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Cortona Enters MOU with Leading Underground Contracting Group for Mining at Dargues Reef, NSW

Incentive arrangements to drive performance

Australian gold company Cortona Resources Limited (ASX: **CRC**) is pleased to advise that it has entered into a Memorandum of Understanding (MOU) with Perth-based specialised underground mining services group, GBF Mining and Industrial Services Pty Ltd (GBF), to mine its high-grade Dargues Reef gold deposit in NSW.

The MOU marks another important step towards development of the Dargues Reef Gold Project, where positive Feasibility results indicate a base case average 50,000oz per annum production.

The arrangement will see both parties contribute expertise to mine planning and mine management, driven by an incentive scheme that will reward the contractor according to Key Performance Indicators (KPI's) based on safety, production and costs.

The arrangement delivers a range of benefits to Cortona, including:

- access to experienced 'top quality' personnel;
- maximised performance;
- reduced operating costs; and
- availability of tried and tested systems available from start-up,

Owned and operated by experienced mining industry specialists Michael Foulds and Ross Graham, GBF has successfully completed contracts valued at over \$1 billion in 20 different underground mining operations. GBF currently has around 450 employees across five underground mines in WA and the Northern Territory.

As part of the incentive arrangements, GBF will subscribe for between one million and two million dollars of shares in Cortona at a price to be agreed at the date of execution of the binding agreements.



COMPANY DETAILS

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Corporate Information
(31 March 2011)

Shareholders	~2,000
Shares on Issue	196M
Options (CRCO)	34M
Options (Unlisted)	17M

PROJECTS

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

CRC is a trade name of
CORTONA
RESOURCES LIMITED



Cortona's Managing Director, Peter van der Borgh, said: "We are delighted to have GBF on board. They have a proven track record with many years' experience in underground mining. Their systems around HR, procurement, maintenance, and OH & S are well developed and will ensure that we are able to hit the ground running, which is one of the main challenges for a start-up such as Dargues," he continued. "The arrangement with GBF is important to the rapid development of the project. The focus will be on getting underground as soon as the Box Cut and portal are in place and to push the development hard. This will open the mine up for ore production on several fronts prior to completion of construction of the processing plant, reducing the risk of bottle-necking.

"The MOU is the first of a number of key boxes we shall tick over the coming few months as we move towards mining. Our commodity is looking good, with pressure on the gold price likely to remain on the upside for some while yet."

The MOU is subject to Cortona securing the necessary environmental and planning approvals of the NSW and Federal Governments. The NSW Government approval has been delayed because of the recent State election but is expected within the next few weeks.

About GBF

GBF Mining and Industrial Services Pty Ltd ("GBF") is part of a privately owned specialised underground mining services group. The owners and operators of the business, Michael Foulds and Ross Graham, have each been in the industry in an operating capacity for over 25 years and have built solid reputations.

Michael Foulds holds a degree in mining engineering and a First Class mine manager's certificate, and has held senior mine management roles in numerous operations across Australia and overseas. Ross Graham commenced mining underground at the age of 18, and established himself as one of the most respected miners in the Eastern Goldfields before establishing his own independent contracting business in the 1980's, and other industry related ventures, before joining Michael to form GBF in 1995.

GBF has successfully completed contracts valued in excess of \$1 billion in over 20 different underground mining operations. In 2001 GBF acquired a mothballed nickel asset from WMC, successfully recommenced underground operations and continued to operate the mine until 2007 at which time it was sold to Mincor Resources.

GBF currently has around 450 employees across five underground mines in WA and the NT and is very well positioned to draw from its strong experience base, existing resources and core competencies to provide a safe, efficient and focused operational mining team at Dargues Reef.

ABOUT CORTONA

Cortona is an emerging Australian gold company which is focussed on the development of its 100%-owned Majors Creek Project, located 60km east of Canberra in New South Wales, where it has recently completed a Feasibility Study on the Dargues Reef Gold deposit.

Majors Creek was the largest historic 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 the positive Feasibility Study results which show strong cash flows from average annual production of 50,000 ounces over an initial mine life of 6 years Cortona's multi-pronged plan is to progress Dargues Reef to production in conjunction with aggressive near-mine and regional exploration programs to underpin a long-term gold production business.

For further information please contact:

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