



ASX/Media Release – 8 September 2011

## Dargues Reef Development Approval Signals Green Light for Australia's Newest Gold Mine

*Construction set to commence in early 2012*

### HIGHLIGHTS

- Development approval received from NSW Planning Assessment Commission (PAC).
- Construction set to commence in Q1 of 2012 with first production targeted by year-end 2012.
- Initial average 50,000oz pa gold production forecast to generate free cash flow of ~A\$160M at a A\$1,700/oz gold price.
- Significant upside from near-mine exploration potential.
- Financing package well advanced and on track to be completed within two months.
- Exploration drilling set to resume within two weeks.

Cortona Resources Limited (ASX: CRC) is pleased to advise that the NSW Planning Assessment Commission (PAC) has approved the Company's application to develop its flagship **Dargues Reef Gold Mine** in NSW, clearing the way for construction of Australia's newest gold mine to proceed.

The Dargues Reef Gold Project, which is located 60km east of Canberra, is the first significant new gold mine in NSW to be permitted in over seven years, with the development, which remains subject to final Cortona Board approval, set to make a substantial economic contribution to the Braidwood district.



### COMPANY DETAILS

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**Corporate Information**  
(6 September 2011)

Shareholders	~2,000
Shares on Issue	221M
Options (CRCO)	34M
Options (Unlisted)	16M

### PROJECTS

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

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The Dargues Reef Gold Project is expected to generate approximately 100 jobs during the construction phase and approximately 80 long-term jobs during ongoing mining and processing operations, many of which will be sourced from local communities.

Over its initial six year life the mine would generate ~A\$160M free cash flow at the current gold price, and contribute significant Government royalties and taxes.

In anticipation of receiving approval for the Dargues Reef Gold Project under Part 3A of the *NSW Environmental Planning and Assessment Act 1979*, Cortona has already completed most pre-construction activities and awarded key construction and mining contracts for the Project, enabling it to move swiftly and seamlessly into project execution.

“This is a major milestone for Cortona, our shareholders, our local communities and the State of NSW,” said the Company’s Managing Director, Peter van der Borgh.

“We are absolutely delighted to have received the green light to build a new state-of-the-art gold mine at Dargues Reef, which will be a model of environmental excellence,” he said.

“It’s great to be involved in the development of a new resource project that will make a positive contribution to Australia and a number of local NSW communities at a time of economic hardship across many other sectors of the economy.

“I would like to take this opportunity to thank the many people within the various Government Departments we have been working with for their diligence and professionalism during the approvals process,” Mr van der Borgh said.

“There couldn’t be a better time to be building a new gold mine with the gold price recently touching record highs of over A\$1,800 per ounce, and we are very much looking forward to getting on with the job of building Australia’s newest gold mine,” Mr van der Borgh said.

### **Development Overview**

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The Definitive Feasibility Study completed last year confirmed the technical and economic viability of a start-up underground mining operation at Dargues Reef which is forecast to produce an average of 50,000oz a year at a C1 cash operating cost of A\$715/oz (including a 10% contingency).

At a gold price of A\$1,700/oz, the Dargues Reef Gold Project would generate free cash flow estimated at ~\$160 million, with a Net Present Value (using an 8 per cent discount rate) of \$108 million – which is almost four times Cortona’s current market capitalisation.

Significant upside also exists from near-mine exploration potential.

The mining inventory does not include the recently discovered Ruby Lode (12.6m @ 9.90g/t Au) or Chinaman’s Prospect (4m @ 28g/t Au), which are located <200m from the proposed development portal, nor does it include the depth and strike extensions of Dargues Reef. Shallow nearby mineralisation will be the focus of the Company’s upcoming drilling campaign.

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## **Key Highlights of the Dargues Reef Development**

- *The current JORC Resource of 327,000 ounces of gold includes a mineral inventory of 257,462 ounces of gold at an undiluted grade of 7.24g/t.*
- *The JORC Resource does not include recent discoveries at Ruby Lode, Chinamans, Dargues West or Carmine, all of which are within 250m of the planned development.*
- *Ore extends continuously from 35m below surface to 480m where it remains open at depth and along strike.*
- *Gold lodes are hosted in granite with favourable mining characteristics including lode and grade continuity, a sub-vertical geometry, and geotechnical strength.*
- *Several stages of metallurgical test work have confirmed gold recoveries in excess of 95%.*

## **Development Status**

The Company has entered into an MOU for a mining alliance with GBF Mining Services Pty Ltd to mine the deposit on an incentive-driven 'cost-plus' basis which is designed to optimise performance and facilitate rapid start-up. A detailed mining schedule has been completed which forms the basis of the final Mining and off-site Services Agreements. GBF recently subscribed for a \$1 million share placement in the Company.

Last week, Cortona entered into an MOU with DRA Pacific Pty Ltd to construct the processing facility at Dargues Reef. DRA Pacific Pty Ltd is a subsidiary of DRA Group, a leading global project management and plant construction group which has completed over 100 mining projects worldwide.

The lump sum contract will cap the cost of the works, with a bonus scheme attaching to early delivery. The agreement includes a throughput guarantee for the 330,000tpa plant.

The Dargues Reef processing facility comprises a crusher, ball mills, gravity circuits, and flotation cells for the production of a high-grade gold concentrate and a gravity product. The plant is designed for +95% recoveries with about 50% of the gold reporting to the gravity circuit. The concentrate will be trucked to the nearby London Victoria gold mine near Parkes (~400km away), where Cortona will further treat the concentrate to produce gold dore.

Design work has commenced on long lead items and site establishment works will begin shortly. Paste fill test work is ongoing in preparation for paste fill to be included in the development consent, and preparations are underway for regulatory approvals at London Victoria.

## **Finance**

Cortona has mandated Deutsche Bank AG to provide a financing package of up to A\$37 million for the development of Dargues Reef.



The Company has received a number of indicative financing offers reflecting the robust nature of the Dargues Reef deposit and its excellent financial potential.

### **Exploration**

Recent discoveries close to the planned development highlight the potential for increased near-term production and mine life, with the resource remaining open at depth.

Drilling is set to resume at Dargues Reef with a rig scheduled to arrive within two weeks. This will initially target extensions to recently discovered mineralisation at the *Ruby Lode*, *Copper Ridge* and *Excalibur* (formerly Exeter Farm).

Recent exploration success highlights significant upside both in the immediate vicinity of the mine and further afield. Exploration drilling earlier this year has returned further promising results from near-mine locations including the recently discovered *Chinamans Lode*, located within 40m of the planned decline development.

A recent intercept of **2m @ 15.3g/t** gold has been returned beneath a previous intercept of 4m @ 28.0g/t gold, highlighting the potential for additional high-grade gold well within development range of the current mine plan.

The Company is looking forward to the resumption of exploration and to moving ahead with financing and development of a robust new gold mine development at Dargues Reef as the foundation for a long-life, profitable gold business.

Yours faithfully

Peter van der Borgh  
Managing Director

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### **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.*

*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.*

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### **Cautionary and Forward-Looking Statements**

*The information in this release is published to inform you about Cortona Resources Limited ("CRC" "Cortona" "the Company"), and the activities of the Company and its subsidiaries.*

*All reasonable effort has been made to provide accurate information but CRC does not warrant or represent its accuracy and reserves the right to make changes to it at any time without notice.*

*To the extent permitted by law, CRC accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained herein.*

*All forward-looking statements made in this release are qualified by the foregoing cautionary statements: "Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to inherent uncertainty therein."*

### **Competent Person's Statement**

*Information in this report relating to Mineral Resources has been completed by Mr. Aaron Green of Runge Ltd., who is a member of the Australasian Institute of Mining and Metallurgy. 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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