED OFFICE

Level 1, 22 Oxford Close  
LEEDERVILLE WA 6005  
Telephone: (08) 6380 1093  
Facsimile: (08) 6380 1387

### AUDITORS

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

### SHARE REGISTRAR

Security Transfer Registrars Pty Ltd  
Level 1, 770 Canning Highway  
APPLECROSS WA 6153

### STOCK EXCHANGE LISTING

Australian Stock Exchange  
(Home Exchange: Perth, Western Australia)  
Code: CRC, CRCO

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**HALF-YEAR FINANCIAL REPORT**

**DIRECTORS' REPORT**

---

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2006.

**DIRECTORS**

The names of Directors who held office during or since the end of the half year:

Clive Jones  
Peter van der Borgh  
George Lazarou

**RESULTS**

The loss after tax for the half year ended 31 December 2006 was \$190,766.

**REVIEW OF OPERATIONS**

The Company maintained its focussed exploration strategy at North Monger, completing more than 6,000m of Reverse Circulation (RC) drilling at the Wombola Pit and Wombola Dam prospects. The drilling was completed at an all-up cost of \$47.68/m, which was a terrific achievement. The conceptual Lucia target was also tested by 2,000m of RAB drilling at an all-up cost of \$15.78/m. The exploration models being employed at North Monger were enhanced by ongoing mapping and rock chipping programs.

Results received from the Wombola Pit and Wombola Dam drilling programs were very encouraging, and the Company commissioned independent assessments of their resource potential, resulting in resource estimates at both. The Company's gold resource inventory at the end of the period has more than doubled to 700,000t @ 2.5g/t for 58,600oz. The Wombola Dam resource remains open to the south and east. Testing these extensions will remain the Company's immediate exploration focus.

The Black Hills nickel laterite in the north of the North Monger Project area, which was discovered by AMX in 1997, was also modelled, resulting in an inferred resource of 30Mt @ 0.64% Ni. Several high grade intersections within the resource suggest there may be an opportunity to outline a higher grade component.

Cortona also carried out initial reconnaissance field work at the Juglah Rocks and Tambourah Projects, reviewing access and terrain, historical workings, and previous drill collar locations and spoils. Numerous rock chip and mullock samples were collected and analysed for gold and base metals. High-grade gold results were attained at both Projects, the results of which are currently being assessed and used to formulate plans for follow-up work.

The Kalgoorlie operations base is proving to be a great success, and provides the Company with a flexible and proactive position at a time when services are in extreme demand.

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**HALF-YEAR FINANCIAL REPORT**

**DIRECTORS' REPORT**

---

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 11 January 2007 the Company issued 100,000 shares at \$0.20 each and \$10,000 in cash as consideration for the acquisition of 7 prospecting licenses in the North Monger region.

On 8 February 2007, Cortona Resources Limited entered into an agreement to acquire 100% of Moly Mines Limited's gold assets in New South Wales. The transaction is subject to satisfactory legal and technical due diligence from both parties, shareholders approval and completion of a capital raising by Cortona Resources Limited. The payment terms under the agreement are as follows:-

*Stage 1: Payment upon settlement:*

- \$5,000,000 cash;
- Issue of 12,000,000 fully paid share at 20 cents each , which are escrowed for 12 months; and
- Issue of 8,000,000 unlisted options with an exercise price of 35 cents, exercisable within 2 years from date of issue for nil consideration.

*Stage 2: Royalty payment upon the delineation of 1,000,000 ounces indicated/measured gold resources, or a decision to mine (whichever is achieved first)*

- \$4,000,000 in cash; and
- Issue of 8,000,000 unlisted options with an exercise price of 50 cents, exercisable within 5 years from date of issue for nil consideration. These options will be issued upon settlement and only vest and become exercisable if one of the conditions of stage 2 is met.

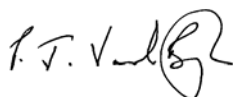
Cortona Resources Ltd intends to fund the acquisition through a share purchase plan together with a placement to brokers and institutions. At present no firm commitments have been made in regards to funding.

Apart from the above, no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Board of Directors.



Peter van der Borgh  
Managing Director

Dated this 13<sup>th</sup> day of March 2007

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**CONSOLIDATED INCOME STATEMENT**  
For the Half-Year Ended 31 December 2006

---

	Note	Consolidated
		31 December 2006
		\$
Revenue	2	77,605
Employee benefits expense		(42,069)
Directors fees		(100,000)
Depreciation expense		(7,803)
Compliance and regulatory expenses		(21,809)
Borrowing costs expense		(818)
Administration expenses		(48,014)
Consultancy costs		(36,973)
Occupancy costs		(7,810)
Insurance expenses		(3,075)
		<hr/>
<b>Loss before income tax expense</b>		<b>(190,766)</b>
Income tax expense		-
		<hr/>
<b>Net loss attributable to members of Cortona Resources Ltd</b>		<b>(190,766)</b>
		<hr/>
Basic loss per share (cents per share)		(0.64)
Diluted loss per share (cents per share)		(0.40)

The accompanying notes form part of this financial report.

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2006

	Notes	Consolidated	
		31 December 2006	12 January 2006 to 30 June 2006
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,182,244	3,002,845
Trade and other receivables		85,472	71,089
Other assets		4,103	1,552
<b>TOTAL CURRENT ASSETS</b>		<b>2,271,819</b>	<b>3,075,486</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		49,578	57,381
Exploration and evaluation expenditure		1,631,444	965,451
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,681,022</b>	<b>1,022,832</b>
<b>TOTAL ASSETS</b>		<b>3,952,841</b>	<b>4,098,318</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		233,199	194,554
Provisions		2,389	3,768
<b>TOTAL CURRENT LIABILITIES</b>		<b>235,588</b>	<b>198,322</b>
<b>TOTAL LIABILITIES</b>		<b>235,588</b>	<b>198,322</b>
<b>NET ASSETS</b>		<b>3,717,253</b>	<b>3,899,996</b>
<b>EQUITY</b>			
Issued Capital	3	4,041,959	4,041,959
Reserves	4	31,923	23,900
Accumulated losses		(356,629)	(165,863)
<b>TOTAL EQUITY</b>		<b>3,717,253</b>	<b>3,899,996</b>

The accompanying notes form part of this financial report.

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**CONSOLIDATED CASH FLOW STATEMENT**  
For the Half-Year Ended 31 December 2006

---

	<b>Consolidated</b>
	<b>31 December 2006</b>
	<b>\$</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	
Payments to suppliers and employees	(328,953)
Interest and bill discounts received	77,968
<b>Net cash used in operating activities</b>	<b><u>(250,985)</u></b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>	
Payments for exploration and evaluation	(569,616)
<b>Net cash used in investing activities</b>	<b><u>(569,616)</u></b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of shares	-
Payments for costs of issue of shares	-
<b>Net cash used in financing activities</b>	<b><u>-</u></b>
Net decrease in cash held	(820,601)
Cash and cash equivalents at beginning of period	<u>3,002,845</u>
<b>Cash and cash equivalents at end of reporting period</b>	<b><u>2,182,244</u></b>

The accompanying notes form part of this financial report.

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**  
For The Half-Year Ended 31 December 2006

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Premium Reserve</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2006</b>	4,041,959	(165,863)	23,900	3,899,996
Shares issued during the year	-	-	-	-
Employee equity settled transactions	-	-	8,023	8,023
Loss attributable to members	-	(190,766)	-	(190,766)
<b>Balance at 31 December 2006</b>	<u>4,041,959</u>	<u>(356,629)</u>	<u>31,923</u>	<u>3,717,253</u>

The accompanying notes form part of these financial statements.

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Half-Year Ended 31 December 2006

---

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Cortona Resources Limited and its subsidiary during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2006.

In the half-year ended 31 December 2006, the Company and its subsidiary has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006.

It has been determined by the Company and its subsidiary that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

As this is the first interim financial report for the Company and its subsidiary, incorporated on 12 January 2006, the comparative figures of the prior corresponding period are not available.

**NOTE 2: LOSS BEFORE INCOME TAX EXPENSE**

	<b>31 December 2006</b>
	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:	
Interest revenue	<u>77,605</u>

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Half-Year Ended 31 December 2006

**NOTE 3: ISSUED CAPITAL**

	<b>Consolidated</b>	
	<b>31 December 2006</b>	<b>30 June 2006</b>
	<b>\$</b>	<b>\$</b>
(a) Fully paid ordinary shares	3,893,209	3,893,209
(b) Options	148,750	148,750
	<b>4,041,959</b>	<b>4,041,959</b>
	<b>No.</b>	<b>\$</b>
<b>(a) Movements in fully paid ordinary shares on issue</b>		
At 1 July 2006	29,750,002	4,041,959
Movement during the period	-	-
At 31 December 2006	<b>29,750,002</b>	<b>4,041,959</b>
<b>(b) Movements in options on issue</b>		
At 1 July 2006	18,875,001	148,750
Options issued to employees for Nil consideration	350,000	-
At 31 December 2006	<b>19,225,001</b>	<b>148,750</b>

**NOTE 4: RESERVES**

Balance at beginning of period	23,900	-
Employee equity settled transactions	8,022	23,900
Option Reserves	<b>31,922</b>	<b>23,900</b>

**5. SUBSEQUENT EVENTS**

On 11 January 2007 the Company issued 100,000 shares at \$0.20 each and \$10,000 in cash as consideration for the acquisition of 7 prospecting licenses in the North Monger region.

On 8 February 2007, Cortona Resources Limited entered into an agreement to acquire 100% of Moly Mines Limited's gold assets in New South Wales. The transaction is subject to satisfactory legal and technical due diligence from both parties, shareholders approval and completion of a capital raising by Cortona Resources Limited. The payment terms under the agreement are as follows:-

*Stage 1: Payment upon settlement:*

- \$5,000,000 cash;
- Issue of 12,000,000 fully paid share at 20 cents each , which are escrowed for 12 months; and
- Issue of 8,000,000 unlisted options with an exercise price of 35 cents, exercisable within 2 years from date of issue for nil consideration.

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Half-Year Ended 31 December 2006

---

*Stage 2: Royalty payment upon the delineation of 1,000,000 ounces indicated/measured gold resources, or a decision to mine (whichever is achieved first)*

- \$4,000,000 in cash; and
- Issue of 8,000,000 unlisted options with an exercise price of 50 cents, exercisable within 5 years from date of issue for nil consideration. These options will be issued upon settlement and only vest and become exercisable if one of the conditions of stage 2 is met.

Cortona Resources Ltd intends to fund the acquisition through a share purchase plan together with a placement to brokers and institutions. At present no firm commitments have been made in regards to funding.

Apart from the above, no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

**6. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**7. SEGMENTAL REPORTING**

The Company operates predominantly in one geographical and segment, being Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose

**CORTONA RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

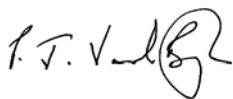
**DIRECTORS' DECLARATION**  
For the Half Year Ended 31 December 2006

---

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 10:
  - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - (b) give a true and fair view of the Economic Entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Economic Entity's will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter van der Borgh  
Managing Director

PERTH  
Dated this 13<sup>th</sup> day of March 2007

**CORTONA RESOURCES LIMITED  
A.B.N. 98 117 848 790  
AND CONTROLLED ENTITIES**

**AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF CORTONA RESOURCES LIMITED**

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2006 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

*Mack & Co*

---

Mack & Co  
Chartered Accountants  
2<sup>nd</sup> Floor, 35 Havelock Street  
WEST PERTH WA 6005

*N A Calder*

---

N A Calder  
Partner

Date: *13 MARCH 2007*

**CORTONA RESOURCES LIMITED**  
**A.B.N. 98 117 848 790**  
**AND CONTROLLED ENTITIES**

**INDEPENDENT REVIEW REPORT**  
**TO THE MEMBERS OF CORTONA RESOURCES LIMITED**

**SCOPE**

We have reviewed the financial report of Cortona Resources Limited for the half year ended 31 December 2006 comprising the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and directors' declaration of the consolidated entity. The company's directors are responsible for the financial report. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

**Director's Responsibility for the Half-Year Financial Report**

The directors of Cortona Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. Our review has been conducted in accordance with Auditing Standards on *Review Engagements ASRE 2410 Review on an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Cortona Resources Limited's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*. As the auditor of Cortona Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**INDEPENDENCE**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

**CORTONA RESOURCES LIMITED**  
**A.B.N. 98 117 848 790**  
**AND CONTROLLED ENTITIES**

**STATEMENT**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Cortona Resources Limited is not in accordance with:

- (a) The *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at December 31 2006 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*MACK & CO*

---

Mack & Co  
Chartered Accountants  
2<sup>nd</sup> Floor, 35 Havelock Street  
WEST PERTH WA 6005

*N A Calder*

---

N A Calder  
Partner

Date: *13 MARCH 2007*