

ASX Announcement

23 August 2010



Dargues Reef DFS on Track for November 2010 – “On time and On Budget”

HIGHLIGHTS

- **Definitive Feasibility Study** for +50,000oz pa gold operation progressing well and on track for completion in November 2010, on time and on budget
- **Processing plant design completed** with final quotes being collected
- **Decision to utilise paste-fill** to allow full orebody extraction – selection of paste plant completed and paste design and test work underway
- **Final mine design in progress** with several underground mining contractors invited to submit quotations
- **Environmental Assessment** completed and lodged with NSW Department of Planning
- **Drilling ongoing** with 2 rigs on site and resource upgrade due Q4 2010

Cortona Resources Limited (“Cortona” “the Company”) (ASX: **CRC**) is pleased to provide an update on project development activities and progress with the Definitive Feasibility Study (“DFS”) at its 100%-owned **Dargues Reef Gold Project** in New South Wales.

Cortona is very pleased to advise that the DFS is progressing well and is expected to be completed on time and on budget in November 2010. The Company is delighted with the quality of the work undertaken to date, and the potential that has been identified for an even more robust project at Dargues Reef.



COMPANY DETAILS

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Corporate Information
(31 July 2010)

Shareholders	~2,000
Shares on Issue	170M
Options (CRCO)	34M
Options (Unlisted)	12M

PROJECTS

Majors Creek (NSW)
Eugowra (NSW)
Christmas Gift (NSW)
Booths Reward (NSW)

CRC is a trade name of
CORTONA
RESOURCES LIMITED



Drilling at Dargues Reef continues despite being hampered by bad weather, and a resource upgrade is expected in Q4 CY 2010.

Proposed Underground Mine

Dargues Reef will be a compact underground mine with a very small footprint. Mine design is currently nearing completion based on extraction of the resource using conventional long-hole open stope mining methods.

A box-cut and portal will be established adjacent to the processing facility, with the decline providing immediate access to the orebody. The good ground conditions and sub-vertical nature of the orebody are expected to translate into significant benefits in terms of operating costs.

Level designs and spacings are currently being finalised, as well as a range of studies to determine the optimal mining method and the benefits of owner-operator mining versus contractor mining.

Several underground mining contractors have been invited to submit quotations to assist in completing these studies. 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.

Based on the work completed to date, Cortona intends to utilise paste-fill for the stoped out areas. This will enable maximum extraction of the orebody and will result in a number of other economic efficiencies in terms of material and waste movement from underground, as well as environmental benefits by dramatically reducing the amount of tailings material required to be stored on the surface.

A selection study has been completed on sourcing an appropriate paste plant. Final design and test work on the paste plant has commenced in conjunction with an environmental assessment.

Processing Plant

Design of the proposed processing facility has been completed and final quotes are currently being collected to complete the capital expenditure estimates.

The plant will utilise three-stage crushing and coarse grinding with approximately 50% of the gold to be recovered by gravity and the balance via flotation to produce a high-grade gold concentrate grading between 20 and 30g/t Au.

The plant will be of a modular design to facilitate future upgrades from the initial nameplate 330,000tpa capacity.

Final metallurgical test work on Dargues ore is nearing completion to confirm the key parameters of the processing flow sheet and establish gravity gold recoveries with grade variations.

Infrastructure Development

Final design work is currently underway on all key items of surface infrastructure, including the ROM pad, temporary waste dump, mill area, concentrate storage shed, tailings storage facility, workshops and offices and lay-down areas.

The requirements and costings for initial surface earthworks are being finalised for inclusion in the DFS.

Economics

Cost modelling has commenced to enable capital and operating costs to be estimated and a financial model will be produced as part of the Feasibility Study.



Approvals

The Environmental Assessment for the Dargues Reef Project has been completed and lodged with the Department of Planning for review. This review is expected to be completed by late August, with the *Environmental Assessment* submitted for public exhibition in September and then be submitted for Ministerial approval.

A Mining Lease Application has also been lodged, with all necessary approvals on track to be completed by the end of 2010. Subject to timely completion of financing and commencement of project development, this should enable Cortona to maintain its planned timetable of commencing gold production by Q4 2011.

Drilling

Drilling at Dargues reef continues, although inclement weather and technical issues have hampered recent drill rates. Two drilling rigs are currently on site targeting depth extensions to the Main and Bonanza lodes. The rigs are now drilling from the north for the first time, which has the potential to discover additional parallel lodes within development range of the proposed mine. Following resource and exploration drilling at the Dargues Reef Gold Project, the rigs are expected to be relocated to follow-up some of the exciting regional exploration targets within Cortona's Majors Creek Gold Project.

-ENDS-

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ABOUT CORTONA

Cortona is an emerging Australian gold company which is focussed 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 current JORC indicated Dargues Reef Gold deposit resources (1.44Mt @ 6.2g/t gold for 286,000oz - comprising 110,800oz indicated and 175,200oz inferred categories).

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. A resource upgrade is currently being undertaken which will feed into the Definitive Feasibility Study which is on track to be completed on time and on budget in November 2010. The target for the DFS is to increase the mine life, and mine production rate at Dargues Reef and to allow a decision to mine which would result in first gold production by Q4 CY 2011.

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 production business.

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.*