

29th January 2008

cortonaresources.com.au

ACTIVITIES STATEMENT, DECEMBER QUARTER 2007

Cortona Resources maintained a high level of exploration activity during the quarter, resulting in very significant outcomes on a range of fronts. Highlights include:

✘ **Six Diamond drill-holes completed at Dargues Reef (NSW)**

✘ **Results received from the first three holes include:**

- DREX040: 13m @ 5.53g/t gold
 and 12m @ 6.27g/t gold
- DREX039: 9m @ 6.63g/t gold
 and 4m @ 7.01g/t gold
- DREX038: 16m @ 3.38g/t gold
 and 4m @ 7.04g/t gold

✘ **70% upgrade at Wombola Dam Resource (WA):**

- 557,000t @ 3.0g/t for 53,500oz gold

✘ **Positive metallurgical test work for the Black Hill Ni-laterite (WA)**

✘ **390km² exploration tenement granted at Eugowra (NSW)**

✘ **RC drilling commences at Exeter Farm**

NEW SOUTH WALES

Diamond Drilling, Dargues Reef (100% CRC)

Cortona commenced a \$1.5M diamond and RC drilling program at its recently acquired Major's Creek project in NSW. Six diamond drill-holes (DREX038-DREX043) were completed at Dargues Reef, which hosts an inferred resource estimate of 310,000oz of gold within a broad (<40m), composite lode structure. Exploration drilling by the previous owners Moly Mines Ltd identified mineralisation to ~350m vertical depth, where it remains open.

The initial objective was to test the notion that earlier explorers had inadequately drilled the lode structure at shallower RL's (<200m) due to their interpreting the lode position to be along the footwall contact of a diorite dyke. Cortona drilled the first three holes into a section of sparse drilling to test for mineralisation up to 100m beneath the footwall contact.

The assay results support the Company's model, and extend the lode structure up-dip on the section by approximately 100m. It is also now apparent that at these shallower depths the lode remains open to the east. This provides highly significant shallow targets that will be tested in due course.

A further three holes were drilled to test the lode structure between 200m and 300m depths in order to provide greater understanding of the extent, continuity and nature of mineralisation. These holes were completed shortly before Christmas, and results are keenly awaited.

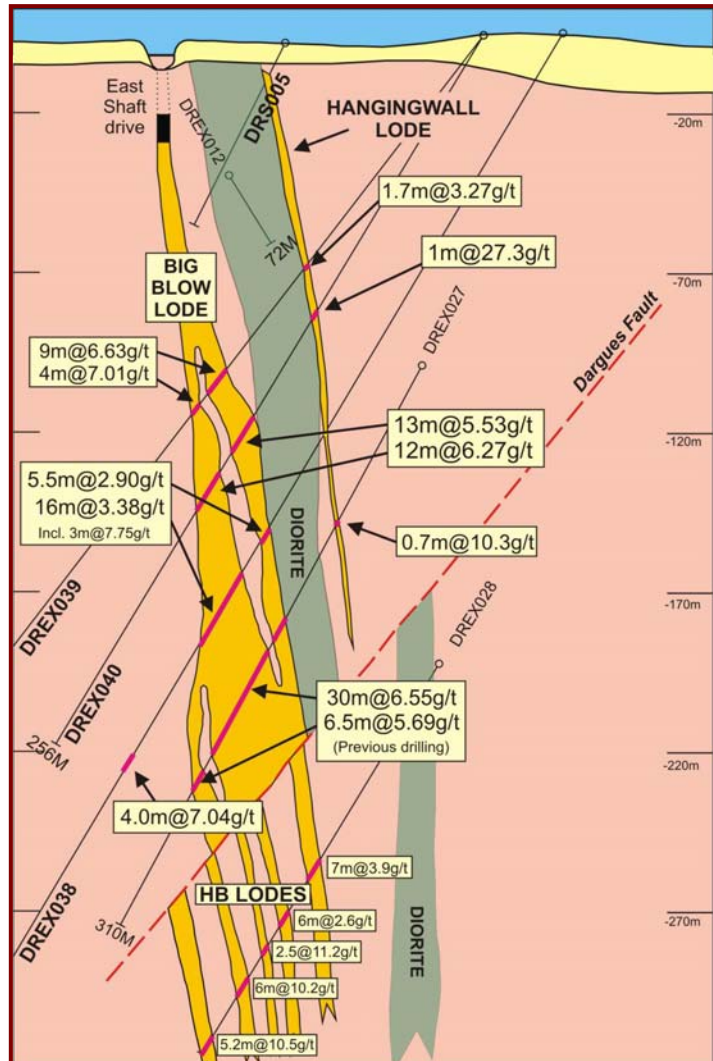


Figure 1: Cross section through the Dargues Reef Resource

Soil Sampling, Copper Ridge Prospect, Majors Creek (100% CRC)

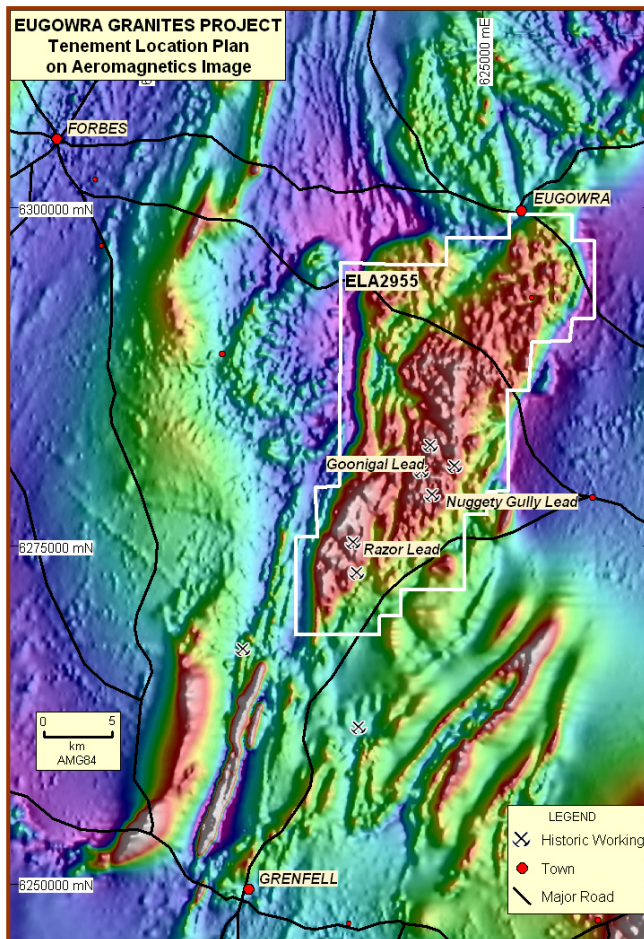
During November-December Cortona completed a soil geochemistry program at the newly discovered Copper Ridge prospect, ~1km west of Dargues Reef. The program is following up on the June-July rock chipping that returned mineralised samples containing up to 5.7g/t gold, 185g/t silver, and 0.53% copper from intermittent outcrops along a 1km strike length.

A total of 143 samples were collected on a 100m x 50m grid orientated NE-SW, parallel the strike of a magnetic linear and the line of anomalous rock chips. Samples were collected

For personal use only

using a hand auger from a depth of greater than 10-15cm, and sieved to 100micron with approx 400gm sent to the lab for analysis. The samples have been submitted for analyses, and results are imminent.

Infill soils and rock chip samples were also collected from and near a newly discovered sulphidic rock bar across Majors Creek. Ten regional rock chip samples were collected.



Tenement Grant, Eugowra (100% CRC)

Cortona has been notified that the Eugowra tenement application in NSW has been granted. EL6880 covers an area of 390km² and encompasses the Eugowra granodiorite, which was targeted because of its similar age, geochemistry and structure to the Braidwood granodiorite that hosts the Majors Creek project. There are also reports of historic alluvial gold workings over the granodiorite. Owing to these similarities, Eugowra is seen as an excellent compliment to Majors Creek and the application of exploration models currently being developed there.

Figure 2: Eugowra Tenement

Tenement Relinquishments, Nundle

Following an appraisal of the Nundle project, the tenements were relinquished.

For personal use only

WESTERN AUSTRALIA

RC Drilling and Resource Estimation, Wombola Dam (90% CRC)

In October Cortona reported further successful drilling results from the Wombola Dam prospect at North Monger, ~45km southeast of Kalgoorlie. Better intersections included **2m @ 22.4g/t gold from 9m, 2m @ 14.6g/t gold from 47m, 3m @ 10.7g/t gold from 12m, and 5m @ 8.6g/t gold from 26m.**

Upon receipt of the results, Cortona commissioned a revised resource estimate, with highly significant results reported in November:

- **Tonnage increased 36% to 557,000t**
- **Average grade increased 25% from 2.4g/t to 3.0g/t**
- **Contained gold increased 70% to 53,500oz**
- **10,387 ounces upgraded to Indicated category**

Table 1: Wombola Dam Estimate October 2007, 1g/t Au Cut Off

Type	Indicated			Inferred			Total		
	Tonnes T	Cut Au g/t	Cut Au Ounces	Tonnes T	Cut Au g/t	Cut Au Ounces	Tonnes T	Cut Au g/t	Cut Au Ounces
Alluvial	-	-	-	21,000	2.5	1,700	21,000	2.5	1,700
Oxide	35,000	2.3	2,500	100,000	2.8	8,900	135,000	2.6	11,400
Transitional	16,000	2.5	1,200	60,000	3.1	5,900	75,000	2.9	7,100
Fresh	75,000	2.7	6,600	251,000	3.3	26,700	326,000	3.2	33,300
Total	126,000	2.6	10,300	432,000	3.1	43,200	557,000	3.0	53,500

The Company also reported that it had applied 'LeapfrogTM' grade-shell visualisation software to the Wombola Dam dataset in order to investigate additional exploration potential for the resource. The results highlight a consistent southwest plunge component to the mineralisation trending beneath an area of no previous drilling, which provides a strong indication that the resource may remain open in that direction. A significant targeting opportunity has resulted from this work.

For personal use only

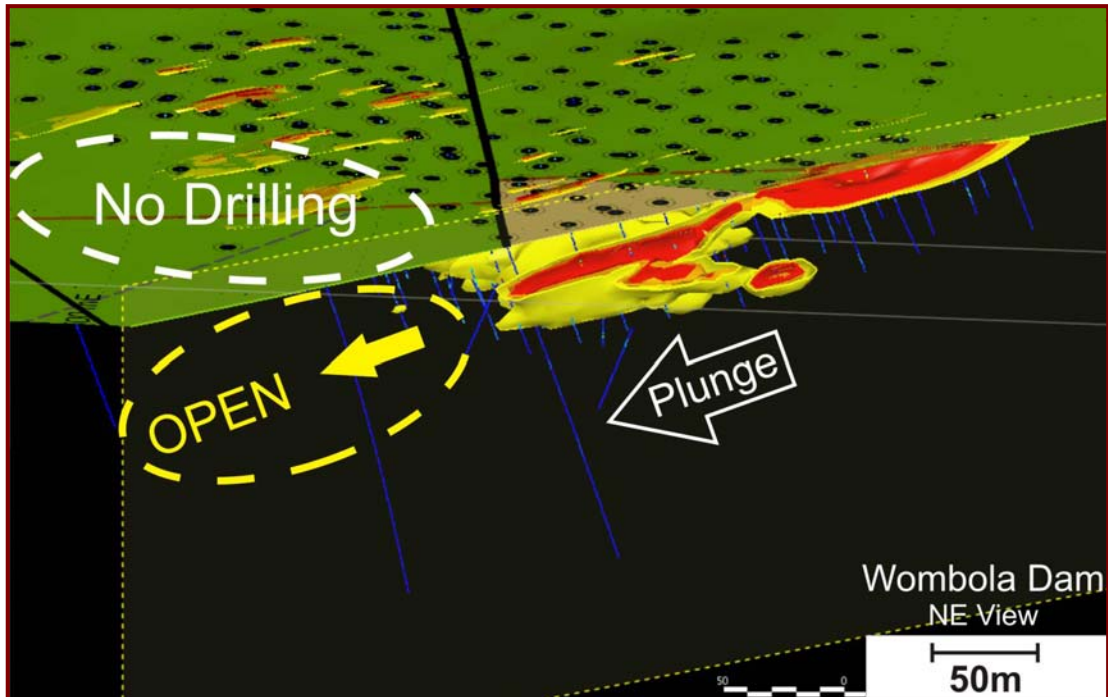


Figure 3: Leapfrog image highlighting exploration upside at Wombola Dam

Bottle-roll Test Work, Black Hill Ni-laterite Resource, North Monger (90% CRC)

In November Cortona reported the results of bottle roll test work being conducted on material from the Black Hill Nickel laterite resource (192,000t @ 0.64% Ni) at North Monger.

Amdel Mineral Laboratories (Amdel) performed the test work on a 3kg sample assaying 0.89% Ni and 0.048% Co. Test work was discontinued after 90 days whereby 54% nickel extraction was achieved. Leach kinetics indicate that higher recovery could be possible with extended leach retention time or increased acid concentration. Results of preliminary testing are presented below.

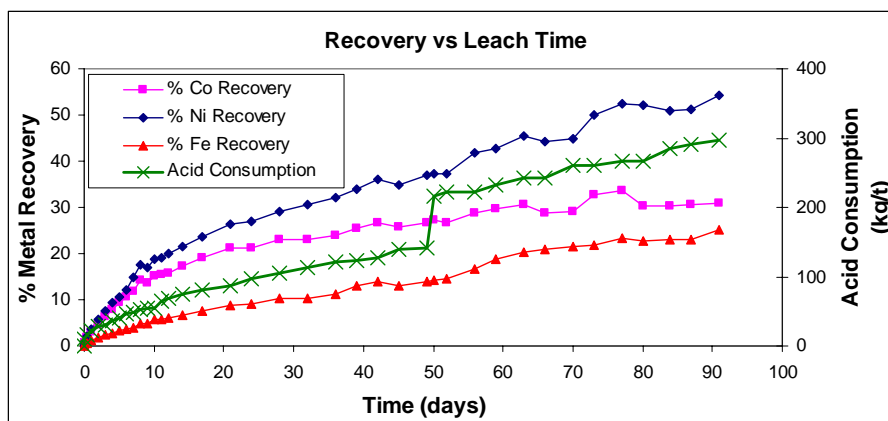


Figure 4: Preliminary Bottle Roll test results from the Black Hill Ni Laterite

A review of the test work was conducted by Independent Metallurgical Operations Pty Ltd IMO of West Perth who advised that the results are encouraging enough given the nickel price at that time (US\$31,240: LME 30th October 2007) to warrant proceeding with additional testing.

LOOKING AHEAD

The upcoming quarter is going to be very exciting for Cortona. Following heavy un-seasonal December rains in parts of NSW, RC drilling has finally commenced at Exeter Farm, a property famous for producing 'Archer', the winner of the first Melbourne Cup. The Company will test the depth potential of a range of targets within the prospect area, each named after horses that competed on that historic day!

Table 2: Drill targets, Exeter Farm

Target	Location (AMG)	Anomaly Details
Archer	749760mE/6064780mN	Coincident Au, Ag, Cu, Bi soil geochem, >3.5g/t rock chips, mineralised outcrop.
Flatcatcher	749360mE/6064800mN	IP chargeability target A at 575RL, coincident Au, Ag, Cu, Bi soil geochem, mineralised outcrop , mag low adjacent.
Prince	749740mE/6064400mN	Coincident Au, Ag, Cu, Bi soil geochem, low Au rock chip (0.2-0.4g/t), 2 zones of mineralised outcrop , diorite dyke
Twilight	750000mE/6065280mN	Mineralised outcrop , >2g/t rock chip.
Exeter	749400mE/6065150mN	Follow up intercepts in hole EX01, 2m @ 4.2g/t.
Toryboy	749950mE/6064680mN	coincident Au, Ag, Cu, Bi soil geochem, >1.3g/t rock chip, mineralised outcrop.
Antonelli	749970mE/6065180mN	Shallow IP chargeability-high, resistivity low.
Medora	749610mE/6065250mN	IP chargeability-high, mineralised outcrop.

Many of the Exeter Farm targets comprise outcropping gossans with coincident gold, silver, copper and bismuth soil anomalies and rock chips (Table 2). The gossans comprise weathered granite and sulphides, and are texturally and mineralogically reminiscent of Dargues Reef ore. The largest of these, Archer-Tory Boy (Fig 3) may represent a single entity with a surface expression in excess of 300m. This is particularly encouraging given

For personal use only

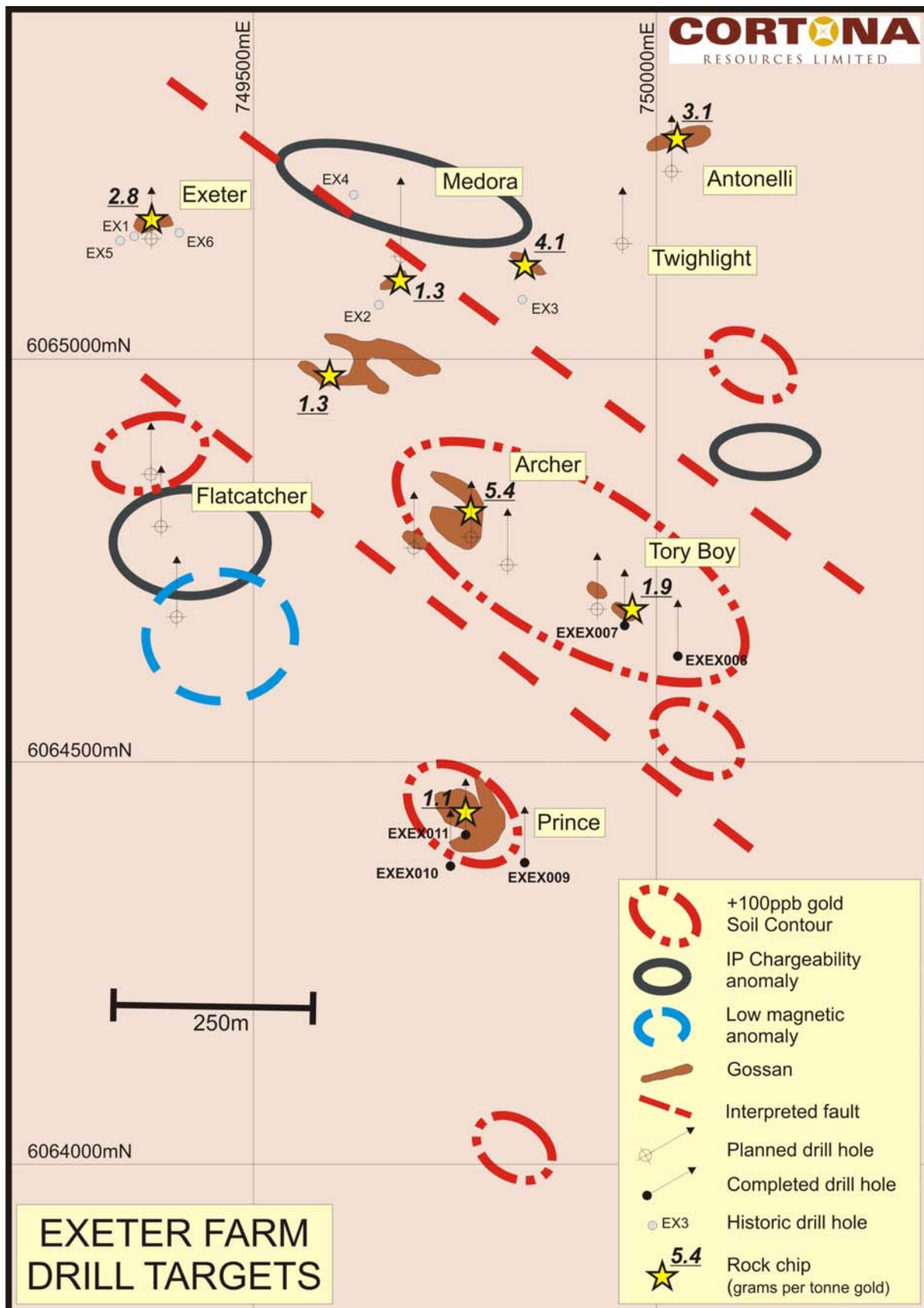
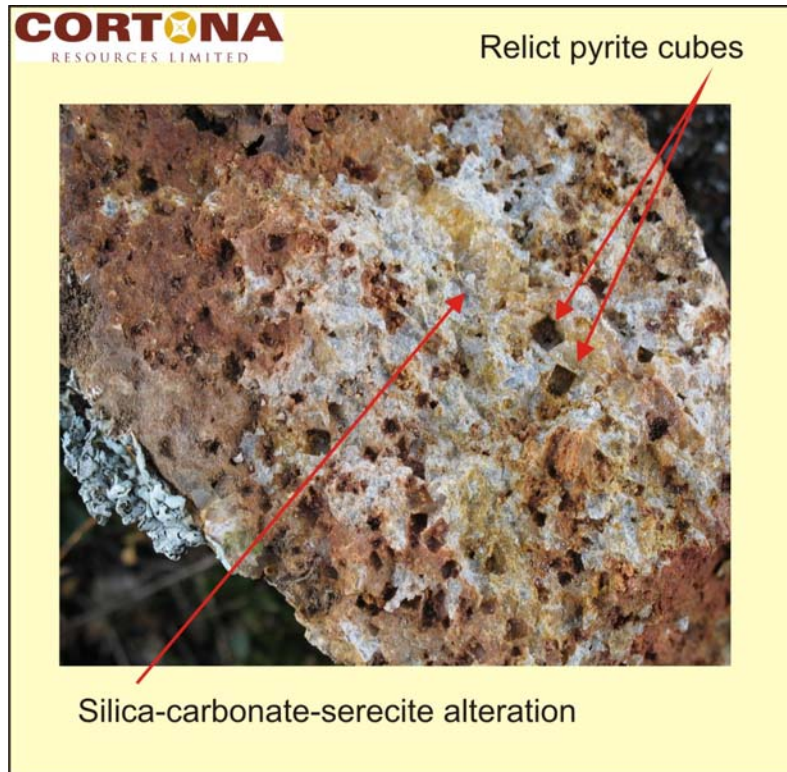


Figure 5: Drill targets to be tested in the current program at Exeter Farm

that the Dargues Reef resource (310,000oz) has a recognised strike length of less than 150m. The continuity of the Archer-Tory Boy target will be tested in the current program.

The ongoing drilling program will be determined by the results of these first holes. In addition Cortona is keen to use the Copper Ridge soil results to target exploratory RC holes into that prospect and further drilling is also planned at Dargues Reef.

Figure 6: Hand specimen of typical Exeter Farm gossan



Yours Faithfully

Peter van der Borgh
Managing Director

ABOUT CORTONA RESOURCES

Cortona Resources is a Perth based gold explorer with projects in Western Australia and New South Wales hosting a resource inventory of ~390,000 ounces of gold. The Company has a dynamic exploration team based in offices in Orange (NSW) and Kalgoorlie (WA). Cortona has ~76M fully paid shares on issue, and a fully diluted position of ~106M shares.

For further information please contact:

Peter van der Borgh (Managing Director) on +618 6380 1093

Suzie Foreman (Company Secretary) on +618 9388 8041

admin@cortonaresources.com.au

Competent Persons: *The contents of this report that relate to geology and historical exploration are based on information compiled by Mr Peter van der Borgh, who is a Professional Geologist and Fellow of the Geological Society of London. He has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Peter van der Borgh consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CORTONA RESOURCES LIMITED

ABN

98 117 848 790

Quarter ended ("current quarter")

31 December 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(843)	(1,388)
(b) development	-	-
(c) production	-	-
(d) administration	(336)	(544)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	92	174
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other – Tenement Bonds	(50)	(50)
Net Operating Cash Flows	(1,137)	(1,811)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(16)
1.9 Proceeds from sale of:		
(a) tenements		
(b) equity investments		
(c) other fixed assets		
1.10 Payment of subsidiary net of cash acquired	-	(5,000)
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(7)	(5,016)
1.13 Total operating and investing cash flows (carried forward)	(1,144)	(6,827)

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,144)	(6,827)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	4,311
1.15	Proceeds from exercise of options	37	37
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	(513)
	Net financing cash flows	37	3,835
Net increase (decrease) in cash held		(1,107)	(2,992)
1.20	Cash at beginning of quarter/year to date	6,144	8,029
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,037	5,037

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Includes salaries and superannuation contributions for all directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter the following options were issued:-

- 50,000 options issued under the Employee Share Incentive Scheme exercisable at 52 cents on or before 30 November 2010.
- 100,000 options issued under the Employee Share Incentive Scheme exercisable at 60 cents on or before 30 November 2011.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

For personal use only

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	650
4.2 Development	
Total	650

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	387	84
5.2 Deposits at call	4,650	6,060
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,037	6,144

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
	M26/0641			
	M26/0644			
	M26/0707			
	P26/2450			
	P26/2451			
	P26/2489			
	P26/2490			
	P26/2635			
	P26/2637			
	P26/2644			
	P26/2703			
	P26/2704			
	P26/2846			
	EL 6004		100%	0%
	EL6118		100%	0%
6.2	Interests in mining tenements acquired or increased			
	North Monger Tenements - Granted			
	P25/1924	Granted	0%	90%
	P26/3444	Granted	0%	90%
	P26/3446	Granted	0%	90%
	P26/3447	Granted	0%	90%
	P26/3448	Granted	0%	90%
	P26/3449	Granted	0%	90%
	P26/3450	Granted	0%	90%
	P26/3451	Granted	0%	90%
	P26/3452	Granted	0%	90%
	P26/3453	Granted	0%	90%
	P26/3454	Granted	0%	90%
	P26/3455	Granted	0%	90%
	P26/3456	Granted	0%	90%
	Eugowra Tenement Granted			
	EL6880	Granted	0%	100%

+ See chapter 19 for defined terms.

For personal use only

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	76,018,771	69,593,769		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	187,000	187,000	20 cents	20 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	14,662,484	14,662,484	20 cents	31 March 2008
	3,000,000	-	30 cents	31 January 2008
	1,000,000	-	40 cents	31 December 2008
	75,000	-	25 cents	21 May 2009
	75,000	-	25 cents	21 May 2010
	100,000	-	30 cents	20 October 2008
	50,000	-	25 cents	27 March 2009
	50,000	-	25 cents	27 March 2010
	2,500,000	-	50 cents	30 June 2010
	8,000,000	-	35 cents	5 July 2009
	8,000,000	-	50 cents	5 July 2012
	1,000,000	-	45 cents	30 June 2010
	75,000	-	41 cents	18 June 2010
	75,000	-	41 cents	18 June 2011
	100,000	-	50 cents	18 June 2009
	100,000	-	50 cents	30 June 2011
	100,000	-	50 cents	30 June 2010
	150,000	-	41 cents	30 June 2011
	50,000	-	52 cents	30 November 2010
	100,000	-	60 cents	30 November 2011
7.8 Issued during quarter	50,000 100,000	- -	52 cents 60 cents	30 November 2010 30 November 2011
7.9 Exercised during quarter	187,000	187,000	20 cents	20 cents

+ See chapter 19 for defined terms.


For personal use only

Appendix 5B
Mining exploration entity quarterly report

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 13 January 2008
 Company Secretary

Print name: Suzie Foreman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

For personal use only