

ASX Announcement

30th July 2010



JUNE 2010 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Deep drill intercepts from Dargues Deeps including:
 - 5.7m @ 97.1 g/t gold (3.1oz/t) from 454m*
 - 9.9m @ 32.16 g/t Au*
 - 12.4m @ 16.35 g/t Au*
- Two rigs on site targeting extensions to Main Lode and Bonanza Lode
- JORC resource upgrade expected by Q3 2010
- Application submitted to significantly expand Dargues Mining Lease
- Environmental permitting underway
- Dargues Reef feasibility study to be completed December 2010
- North Monger Project in WA sold for \$2.7M cash

SUMMARY

Cortona has made significant progress at the 100%-owned **Dargues Reef Gold Project** in NSW during the June Quarter with the feasibility study planned for completion in Q4/2010, and development as a significant, high-margin gold mine planned for next year.

The current Dargues Reef JORC resource (286,000oz @ 6.2g/t Au) has stood up to the scrutiny of an intensive diamond and RC drilling programme, confirming the continuity of the mineralisation.

Numerous intercepts below 300m vertical depth confirm the continuing potential to depth of the gold deposit. The high grade assay results



COMPANY DETAILS

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ASX CODE: CRC, CRCO

Corporate Information
(1st April 2010)

Shareholders	~1,800
Shares on Issue	170M
Options (CRCO)	34M
Options (Unlisted)	12M

PROJECTS

Majors Creek (NSW)
Eugowra (NSW)
North Monger (WA)

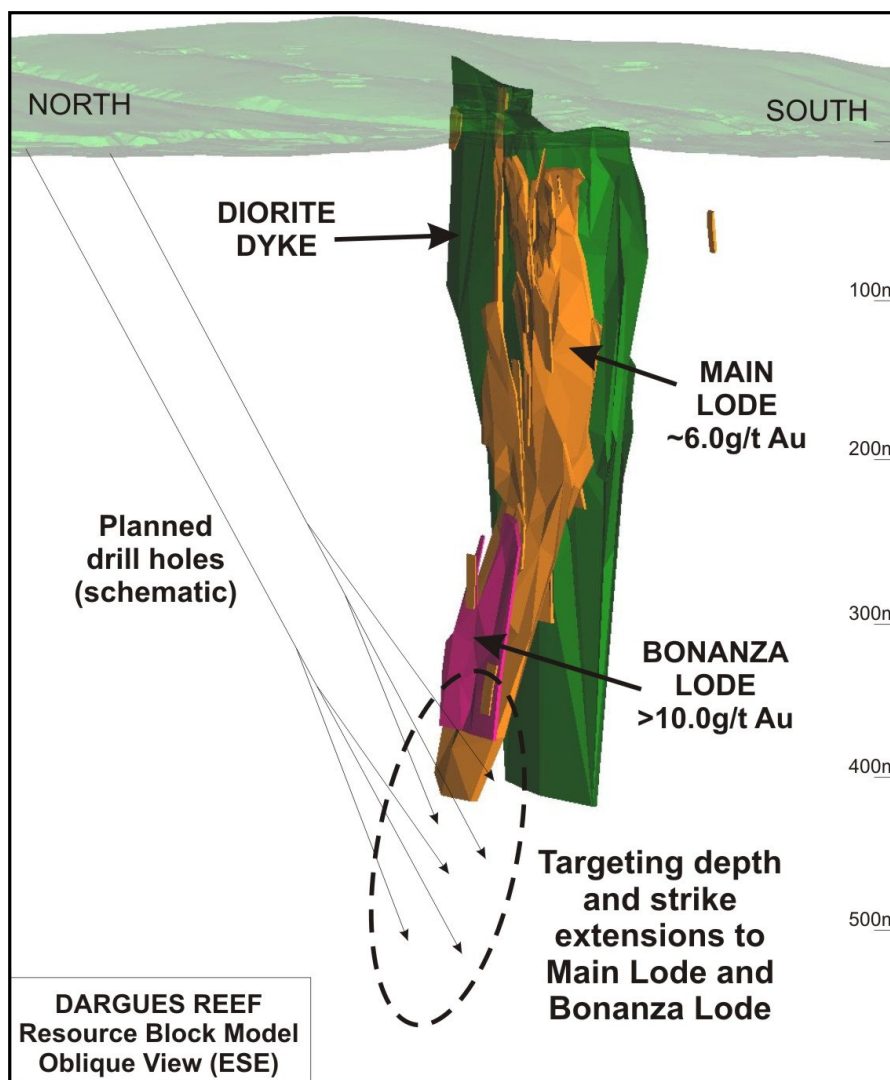
CRC is a trade name of
CORTONA
RESOURCES LIMITED



received during the Quarter are, in general, a considerable improvement on the average grade received to date.

The Company is aiming to upgrade sufficient of the resource inventory to the Measured category to support the first two years of production. Most of the remainder is expected to be included as Indicated Resources.

Cortona remains focused on commencing production at Dargues in late 2011. Many aspects of the current Definitive Feasibility Study (DFS) are either completed, or well advanced. Recommended modifications to the mining plan and mine infrastructure layout have been adopted and finalised. A final plant engineering design layout is complete and ready for operations approval.



Ongoing metallurgical test work has confirmed that ~50% of the gold can be recovered via a gravity circuit and a further ~48% by froth flotation. The resultant pyrite concentrate, a saleable commodity, is readily treated with high gold recoveries by Carbon in Leach (CIL). A process flow sheet has been finalised to optimise gravity recovery of the gold, concentrate grade and recycling of process water.

Exploration drilling continues with two drilling rigs at Dargues Reef. Cortona is targeting a JORC resource of +500,000oz at Dargues

Reef, which is expected to extend the mine life based on the initial production rate of 50,000oz per annum. In addition, further new exploration opportunities are being pursued across the ~700km² Majors Creek tenement package.



DARGUES REEF FEASIBILITY STUDIES

Resource to Reserve Drilling

Round-the-clock drilling continued at Dargues Reef throughout the first half of the June Quarter, with drilling initially focused on expanding the high grade Dargues Deepes lodes defined by previous drilling. The deepest diamond hole to date (700m vertical depth) has confirmed the continuity of the lode and structures at depth, returning a 6.5 metre lode intersection. Assay results are anticipated shortly, however initial visual indications confirm identical lode and structure to that seen at shallower depths.

Six reverse circulation (RC) holes were completed for 475 metres to in-fill and extend the top 200m of the resource. The majority of holes intersected widths and grades of mineralisation as predicted by the resource model, **including 19m @ 9.14g/t gold from 101m**. Cortona believes that it will achieve its primary objective of upgrading the resources to underpin the first two years of production to the Measured Resource category, to enable conversion into Proven Reserves. Significant RC results during the Quarter included:

Thirteen diamond drill holes, including wedge holes, were completed for 3,446 metres to in-fill and extend the orebody below ~300m depth. Phase I drilling has confirmed the continuity of the Main Lode below the current mine plan (>450m), and also confirms the continuity of a series of rich parallel lodes, including the newly discovered Bonanza Lode that are developing as the orebody gets deeper. The drill results suggest that much of this lower portion can now be converted into Indicated Resources for conversion into Probable Reserves.

Work is now underway on a revised resource estimate which will include the latest drilling. This new model will be utilised by Cortona's consulting mining engineers, Mining Plus Pty Ltd, to produce a life-of-mine production schedule and financial model.

The Dargues Reef DFS is proceeding on schedule and on budget. The site infrastructure designs including plant, portal, storage facilities and ancillary services have been completed and capital cost estimates are being compiled. The Environmental Assessment is also nearing completion with the final document to be lodged with the Department of Planning in July 2010. This will then follow the Part 3A process for Ministerial approval.

The mine design has commenced with a number of trade-off studies being selected and the optimal and most efficient mining methods and systems being selected. Geotechnical guidelines have been used to determine mine development and sequencing and the best possible extraction scenarios have been used for mining of the orebody.

Metallurgical test work and final process design for recovering ore have also been completed with very encouraging results. A number of process options have been investigated and the most



favourable option has been selected to maximise gravity gold recovery and produce a flotation concentrate.

Table 1: Significant Q2 diamond drilling intercepts from Dargues Reef

Hole ID	GDAE	GDAN	Dip	Azimuth	From (m)	Interval (m)	Gold (g/t)
DREX181	749016	6062960	-50	330	56.7	1.50	18.17
DREX229W3	748971	6062793	-63	357	492.7	9.80	8.43
DREX225W2	749030	6062782	-60	1	446.6	1.00	21.59
and					511.3	9.90	32.19
including					513	3.00	101.30
DREX225	749030	6062782	-59.5	2	401.5	8.85	15.16
and					414	11.30	12.41
and					438.4	5.30	6.79
and					465.7	8.00	7.71
DREX227	749067	6062763	-60	360	5.339	10.00	3.28
and					545.6	19.40	2.03
and					568	2.00	7.15
DREX223	749000	6062816	-55	358	235	13.00	7.48
and					259.5	2.50	3.35
and					266	1.00	9.70
DREX225W1	749034	6062783	-60	359	322	6.70	3.08
and					409.2	1.70	22.35
and					424.5	17.80	5.02
and					459.6	8.40	4.46
and					477	13.20	10.89
DREX226	748999	6062815	-64.5	357	307.8	5.45	14.35
and					316.25	1.45	7.31
and					367.5	2.80	39.08
and					395.25	0.60	36.50
and					454.1	5.70	97.11
DREX222W1	749070	6062736	-59	356	472.5	11.50	4.26
and					521	4.00	4.98
DREX221	749001	6062817	-59	3	280	7.00	5.06
and					311.8	12.40	16.35
including					312.5	3.50	43.90
DREX224	748976	6062794	-57	358	287	3.50	12.71
and					292.5	1.00	7.95
DREX226W1	748999	6062816	-55	2	305.7	4.70	9.02
					328.65	3.55	4.01
					344.9	4.35	5.91
					364.8	2.75	3.56
					374.8	3.30	18.64

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EXPLORATION

Cortona is targeting an upgrade in the resource, with an exploration target of +500,000 ounces at an average grade of +6.0g/t. This would extend the mine life by several years. The deep drilling is designed to utilize the parent hole and wedge several 'daughter' holes from it in order to achieve several intersections, splayed out at depth, from the one parent hole. This method has proved successful to date and will be incorporated in the ongoing drilling.

Cortona has been evaluating the results of the near-mine exploration drilling that took place during the latter half of 2009, where primary mineralisation was discovered at the Tory Boy, Dreadnought, Hughen and Copper Ridge prospects. Follow up exploration drilling is being planned. Regional exploration is also continuing over its highly prospective northern land holdings. Ground reconnaissance, mapping and rock chipping have identified several prospects.

The recent bonanza grades and the improved continuity of the series of parallel lodes are expected to add ounces to the resource. A table of significant diamond drilling intercepts received so far during 2010 is provided.

NORTH MONGER

Cortona has entered into an agreement to sell the entire North Monger Project in WA to neighbouring Silver Lake Resources for a cash consideration of \$2.7M. To date CRC have received a \$1M deposit with the remainder due at settlement. The funds received will be directed towards advancing the Dargues Reef Project in NSW.

LOOKING FORWARD

The DFS is due to be completed by the end of 2010, and Cortona remains on track to be a gold producer in 2011. A revised resource model is being evaluated to finalise a mining schedule and a preliminary financial model.

Exploration drilling will continue at Dargues Reef throughout the year. The results of this drilling will feed into a resource upgrade which is expected to be published later this year. Cortona anticipates that the results will indicate an increased resource, including the required bankable number of Measured and Indicated resources for conversion into reserves. Cortona's exploration target of +500,000 ounces would also deliver an extended mine life.

Regional exploration is continuing. Drilling is being planned to follow up last year's near-mine discoveries, and new prospects further afield are being mapped and sampled. Cortona remains confident that modern day exploration will unlock the prospectivity of this unexplored goldfield.



Cortona expects to maintain a high level of activity into the foreseeable future. Drilling results, a resource upgrade, and results of the DFS, amongst other things, should enable the Company to continue advancing from explorer to mid-tier producer.

For further information please contact:

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Media

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ABOUT CORTONA

Cortona is an emerging Australian gold company with a portfolio of advanced gold projects in New South Wales and Western Australia. The Company is focused on the exploration and development its 100%-owned Majors Creek Project, located 60km east of Canberra in New South Wales, where it is currently undertaking a Definitive Feasibility Study (DFS) on the Dargues Reef Gold deposit (1.44Mt @ 6.2g/t gold for 286,000oz).

Majors Creek was the largest historic alluvial goldfield in NSW producing more than 1.25 million ounces. The Dargues Reef deposit is expected to be the Company's first operating mine following positive scoping study results indicating average annual production of 45,000 ounces over an initial mine life of 5 years.

Cortona's multi-pronged plan is to progress the Dargues Reef DFS in conjunction with aggressive near- mine and regional exploration programs to underpin a long-term gold business.

Sampling and Assay Procedures

A bulk sample from each drilled metre interval is collected from the RC drill rig. A representative sample (approx 3kg) is collected via a PVC spear or riffle splitter and submitted to ALS in Orange for analysis. Standard samples of known gold concentration are inserted every 25 samples and a blank sample is inserted at the start of each hole. On occasion a blank sample is also inserted following visually determined high-grade mineralisation.

In each case the entire sample is pulverised in a LM5 mill to 95% passing 75 microns. A sub-sample is selected for analysis. Gold is analysed by a 50 gram fire assay with AAS finish (0.01ppm detection). Samples returning gold values >1g/t are duplicated and assayed again by the same method for comparison and check of variability. Gold values >100g/t are then re read through the AAS using a 1 in 10 dilution of the solution. In conjunction with the gold analysis a suite of elements including Silver (0.2ppm), Arsenic (2ppm), Bismuth (2ppm), Copper (1ppm), Lead (2ppm), Molybdenum (1ppm), Sulphur (0.01%), Calcium (0.1%) and Zinc (2ppm) are also analysed by Aqua Regia digest and ICPAES finish.

Core samples from diamond drilling (HQ or NQ) are cut lengthwise and dissected, usually in 1m intervals or as geological parameters dictate. Standards and blanks are periodically included, using similar methodology to above, usually every 25 samples. The samples are submitted to ALS in Orange for analysis.

The analytical technique used on the diamond core samples is identical to that used on the RC samples.

Competent Persons: *Information in this report relating to Mineral Resources has been completed by Mr Aaron Green of Runge Ltd., who is a member of the Australian Institute of Geoscientists. Mr Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'competent person' under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Green consents to the inclusion of the data in the form and context in which it appears. 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. 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 JORC Code. Mr 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.*

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

CORTONA RESOURCES LIMITED

ABN

98 117 848 790

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,299)	(4,556)
(b) development	-	-
(c) production	-	-
(d) administration	(331)	(1,429)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	169	238
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(56)	(56)
Net Operating Cash Flows	(1,517)	(5,803)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(9)	(495)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(9)	(495)
1.13 Total operating and investing cash flows (carried forward)	(1,526)	(6,298)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,526)	(6,298)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3	10,330
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(643)
	Net financing cash flows	3	9,687
	Net increase (decrease) in cash held	(1,523)	3,389
1.20	Cash at beginning of quarter/year to date	7,806	2,894
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,283	6,283

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	90
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

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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

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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	-	-

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	2,000
4.2	Development	-
4.3	Production	-
4.4	Administration	330
Total		2,330

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	1,263	801
5.2	Deposits at call	5,020	7,005
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		6,283	7,806

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	N/A		
6.2	Interests in mining tenements acquired or increased	P25.2052	0%	100%

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Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>	170,217,260	170,216,260		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,000	15,000	\$0.20	Fully Paid
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>	50,000 75,000 100,000 34,407,632 400,000 8,000,000	- - - 34,407,632- - -	Exercise price \$0.52 \$0.41 \$0.60 \$0.20 \$0.25 \$0.50	Expiry date 30 Nov 10 18 Jun 11 30 Nov 11 31 Jan 12 09 Feb 12 05 Jul 12
7.8 Issued during quarter		-		
7.9 Exercised during quarter	15,000	15,000	\$0.20	31 Jan 12
7.10 Expired/cancelled during quarter	75,000 2,500,000 1,000,000	- - -	\$0.41 \$0.50 \$0.45	18 Jun 10 30 Jun 10 30 Jun 10

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7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

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: Amanda Wilton-Heald
 (Company Secretary)

Date: 30 July 2010

Print name: Amanda Wilton-Heald

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.

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