

# CRC.AU

14 December 2009  
Gold, Nickel  
Australia (WA,NSW)  
Scoping  
Exchanges: ASX: CRC

## Cortona Resources Limited

A\$ 0.15

**Dargues Reef (NSW) now has a Scoping Study for underground production of 40-50kozpa Au, with low capex of A\$30m. Current capital raising (A\$10.3m) could fund resource expansion to +500moz Au and a DFS, ahead of possible production in 2011.**

### Capital Profile

Share price (A\$)	0.15
52 week range (A\$/share)	0.078 to 0.23
Number of shares (m)	170.2
Options and warrants (m)	46
Convertible notes (m)	0
Fully diluted (m)	217
Market capitalisation (undiluted) (A\$m)	24.7
Debt (A\$m) - Dec 09F	0.0
Enterprise value (A\$m)	24.7
Major shareholders:	
Moly Mines (11.0%), Management (6.7%),	
Avg monthly volume (m)	7
Cash (A\$m) - Dec 09F	11.6
Price/Cash (x)	2.1
Price/Book (x)	0.8
Listed company options:	No

### Investment Points

100% focused on gold exploration and production, with an exploration and development budget of A\$7m (CY10).

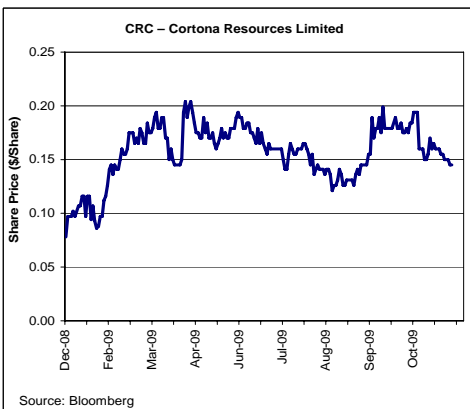
Majors Creek (NSW) - strategic land position (700km<sup>2</sup>) in an historic alluvial gold field. Numerous hard rock gold deposits and soil anomalies in a ~5km radius.

Target deposit style - Intrusion Related Gold (eg, Fort Knox 8.4moz Au, Pogo 5.6moz Au, Kidston 3.4moz Au).

Dargues Reef (Majors Ck): 286koz Au resource @ 6.2g/t - with potential at depth and along strike (Plums Lode, Chianti). Resource upgrade expected 2Q10.

Scoping study (Sep '09): underground production of ~41kozpa Au for first 4.5 yrs, opex A\$469/oz, capex A\$30m, recovery 95% (gravity and flotation).

Successful IRG exploration model (structure, IP, soils). Ongoing newsflow from Majors Creek and Braidwood regional drilling.



### Production and Financial Forecasts

YEAR END: June	Sep-09a	Dec-09F	2008a	2009a	2010F
Exploration and evaluation (A\$m)	1.04	0.30	2.84	2.43	2.34
Corporate (A\$m)	0.25	0.10	1.19	1.08	0.55
Exploration/(Expl.+ Corporate) (%)	81	75	71	69	81
Funding duration at current burn (years)			1.1	0.5	4.3
Shares on issue (pr end) (m shares)	101.4	170.2	90.8	101.4	173.8
Drilling - RAB (m)	0	0	2,000	2,000	0
Drilling - Other/Diamond (m)	5,391	5,000	14,186	20,000	20,391
Land holding ('000 ha)*	200	200	140	200	200
Tenement costs (\$k per year)	-	-	-	-	-
Capital Raisings (A\$m)	0.0	10.3	7.6	1.8	12.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	1.6	11.6	4.6	1.6	12.4
Cash backing (Ac/share)	1.6	6.8	5.0	1.6	7.1
Net asset backing (Ac/share)	21.7	18.9	23.7	21.5	19.6

\*Gold prospective tenements only. Quarters stated on calendar year basis.

### Company Comment

**Overview:** Cortona listed on the ASX Mar '06. The company is focused on gold exploration and production in central NSW and WA. Its flagship project is Majors Creek (Au, NSW).

**Majors Creek Project (Au; NSW):** 659km<sup>2</sup>, covers multiple gold-bearing lodes in the roof zone of the Braidwood Granodiorite. The region hosted Australia's richest alluvial field (historic 1.25moz Au) but there had been little modern exploration. CRC is pursuing an Intrusion Related Gold model (IRG, eg, Fort Knox 8.4moz Au). The main targets lie in an area of ~5km diameter, on 319ha freehold land owned by CRC. **Dargues Reef** has a JORC resource (Oct '08) of 286koz Au grading 6.2g/t (2g/t cut-off). The resource envelope is ~300m strike by 300m deep and 3m to 20m true width; intercepts include 16m @ 11g/t from 48m depth, and a recent 19m @ 6.62g/t Au with 5.2g/t Ag and 0.13% Cu from 114m (Sep '09). The **steep-dipping sulphide lodes** are open below 350m and along strike. Drilling at **Plums Lode**, (250m E of main shaft) includes 20m @ 6.0g/t from 158m depth. A **new discovery** has been made, 100m SSW of the main shaft (May '09; 4m @ 28g/t from 78m depth). Dargues resource infill and expansion drilling (11,200m) could commence in Jan '10, with an upgrade to 500-600koz Au (~40% Measured and ~60% Indicated), expected in 2Q10. Plums Lode could add a further 75-100koz Au.

**Scoping Study:** is for initial 188koz over 4.5 yrs (41kozpa), opex A\$469/oz, capex A\$30m, estimated pre-tax profit A\$68.4m at A\$1150/oz Au. Assumed cut-off 3.5g/t Au, recovery 95%, with mining dilution 10% from sub-level open stoping. A Definitive Feasibility Study (A\$2m budget) could be completed 3Q10.

**Other Majors Creek prospects:** CRC is testing its exploration model on near-mine (<2km) targets, drilling structures co-incident with IP and soil anomalies (Au). In 2009, this technique has located zones of high-grade Au at previously undrilled prospects, including **Dreadnought** (16m @ 1.12g/t Au and 1m @ 8.75g/t Au) and **Snobs Line** (1m @ 8.13g/t Au with 9g/t Ag and 0.2% Cu), in both high-grade quartz veins and broader intersections of altered (Dargues style) granodiorite. **Exeter Farm** is a 1km x 1km area with outcropping gossan. Drill results include 19m @ 5.6g/t Au from 47m and recent 9m @ 5.17g/t Au from 51m (**Tory Boy** lode, Sep '09). **Regional** aeromagnetic data show other target areas within the Braidwood Granodiorite that are similar to Majors Creek, as well as a magnetic low associated with a porphyry and anomalous Ag-Au-Zn mineralisation. Soil sampling and rock chipping are ongoing.

**North Monger Project (Au, Ni; WA):** 45km SE of Kalgoorlie. **Wombola Pit** and **Wombola Dam** - resources 80koz Au (<50m depth). CRC is marketing this project for divestment.

**Investment Comment:** The Majors Creek mineralising system could produce a resource >1moz Au. At Dargues Reef, mining is targeted for 2011. Based on the Scoping Study parameters, NPV (5% discount) of Dargues Reef resource at a long-term gold price of US\$850/oz is A\$48m or A\$0.22/share fully diluted. Assuming resource upside to +500koz Au increases NPV to A\$133m or A\$0.62/share. CRC's three-phase exploration program - i.e. Dargues Reef, near-mine and regional - continues to prove successful.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Eqty koz
<b>Reserves</b>								
<b>Resources</b>								
Wombola Pit (N. Monger)	Indicated + Inferred	90%	0.30	2.7	1.0	0.8	27	24
Wombola Dam (N. Monger)	Indicated + Inferred	90%	0.56	3.0	1.0	1.7	54	48
Dargues Reef (Majors Ck)	Indicated + Inferred	100%	1.44	6.2	2.0	9	286	286
Total						11.4	366	358
<b>Mineralised Material (est., non compliant with JORC)</b>						0.0	0.0	0.0
<b>Nickel Resources</b>								
<b>Black Hill</b>	Inferred	90%	30.0	0.6		192	423	381

### Contacts

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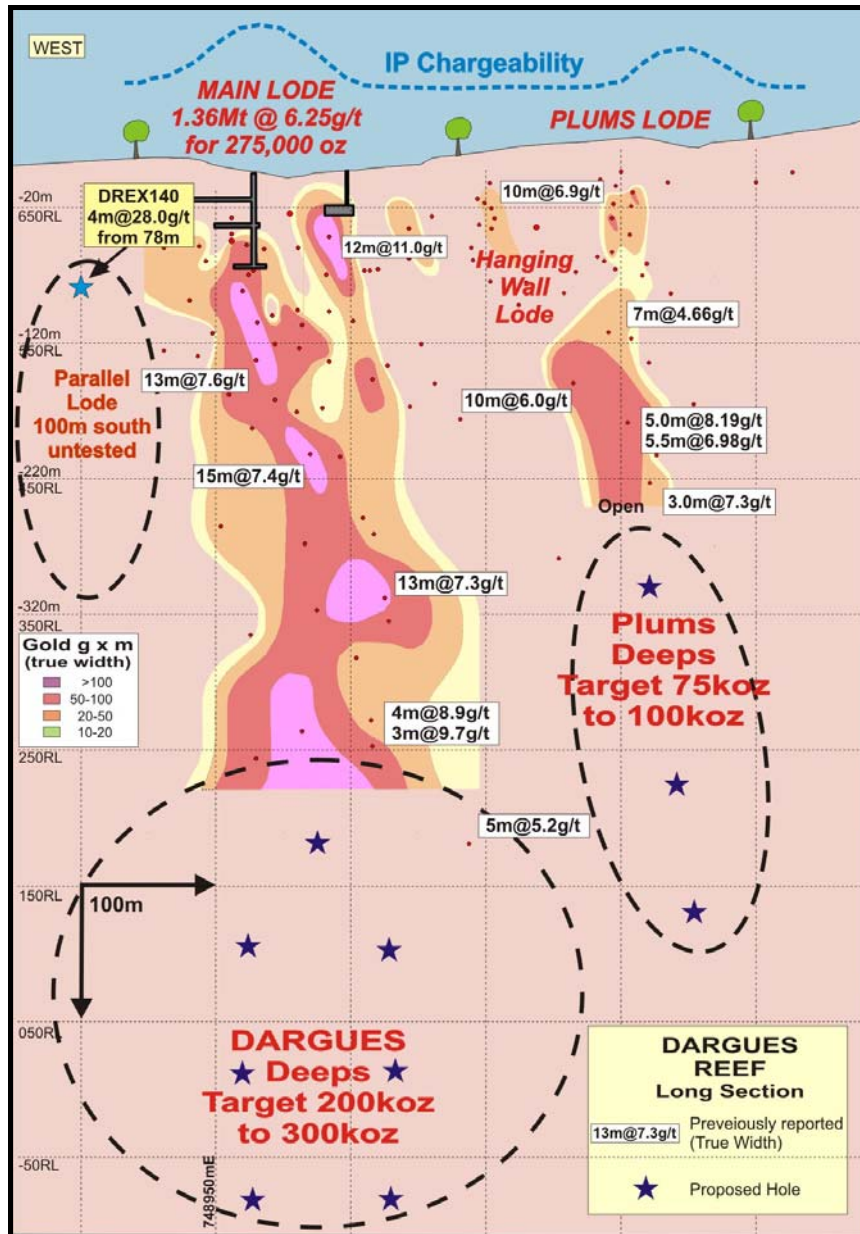
### Directors

C Jones (Non Exec Ch)  
P van der Borgh (MD)  
G Lazarou (Non Exec Dir)  
D Fisher (Non Exec Dir)

### Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Project Location
Dargues Reef (Majors Ck)	100%	Au	na	IRG	na	Adv Expl	Aus (NSW)
Copper Ridge (Majors Ck)	100%	Au,Ag,Cu	na	IRG	na	Early Expl	Aus (NSW)
Exeter Farm (Majors Ck)	100%	Au	na	IRG	na	Early Expl	Aus (NSW)
Wombola Pit (N. Monger)	90%	Au	Private	Reef	na	Adv Expl	Aus (WA)
Wombola Dam (N. Monger)	90%	Au	Private	Reef	na	Mid Expl	Aus (WA)
Black Hill (N. Monger)	90%	Ni	Private	Laterite	Heap Lch	Adv Expl	Aus (WA)
Eugowra	100%	Au	na	IRG	na	Early Expl	Aus (NSW)

Dargues Reef long section: mineralisation remains open along strike and at depth. Extension and infill drilling is under way, with a resource upgrade to 500-600moz Au at Dargues and 75-100koz Au at Plums Lode possible in 2Q10. There is potential to mine from 2H11, subject to a DFS and financing in 2H10.



Gold price sensitivity analysis for Dargues Reef, based on the Sep '09 Scoping Study: at a long-term gold price of US\$850/oz, NPV with the current 286moz Au resource is A\$48m or A\$0.22/share (fully diluted). Increasing resources to 500koz Au, plus other assets and cash, could see the NPV reach +A\$0.60/share.

		Equity			Sensitivity		
LONG TERM GOLD PRICE <sup>^</sup>	:US\$/oz		600	800	1000	1200	1400
EXCHANGE RATE	:AUS\$		0.80	0.80	0.80	0.80	0.80
DARGUES REEF NPV @ 10% NOMINAL*	:A\$m	100%	20	42	65	87	109
DARGUES REEF NPV @ 10% NOMINAL*	:US\$m	100%	16	34	52	69	87
<b>NPV/SHARE (fully diluted)</b>	<b>:A\$/share</b>		<b>0.09</b>	<b>0.20</b>	<b>0.30</b>	<b>0.40</b>	<b>0.50</b>
* Includes a scoping study project discount of 30% of the project valuation:			30%				
<sup>^</sup> Gold price assumption: US\$1000 in 1H10, US\$950 in 3Q10, US\$900 from 4Q10 through 2013, thence long-term price indicated.							

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