

Cortona Resources Limited

CRC

Thursday, 1 May 2008

**Drilling confirming and extending Dargues Reef gold mineralisation**

**Recommendation Speculative Buy**

**Overview**

CRC has announced further impressive gold intercepts at its Dargues Reef prospect. Results include 13 metres averaging 8.33 g/t gold from 232 metres downhole in diamond hole DREX043, 16 metres averaging 11.0 g/t gold from 48 metres downhole in RC hole DREX050 and 5 metres averaging 16.2 g/t gold from 49 metres downhole in RC hole DREX054.

Dargues Reef is currently the company's major prospect within its 700 sq km Majors Creek Project (100%) that is located 60 km east of Canberra and 12 km south of Braidwood in the southern tableland region. The project, positioned in the eastern most section of the Lachlan Fold Belt, covers a significant portion of the of the Majors Creek Goldfield, the largest historical alluvial goldfield in New South Wales with past production of 1.25 million ounces. As a potential source of the alluvial gold the company is targeting intrusion related primary gold mineralisation within the Braidwood Granodiorite

CRC acquired the project from Moly Mines (MOL) in July 2007 after that company decided that it would fully focus on the development of its Spinifex Ridge molybdenum-copper project in the East Pilbara region of Western Australia. Previous work by MOL at Dargues Reef had outlined a resource of 2.9 million tonnes averaging 3.4 g/t gold and containing 310,000 ounces of gold. The consideration for the project was \$5 million cash, 12 million CRC shares and 8 million options exercisable at 35 cents each. Should CRC confirm a one million ounce resource or make a decision to mine MOL will receive a further \$4 million cash and 8 million options exercisable at 50 cents each.

In late September 2007 CRC commenced a \$1.5 million six month diamond and RC drilling program at Majors Creek initially focused on infilling previous drilling at Dargues Reef and to test for extensions as well as following up on regional targets which had been outlined from geophysical and geochemical surveys conducted by MOL. The gold mineralisation at Dargues Reef is contained within a series of parallel east-west trending lodes associated with sericite-carbonate alteration of the host Braidwood Granodiorite. The initial drilling has confirmed mineralisation at depth and has extended mineralisation to the east which has outlined untested potential near surface positions. Previous drilling had tested the Main Lode to a vertical depth of 300 metres and it remains open at depth and to the east. The Footwall Lode remains open below 400 metres vertical depth and to the west.

In March 2008, CRC announced the commencement of scoping studies into a potential mine development at Dargues Reef. As part of this study samples for metallurgical testwork have been despatched to a laboratory in Perth. The gold is essentially associated with pyrite and it is envisaged that treatment methods will involve the flotation of a pyrite concentrate.

CRC has recently purchased the freehold property incorporating the Dargues Reef prospect for a consideration of \$1.7 million. The purchase consists of two contiguous blocks of land covering 319 hectares and the price paid was in line with agricultural land price in the area. It was the first time this land has been offered for sale since the mid 1800s. The purchase will allow ready access to drill sites and will provide flexibility for infrastructure planning.

Other prospects within the Majors Creek project are Copper Ridge which is located about 1 km west of Dargues Reef and has returned mineralised samples containing up to 5.7 g/t gold, 185 g/t silver and 0.53% copper from intermittent outcrops along a 1 km strike length. At Exeter Farm, approximately 2 km north of Dargues Reef, initial drill testing of targets comprising mineralised gossans, soil anomalies, IP chargeability anomalies and magnetic anomalies has returned intercepts of 19 metres averaging 5.5 g/t gold and 9 metres averaging 1.92 g/t gold. CRC considers that the prospect may contain a large gold mineralised system. Also in New South Wales the company holds the Eugowra project south east of Forbes which has similarities to Majors Creek.

In Western Australia, CRC has outlined a near surface resource of 80,000 ounces at its North Monger project. It has short term revenue potential as a source of oxide ore for nearby milling operations.

**Snapshot**

Last Price	\$0.24
Market Cap (m)	\$21.8
52 Week High	\$0.54
52 Week Low	\$0.18
Sector	Metals & Mining

**Investment Fundamentals**

Cash reserves	\$5.2 million
Shares on issue	90.8 million
Options on issue	21.4m unlisted

Directors	Clive Jones (Chairman) Peter van der Borgh (Managing) George Lazarou (Non exec) Derek Fisher (Non exec)
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Major shareholders	UBS Wealth Man. 22%
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**Price Chart**



**Business Description**

CRC is a mineral exploration company with gold projects in New South Wales and gold and nickel laterite projects in Western Australia. The company is progressing a scoping study on its Dargues Reef prospect within its regional Majors Creek project in the southern tableland of New South Wales.

Analyst: Paul Goody

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*Prepared by Paul Gooday*

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