



July 29, 2008 11:28am AEST

Barrick Gold to mine Cortona's WA gold resource

July 29, 2008

CORTONA Resources has struck a deal with Barrick Gold to develop and mine Cortona's Wombola gold resources under a royalty agreement.

The Perth-based gold company said Barrick Kanowna, a wholly-owned subsidiary of the world's largest gold producer, will mine, haul and treat the Wombola gold resources, located at North Monger near Kalgoorlie.

The deal is subject to Barrick completing six months of due diligence.

Once mining starts, Barrick will pay Cortona (ASX: CRC) a royalty dependent on the tonnes mined and the prevailing gold price at the time of mining.

"The minimum payment is set at \$6 per tonne, which means that we stand to earn at least \$1.5 million in royalties, however there is considerable upside because the deal is linked to both the gold price and the number of tonnes mined, which is set at a minimum of 300,000 tonnes," **Cortona's** managing director Petervan der Borgh said.

The emerging gold miner said the move created a "low-risk opportunity" to generate revenue to support its broader growth ambitions – including its flagship Dargue's Reef gold project in NSW.

The agreement will enable Cortona to monetise its 861,000-tonne gold resources at North Monger, with all aspects of the operation to be managed and funded by Barrick.

"One can't overstate the significance of a revenue stream in the current difficult market conditions," Mr van der Borgh, said.

"Generating an income without the need for financing whilst retaining exposure to a rising gold price has always been the preferred outcome for our WA resources," he said.

"Achieving this with the world's biggest gold miner adds greater security to the deal and represents an excellent outcome for our shareholders."

Under the mining agreement, Barrick will also assume responsibility for environmental bonds and rehabilitation.

Shares in Cortona were 2 cents down, or 10.53 per cent, to 17 cents in mid-morning trading. The Benchmark S&P/ASX 200 was 0.96 per cent lower.

Copyright 2008 News Limited. All times AEST (GMT +10).