



# Emerging low-cost gold producer in Brazil

*Doubling production, growing resources and unlocking value in 2015*

February 2015 Investor Presentation



ASX: CDG

## Disclaimer

This presentation contains certain “forward-looking statements”. All statements, other than statements of historical fact, that address activities, events or developments that Cleveland Mining Company Limited (“Cleveland” or the “Company”) believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “target”, “expect”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions. These forward-looking statements reflect the current internal projections, expectations or beliefs of Cleveland based on information currently available to Cleveland.

Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Cleveland with securities regulatory authorities, that may cause the actual results of Cleveland to differ materially from those discussed in the forward-looking statements, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on Cleveland. Cleveland expressly disclaims any obligation to update or revise any such forward-looking statements.

# Investment Highlights

*An emerging low-cost gold producer in Brazil*



## Gold Production and Growth – Goiás State

- Premier Gold Mine JV (CDG 50% moving to 60%): low CAPEX operation
- Production ramping up
- Outstanding expansion potential

## Iron Ore / Pig Iron – Bahia and Minas Gerais State

- Significant mineralization identified
- Open access infrastructure
- Targeting low CAPEX / high return pig iron strategy
- Typical production costs well below Australian costs

## Experienced Management with Proven Track Record

- Significant “skin in the game”
- History of successful company and project development
- Strong corporate, development and operational experience
- Significant South American and International experience

**Most early-stage risk now removed: substantial upside potential**

# Corporate Overview

**Strong Board and management with track record of building successful companies**

ASX Code	CDG
Shares on Issue	~241.3M
Options on Issue	~46M
Share Price	\$0.05
Market Cap @ 5c	A\$12.0M (undiluted)
1-year Range	A\$0.04 – \$0.12
Debt (at 1/1/15)	~A\$4.5M
Convertible Note*	US\$7.5M
Funds owed to CDG#	~A\$12M

## Major Shareholders

Mrs Sarah L. Mendelawitz	17.43%
Mr Wang Zhe	4.99%
Finook Pty Ltd	3.22%
Penwerris Pty Ltd	2.13%

*\*Secured against Premier JV 100%. To be repaid by Premier from 100% of first profits. If converted, must still be paid by Premier to Cleveland. Balance convertible at 14c post 15 September 2014*

*#Owed to Cleveland by Premier JV partner to be paid from 40% of JV partner's profit distributions post repayment of Jett Convertible note.*

## Board of Directors

### Russell Scrimshaw – Chairman

- Ex-Executive Director and Deputy CEO of FMG
- Previous executive roles with Commonwealth Bank, Optus, Alcatel, IBM and Amdahl USA
- Current Chairman of Sirius Minerals Plc (UK)

### David Mendelawitz – Managing Director

- Ex-FMG Head of Business Improvement
- Geologist with 20 years experience, including gold and iron ore discoveries

### Rick Stroud – Non-Executive Director

- Mining engineer with +40 years experience
- Founding partner Optiro and ex-Head Engineer for Snowdens; ex-Ops Manager for Rio Tinto Argyle

### Wayne Zekulich – Non-Executive Director

- Current Head of Deutsche Bank Perth
- EX-CFO and Chief Development Officer, Oakajee Port & Rail; ex-CFO Gindalbie Metals
- Previous executive roles at NM Rothschild & Sons and Commonwealth Bank

# Crixás Gold Hub – World-Class Address

*Underexplored, highly prospective, proven multi-million ounce potential*

- 280km from Brasilia (national capital) – accessed by sealed roads
- Safe, mining-friendly area
- Located close to mining and farming town with population of 20,000
- Cheap hydro-generated power available at site
- Under-developed, yet highly prospective greenstone belt



*Anglo Gold Ashanti Serra Grande have mined 3.5 million ounces over 24 years situated <1km away in same geological setting*



# Premier Gold Mine – Overview

*The cornerstone of our growth strategy in Brazil*

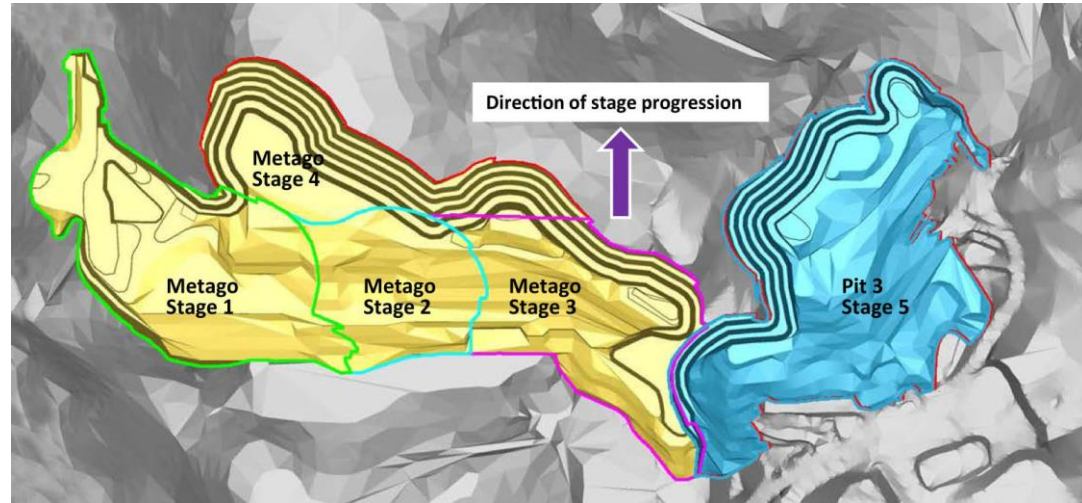
- 50/50 Joint Venture with Edifica Participações – agreement for Cleveland to move to 60% equity
- Mining underway on foundation resource to establish early cash-flow and solid operating base
- Production growth during 2015 with target to move from 40tph to 100tph processing capacity via short lead-time expansion project
- Multi-million ounce prospectivity demonstrated through drilling, geophysics, soil sampling and mapping
- Further exploration planned at Premier and O Capitão in 2015 targeting 250koz
- Excellent location close to infrastructure



# Premier – Initial Resource

*Foundation resource with outstanding growth potential*

- Foundation Indicated & Inferred Resource of 1.27Mt @ 1.82g/t Au for 74,400oz
- Underpins production start-up and investment payback
- Early access to high-grade mineralisation
- Orebody is outcropping and shallow dipping
- Mineralisation open along strike and down dip
- Unit repeats below and an order of magnitude thicker



JORC Resource Category	Tonnes	Gold Grade (g/t)	Contained Ounces Gold
Indicated	440,730	2.18	30,912
Inferred	833,437	1.63	43,544
Indicated + Inferred	1,274,167	1.82	74,455

# Premier – Staged Development Approach

*Expanding gold production, improving plant efficiency and reliability*

**Initial Production  
(completed)**

## **Stage 1 and 2: Gravity Circuit**

- 40tph processing capacity
- Gravity circuit recovering ~65% Au
- “Build the team, perfect the basics, generate early revenue”
- Install In-Line Leach Reactor (ILR)

**Improved  
Efficiency  
(underway)**

## **Stage 3: Flotation circuit**

- Addition of flotation circuit to increase recovery to 85 - 92%
- Introduction of higher-grade material from Premier and O Capitão

**Expanded  
Production  
(commenced)**

## **Stage 4: Expanded Gold Production**

- Exploration funded from early cash-flows to expand resource and output
- Potential acquisition of other gold projects in immediate region

**Stage 1 completed with Stages 2 and 3 now being executed**

# Premier – Simple Flow Sheet

*Low capital costs, simple processing circuit, low operating costs*

## Stage 1

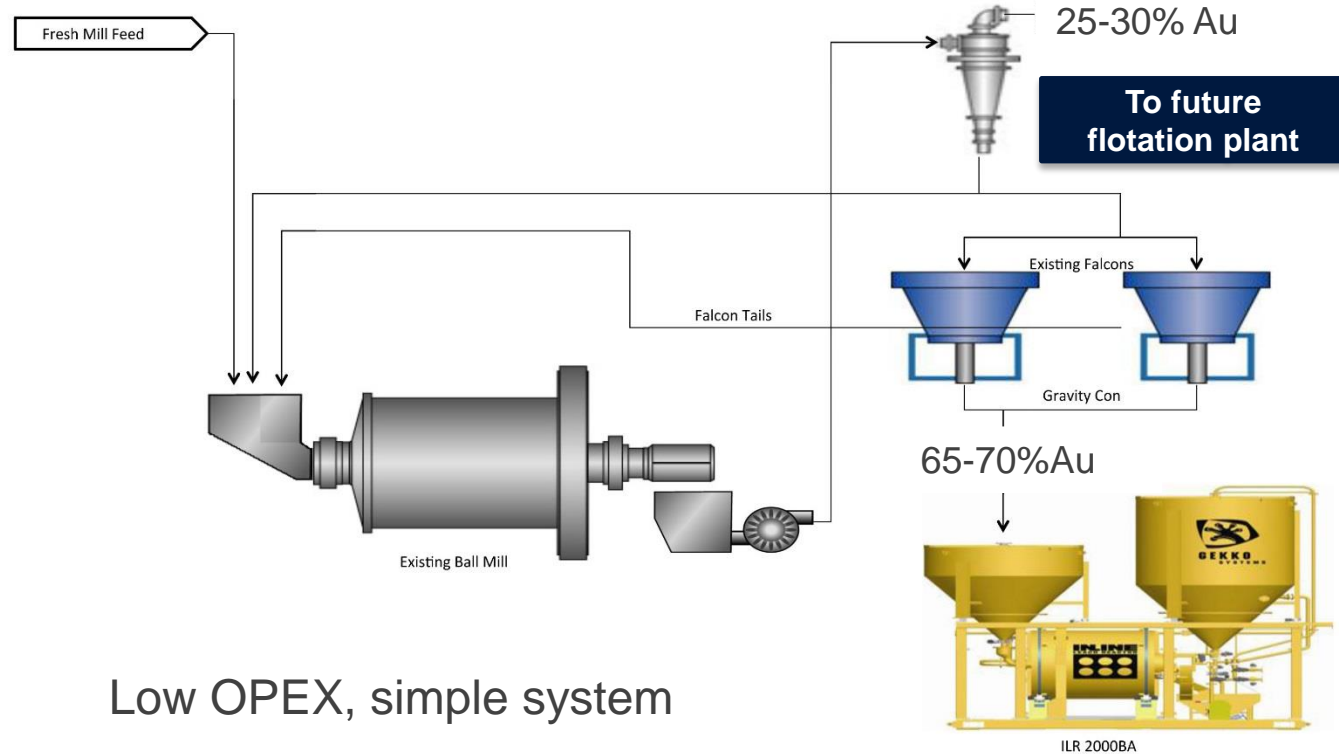
Crush – Grind: Gravity Concentrate

## Stage 2

Liberation of gold from concentrate via ILR (65-70% recovery)

## Stage 3

Flotation of gravity tailings (~90% recovery)



Low OPEX, simple system



# Premier Production – Enhancement Initiatives

*Program underway to improve mechanical reliability and double gold production*

Premier production has been restricted to date due to poor plant reliability.

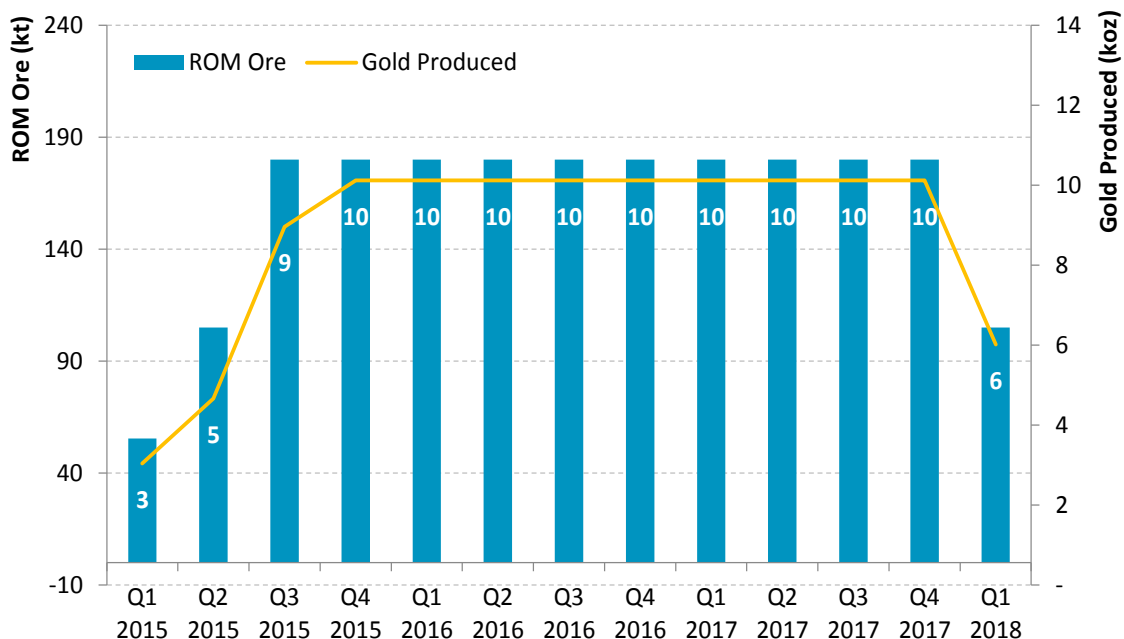
Several initiatives have now been undertaken to increase plant availability, resulting in significantly improved production.

A program of works has commenced to add a second ball mill and a second crushing circuit, which will both run in parallel with the current ball mill and crushers. Cleveland already owns the additional ball mill, so only limited capital expenditure is required. The new primary crusher is expected to be installed in February 2015.

Capacity production will be 720kt ROM p.a. @ 2.00 g/t Au for 39koz Au p.a. from the gravity and flotation circuit, with an additional 1-2koz Au p.a. (no cost) produced through the contractor tailings circuit

## Forecast Future Production

*(not including expansion of resources from proposed drilling)*



# Expansion Overview and Valuation

## *Plans for expansion of production and forecast financials*

- Initiatives to increase production volume and reliability at Premier include:
  - installation of a second, larger ball Mill
  - expansion and upgrading of the crushing circuit
  - installation of an additional flotation circuit
- Expansion capex of A\$8.3M to increase production to 40kozpa Au at an AISC of A\$507/oz Au\* and increase equity ownership from 50% to 60%
- Most funding secured by vendor finance and project cash-flows
- Exploration program of A\$1.5M to increase resource base to 250koz to support 6-year mine life (exploration targets of 1.9Moz Au defined on project)
- Based on 40kozpa Au and current resource, Cleveland attributable NPV of circa A\$54.1M
- An increase in resources and mine life will have a significant impact on Cleveland attributable NPV – 6-year Premier LOM showing an NPV of A\$99.2M

\*assumptions used in forecasts detailed on pages 18 and 22 of this presentation

# Expansion Capex

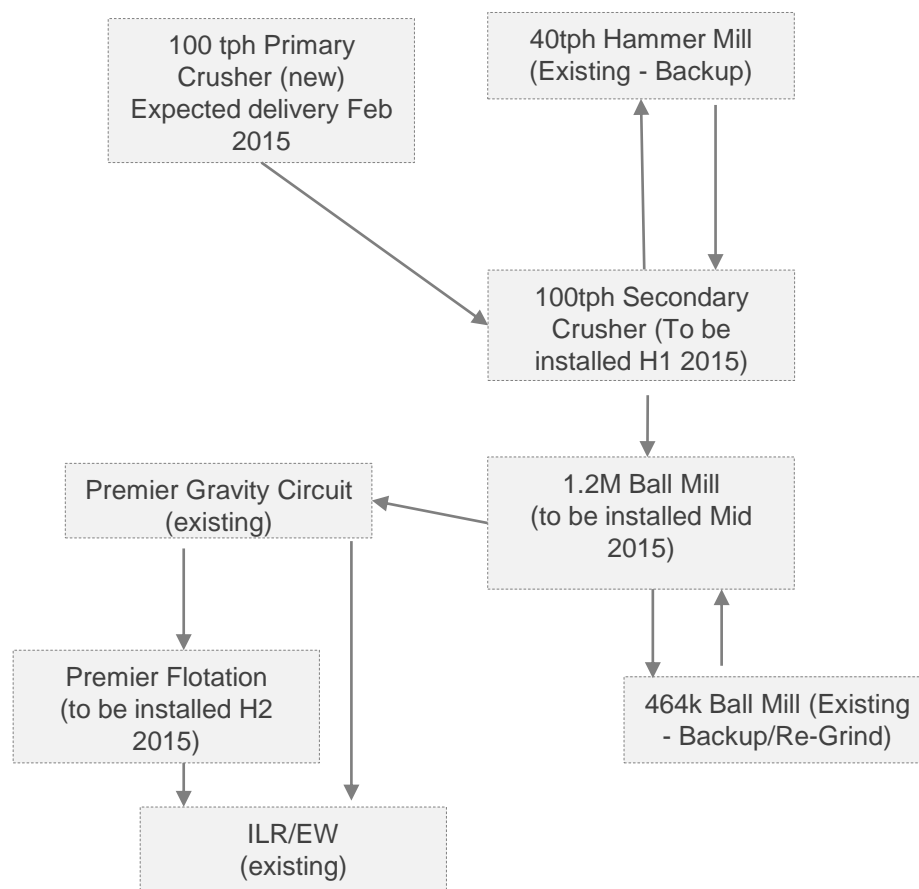
*Low capital cost, staged expansion with ability to deliver significant returns*

- Planned increase in production to be achieved with following CAPEX schedule:

	Capex A\$m	Source of funds	Expenditure Date
Drilling	1.50	Cash flow	Mar-15 to Oct-15
Mobile Fleet	0.89	Vendor finance	Apr-15 to Sep-15
Ball Mill	0.61	New capital	Mid 2015
Flotation Plant	1.84	Cash flow/ vendor finance	July-15 to Oct-15
Leaching Tanks	0.90	Cash flow	July-15 to Sept-15
Crushing	1.10	Vendor Finance	Feb-15 to Apr-16
Other Capital Expenditure	1.47	Cash Flow	Mar-15 to Dec-15

- The adjacent diagram shows the planned process flow sheet required for expanded production at Premier

## Expanded Production Process Flow Sheet



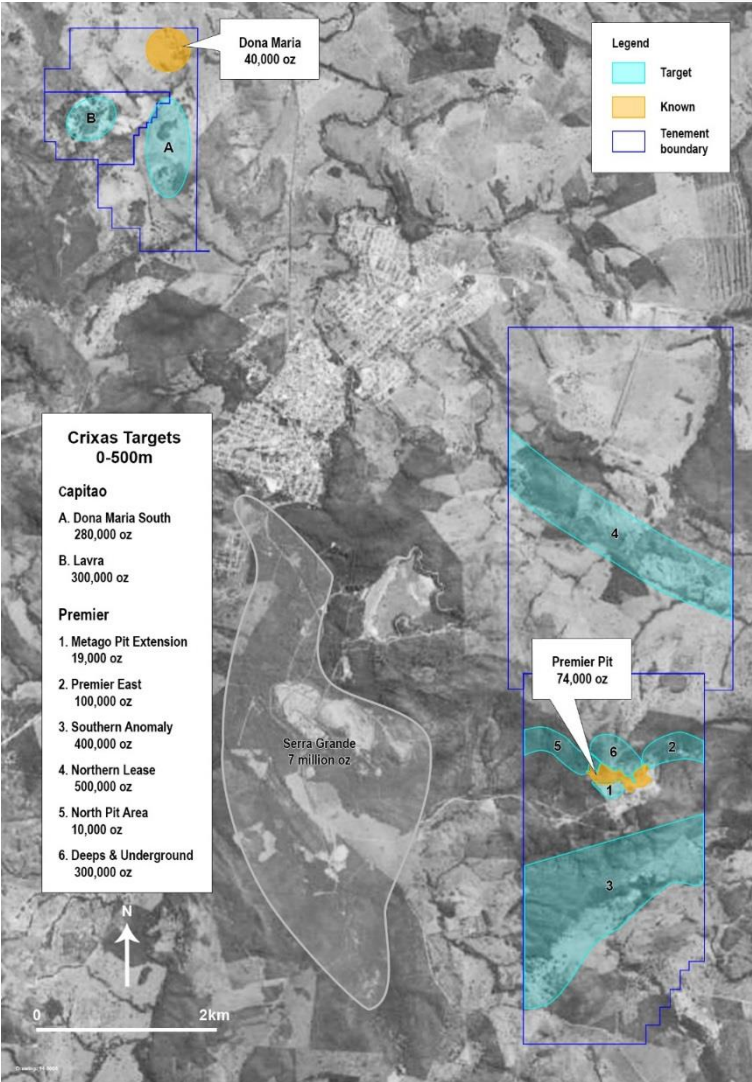
Note: Budgets and Schedules stated are targets believed achievable by the company, but do not constitute commitments

# Premier Exploration Targets

*Multiple exploration targets to be tested by comprehensive exploration program*

Priority	Map Ref.	Target	Number of Meters Diamond Drilling	Number of Meters RC Drilling	Mths #	Comments	Target Au (Ounces) Conceptual
1	1	Metago Pit Extension		700	1	Close to mill, ore-body extension, low stripping	20,000
2	2	Premier East	1000	1000	3	Close to mill, low risk, ore-body extension, near surface	100,000
3	A	Dona Maria South	2000	5000	5	Low risk, ore-body extension, bulk mining potential, near surface	280,000
4	3	Southern Anomaly	500	500	2	Very large potential	400,000
5	B	Lavra		3000	2	High grade, near surface	300,000
6	4	Northern Lease	3700		7	Large potential	500,000
7	5	North Pit Area	1000	3500	2	Low risk, ore-body extension, near mill	10,000
8	6	Deeps and Underground	2000	10000	5	Low risk, ore-body extension	300,000
<b>Total</b>			<b>10,200</b>	<b>23,700</b>	<b>27</b>		<b>1,910,000</b>

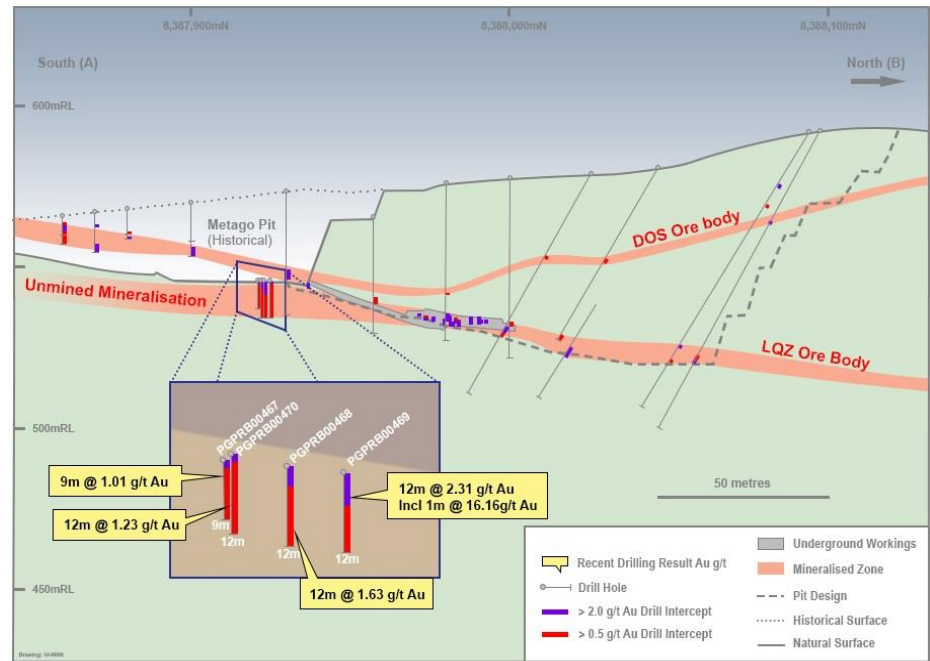
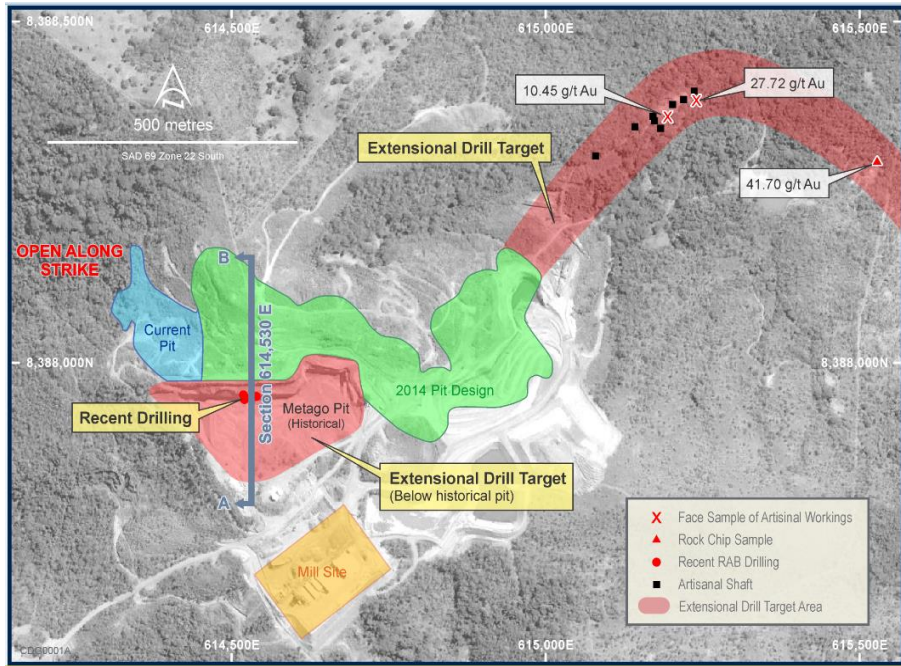
- Drilling months presume all programs run one after another. Progress can be sped up if multiple rigs are used
- The potential quantity and grade is of conceptual nature. It is uncertain whether further exploration will result in the estimation further Mineral Resources
- The drill meters expressed above are both subject to variation and will not be sufficient to turn all of the targets into Mineral Resources, but in some case, such as the Southern Anomaly, are only intended to outline boundaries and proof of concept
- Target grade 0 – 4gpt Au. Target ounces range from 0 to Target ounces listed above



# Premier Ore-body Extensions

*Immediate targets for mine life growth*

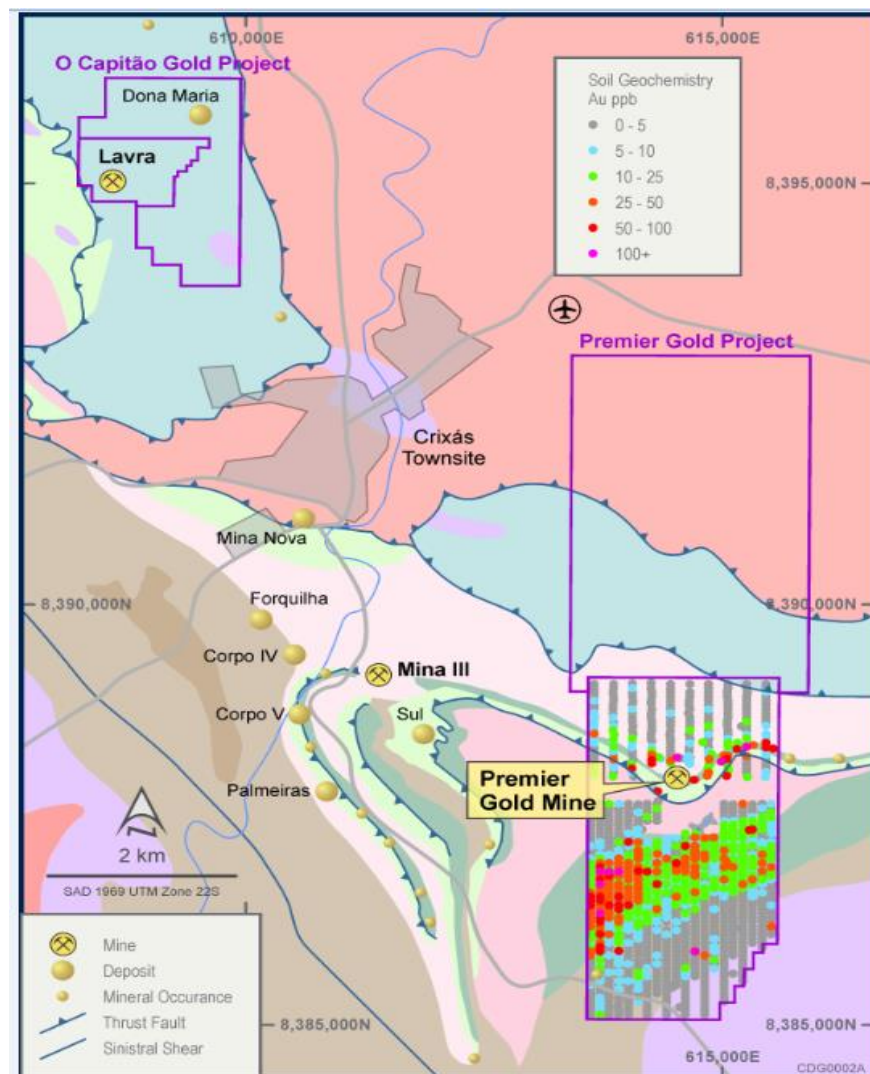
- Drilling has confirmed continuation of the ore-body under the Metago pit
- Drilling, mapping, sampling and historic artisanal miners shafts demonstrate mineralisation continues along strike to the east



# Southern Anomaly

*The obvious 'big' target*

- Very large gold-in-soil anomaly
- Co-incidental VTEM geophysical anomaly produced by graphitic schist and pyrrhotite
- Up to 450m of graphitic schist in initial drill holes – same host rock and structures and Premier and Serra Grande
- Visible gold recently discovered at surface within the unit
- Aligns with Serra Grande's main (+3Moz) deposit

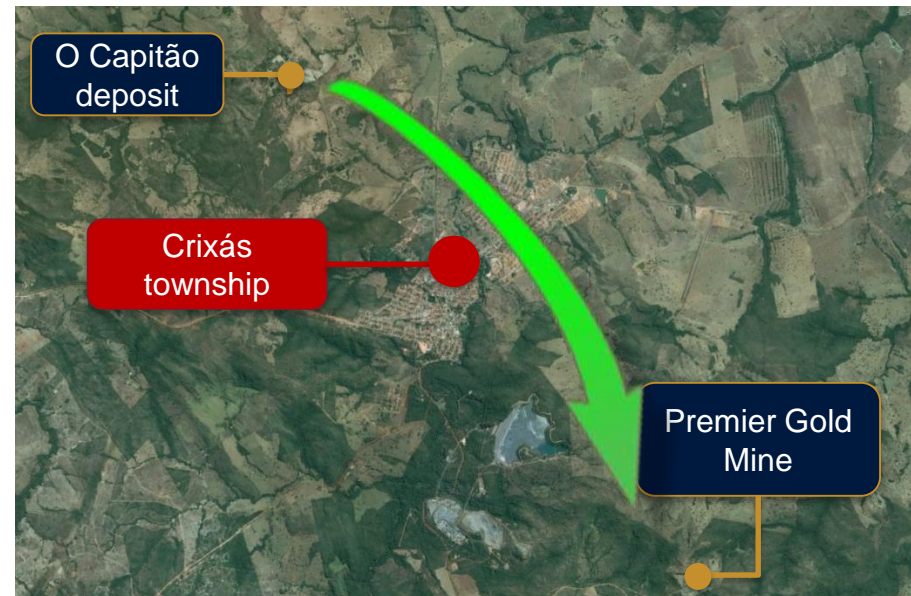


# Regional Growth – O Capitão Gold Project

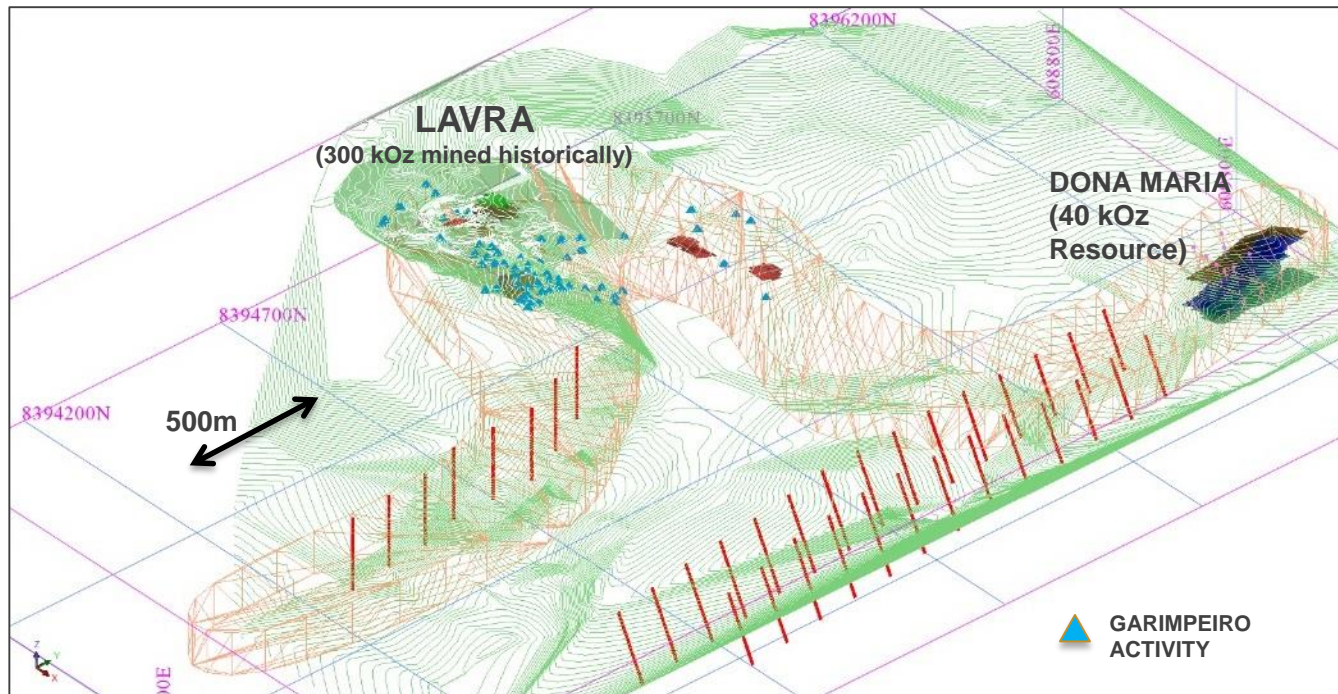
- Site of large artisanal mine (~10t of gold extracted)
- Two mineralised areas:
  - Lavra
  - Dona Maria

JORC Resource Category	Tonnes	Grade (gpt Au)*	Contained Ounces Gold
Indicated	904,522	1.07	31,158
Inferred	226,804	1.19	8,709
Indicated + Inferred	1,131,326	1.10	39,867

- Extensive exploration data
- Multiple stacked lodes identified with significant high-grade intercepts
- Drilling program planned to significantly expand initial resource
- Plan to process ore at Premier
- Less than 10km trucking distance to Premier



***Dona Maria and Lavra – initial targets for production rate increase***



- High grade ore at Lavra near surface
- Initial bulk sampling planned due to unknown extent of artisanal miner activity
- Initial **40,000oz** deposit defined at Dona Maria
- +1.7km strike potential
- Open in all directions – **less than 5% of surface area tested**

# Base Case Forecast Assumptions

- Base case production of 114koz Au over 3.25 years (base case model does not add extra resource from planned drilling program)
- Capex of A\$8.3M
- C1 Cash cost: A\$425/oz Au
- AISC: A\$507/oz Au
- A\$2M of payments to Edifica to acquire additional 10% of Premier
- A\$5M of dividends across Q1 and Q2 2016

100% Basis	Units	FY2015	FY2016	FY2017	FY2018	LOM/LT
Gold Price	US\$/oz	1,208	1,208	1,208	1,208	1,208
Gold Price	AUD\$/oz	1,555	1,555	1,555	1,555	1,555
<b>Mining</b>						
ROM Ore	kt	161	720	720	465	<b>2,066</b>
Gold Grade	g/t	2.17	2.00	2.00	2.00	<b>2.01</b>
<b>Gravity Circuit</b>						
Volume	kt	161	720	720	465	<b>2,066</b>
Gold Grade	g/t Au	2.17	2.00	2.00	2.00	<b>2.01</b>
Recovery	%	65%	65%	65%	65%	<b>65%</b>
Gold Production	koz Au	7.3	30.1	30.1	19.4	<b>86.9</b>
<b>Flotation Circuit</b>						
Volume	kt	-	720	720	465	<b>1,905</b>
Gold Grade	g/t Au	-	2.00	2.00	2.00	<b>2.01</b>
Recovery (additional)	%	-	18%	20%	20%	<b>19%</b>
Gold Production	koz Au	-	8.1	9.3	6.0	<b>23.3</b>
<b>Tailings Circuit</b>						
Volume	kt	90	240	240	180	<b>750</b>
Gold Grade	g/t Au	0.80	0.80	0.80	0.80	<b>0.80</b>
Recovery	%	60%	60%	60%	60%	<b>60%</b>
Gold Production	koz Au	0.6	1.2	1.2	0.9	<b>0.3</b>
<b>Total Premier Production</b>						
Total Gold Produced	koz Au	7.7	39.3	40.5	26.2	<b>113.7</b>
C1 Cash Cost	A\$/t	31.90	21.67	21.67	25.16	<b>23.25</b>
C1 Cash Cost	A\$/oz Au	668	398	386	445	<b>425</b>
AISC	A\$/t	50.19	29.12	21.67	25.16	<b>27.27</b>
AISC	A\$/oz Au	1,070	544	386	445	<b>507</b>
<b>Other Assumptions</b>						
Drilling Capex	A\$m	0.7	0.8	-	-	<b>1.5</b>
Total Capex	A\$m	2.9	5.4	-	-	<b>8.3</b>
Payment to Edifica	A\$m	-	-2.0	-	-	<b>-2.0</b>
Dividends Paid	A\$m	-	-5.0	-	-	<b>-5.0</b>

# Base Case Key Financials

- Model shows Cleveland generates positive operating cash flows of A\$2.7M in FY15, increasing to A\$22.9M in FY17
- Free cash flow of A\$2.4M is generated in FY15, increasing to A\$32.7M in FY16 due to repayment of debt from JV partner to Cleveland
- Note: Financial outcomes listed assume achievement of all key assumption

Adjusted for ownership (50% increasing to 60% of Premier)	Units	FY2015	FY2016	FY2017	FY2018
Revenue	A\$m	6.0	33.8	35.8	26.3
Operating Costs	A\$m	-2.6	-8.7	-8.9	-7.6
EBITDA	A\$m	3.5	25.1	27.0	18.8
D&A	A\$m	-2.8	-6.8	-6.9	-5.8
EBIT	A\$m	0.6	18.3	20.1	12.9
Tax attributable to project	A\$m	-0.1	-2.8	-3.1	-2.1
Operating results after tax	A\$m	0.5	15.5	17.0	10.9
Add: depreciation	A\$m	2.8	6.8	6.9	5.8
Less: increase in working capital invested	A\$m	-0.7	-0.8	-1.0	2.5
<b>Operating cash flow</b>	A\$m	<b>2.7</b>	<b>21.6</b>	<b>22.9</b>	<b>19.2</b>
Total capex	A\$m	-1.5	-3.3	-	-
Shareholder debt repayment	A\$m	1.2	14.4	1.7	-
<b>Free cash flow</b>	A\$m	<b>2.4</b>	<b>32.7<sup>#</sup></b>	<b>24.6<sup>#</sup></b>	<b>19.2</b>

<sup>#</sup>Free cash flow is higher than operating cash flow, because it includes repayments from JV partner to Cleveland out of their share of operating cash flow.

# Base Case DCF Valuation

- Base case DCF<sub>(10%)</sub> valuation of Cleveland is A\$54.1M
- A\$10M value assumed for exploration upside
- Model includes \$1.5M of drilling into known mineralisation to extend mine-life, though has not added resources in tables, meaning that the tables most likely underrepresent the value

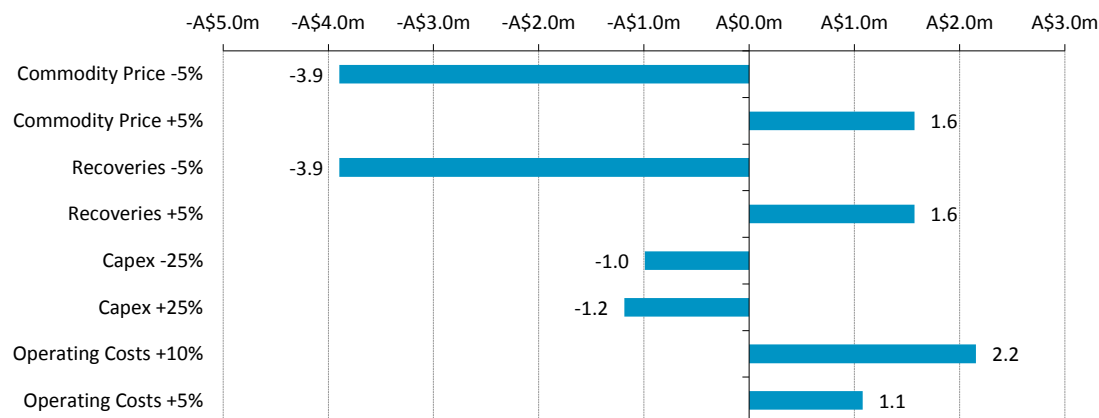
DCF Valuation	Control (%)	NPV (AUD\$m)	Undiluted (AUD\$ per share)	Diluted (AUD\$ per share)
Premier*	60%	51.7	0.20	0.17
Corporate		-11.1	-0.04	-0.04
JV Payments		15.8	0.06	0.05
Tax Shield		1.0	0.00	0.00
Exploration		10.0	0.04	0.03
Debt		-14.0	-0.05	-0.05
Cash		0.7	0.00	0.00
<b>Total Value</b>		<b>54.1</b>	<b>0.21</b>	<b>0.18</b>

*Note: It is assumed that Cleveland will move from 50% ownership to 60% ownership in Q3 2015.*

# Base Case Sensitivities

- The adjacent table and chart shows that Cleveland remains robust under a range of sensitivities

Sensitivity Parameter	Factor	Δ NPV (A\$m)	NPV (A\$m)	Share Price (\$AUD)
Base Case			54.1	0.177
Commodity Price	-5%	-3.9	50.2	0.194
Commodity Price	+5%	1.6	55.6	0.215
Recoveries	-5%	-3.9	50.2	0.194
Recoveries	+5%	1.6	55.6	0.215
Capex	-25%	-1.0	53.1	0.205
Capex	+25%	-1.2	52.9	0.204
Operating Costs	+10%	2.2	56.2	0.217
Operating Costs	+5%	1.1	55.1	0.213



# 6-Year Case Forecast Assumptions

*The indicative valuation of the Cleveland is based on:*

- applying a DCF methodology;
- gold price of A\$1,555/oz;
- total production of 229koz Au over a 6 year LOM;
- tailings inventory of 1.4Mt @ 0.8 g/t Au;
- total capex of A\$8.3 million;
- A\$2 million of payments to Edifica to acquire additional 10% of Premier;
- A\$5 million of dividends across Q1 and Q2 2016;
- LOM C1 Cash cost of A\$399/oz Au; and
- LOM AISC of A\$443/oz Au.

100% Basis	Units	FY2015	FY2016	FY2017	FY2018	LOM/LT
Gold Price	US\$/oz	1,275	1,275	1,275	1,275	1,275
Gold Price	AUD\$/oz	1,555	1,555	1,555	1,555	1,555
<b>Mining</b>						
ROM Ore	kt	161	720	720	720	4,121
Gold Grade	g/t	2.17	2.00	2.00	2.00	2.01
<b>Gravity Circuit</b>						
Volume	kt	161	720	720	720	4,121
Gold Grade	g/t Au	2.17	2.00	2.00	2.00	2.01
Recovery	%	65%	65%	65%	65%	65%
Gold Production	koz Au	7.3	30.1	30.1	30.1	172.8
<b>Flotation Circuit</b>						
Volume	kt	-	720	720	720	3,960
Gold Grade	g/t Au	-	2.00	2.00	2.00	2.01
Recovery	%	-	18%	20%	20%	20%
Gold Production	koz Au	-	8.1	9.3	9.3	49.8
<b>Tailings Circuit</b>						
Volume	kt	90	240	240	240	1,410
Gold Grade	g/t Au	0.80	0.80	0.80	0.80	0.80
Recovery	%	60%	60%	60%	60%	60%
Gold Production	koz Au	0.6	1.2	1.2	1.2	0.3
<b>Total Premier Production</b>						
Total Gold Produced	koz Au	7.7	39.3	40.5	40.5	229.1
C1 Cash Cost	A\$/t	31.90	21.67	21.67	21.67	22.07
C1 Cash Cost	A\$/oz Au	668	398	386	386	399
AISC	A\$/t	50.19	29.12	21.81	21.94	24.28
AISC	A\$/oz Au	1,070	544	388	390	443
<b>Other Assumptions</b>						
Drilling Capex	A\$m	0.7	0.8	-	-	1.5
Total Capex	A\$m	2.9	5.4	0.1	0.2	9.1
Payment to Edifica	A\$m	-	-2.0	-	-	-2.0
Dividends Paid	A\$m	-	-5.0	-	-	-5.0

# 6 Year Case Key Financials

- Cleveland generates positive operating cash flows of A\$2.7 million in FY15, which increases to a high of A\$22.9 million in FY17.
- Free cash flow of A\$2.4 million is generated in FY15, which increases to a high of A\$32.7 million in FY16.
- Note: Financial outcomes listed assume achievement of all key assumption

Adjusted for ownership and inflation	Units	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	A\$m	6.0	33.8	35.8	40.8	41.8	42.8
Operating Costs	A\$m	-2.6	-8.7	-8.9	-10.1	-10.4	-10.6
EBITDA	A\$m	<b>3.5</b>	<b>25.1</b>	<b>27.0</b>	<b>30.7</b>	<b>31.4</b>	<b>32.2</b>
D&A	A\$m	-2.8	-6.8	-6.9	-6.0	-0.1	-0.1
EBIT	A\$m	<b>0.6</b>	<b>18.3</b>	<b>20.1</b>	<b>24.7</b>	<b>31.3</b>	<b>32.1</b>
Tax attributable to project	A\$m	-0.1	-2.8	-3.1	-3.8	-4.8	-4.9
Operating results after tax	A\$m	<b>0.5</b>	<b>15.5</b>	<b>17.0</b>	<b>20.9</b>	<b>26.5</b>	<b>27.2</b>
Add: depreciation	A\$m	2.8	6.8	6.9	6.0	0.1	0.1
Less: increase in working capital invested	A\$m	-0.7	-0.8	-1.0	-0.1	-0.1	-0.1
<b>Operating cash flow</b>	A\$m	<b>2.7</b>	<b>21.6</b>	<b>22.9</b>	<b>26.8</b>	<b>26.6</b>	<b>27.3</b>
Total capex	A\$m	-1.5	-3.3	-0.1	-0.1	-0.1	-0.1
Shareholder debt repayment	A\$m	1.2	14.4	1.7	-	-	-
<b>Free cash flow</b>	A\$m	<b>2.4</b>	<b>32.7</b>	<b>24.5</b>	<b>26.7</b>	<b>26.5</b>	<b>27.1</b>

#Free cash flow is higher than operating cash flow, because it includes repayments from JV partner to Cleveland out of their share of operating cash flow.

# 6 year Case DCF Valuation

- A\$10m value assumed for exploration upside
- *If Premier's resource / mine life is extended to 6 years (up from 3.25 years), Cleveland's NPV increases to A\$99.2 million*

DCF Valuation	Control (%)	NPV (AUD\$m)	Undiluted (AUD\$ per share)	Diluted (AUD\$ per share)
Premier*	60%	102.1	0.39	0.33
Corporate		-17.4	-0.07	-0.06
JV Payments		15.8	0.06	0.05
Tax Shield		2.0	0.01	0.01
Exploration		10.0	0.04	0.03
Debt		-14.0	-0.05	-0.05
Cash		0.7	0.00	0.00
<b>Total Value of Common Equity</b>		<b>99.2</b>	<b>0.38</b>	<b>0.32</b>

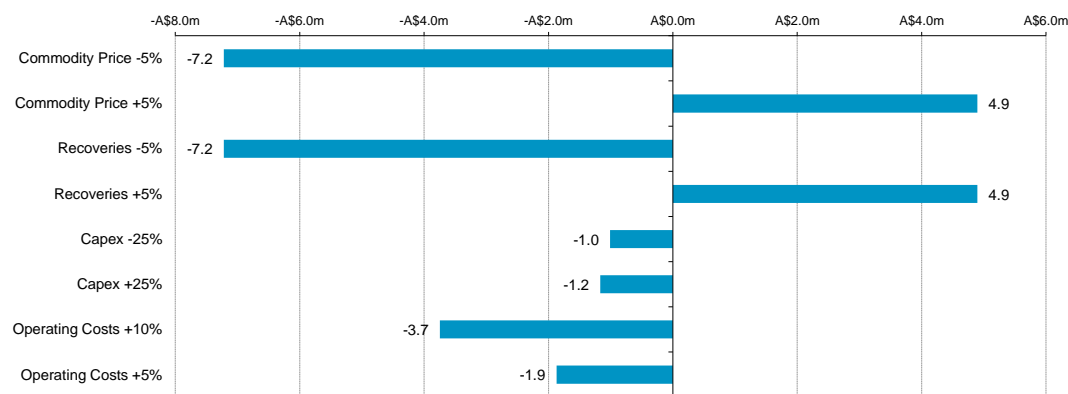
*Note: It is assumed that Cleveland will move from 50% ownership to 60% ownership in Q3 2015.*

# 6 Year Case Sensitivities

- The adjacent tables and chart present sensitivity analysis on the Base Case NPV around various parameters.

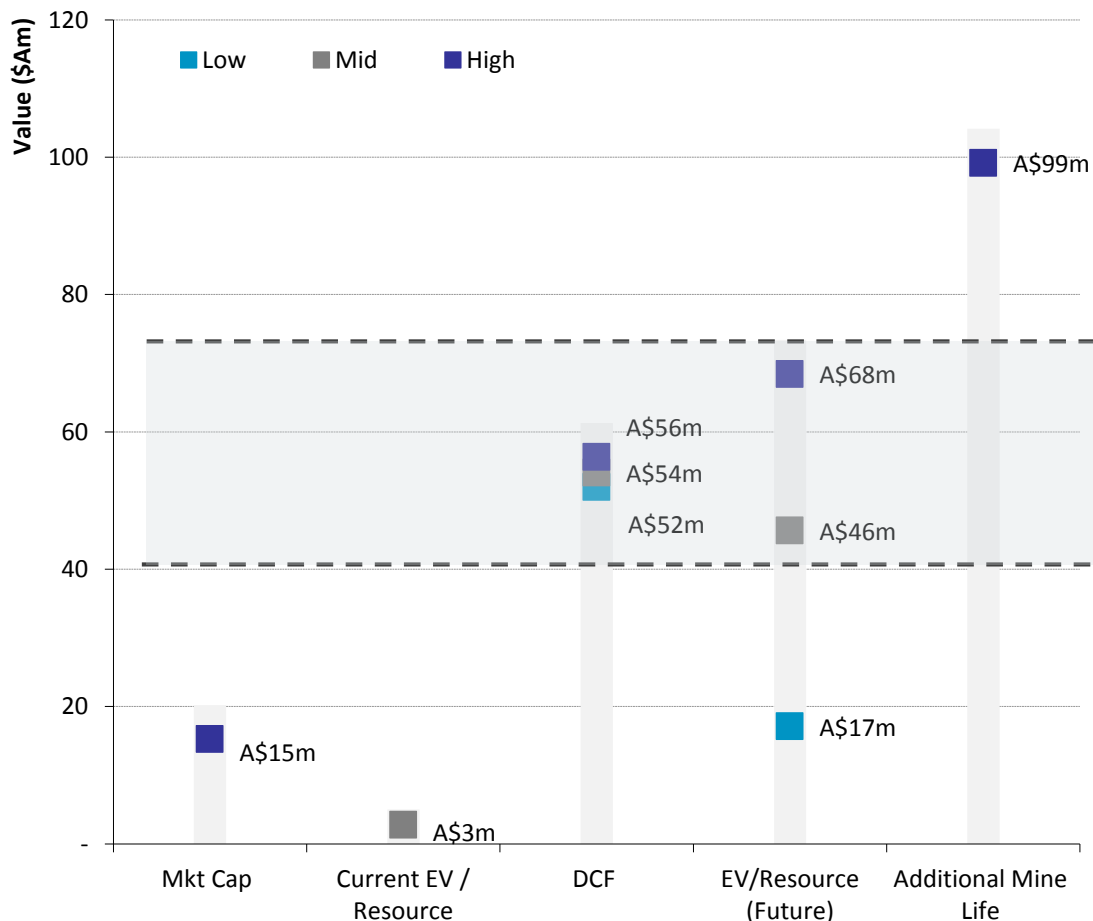
Discount Rate	7.5%	10%	12.5%
NPV (A\$m)	106.3	99.2	92.7

Sensitivity Parameter	Factor	Δ NPV (A\$m)	NPV (A\$m)	Share Price (\$AUD)
Base Case			99.2	0.325
Commodity Price	-5%	-7.2	91.9	0.355
Commodity Price	+5%	4.9	104.0	0.401
Recoveries	-5%	-7.2	91.9	0.355
Recoveries	+5%	4.9	104.0	0.401
Capex	-25%	-1.0	98.1	0.379
Capex	+25%	-1.2	98.0	0.378
Operating Costs	+10%	-3.7	95.4	0.368
Operating Costs	+5%	-1.9	97.3	0.375



# Valuation Summary

- Peer analysis using an EV/Resource of A\$40/oz shows a value of A\$3 million
- NPV of A\$54 million
- Based on an Exploration Target of 1.9Moz shows a value of A\$46 million
- Upside valuation potential of A\$99 million based on an increase in mine life to 6 years

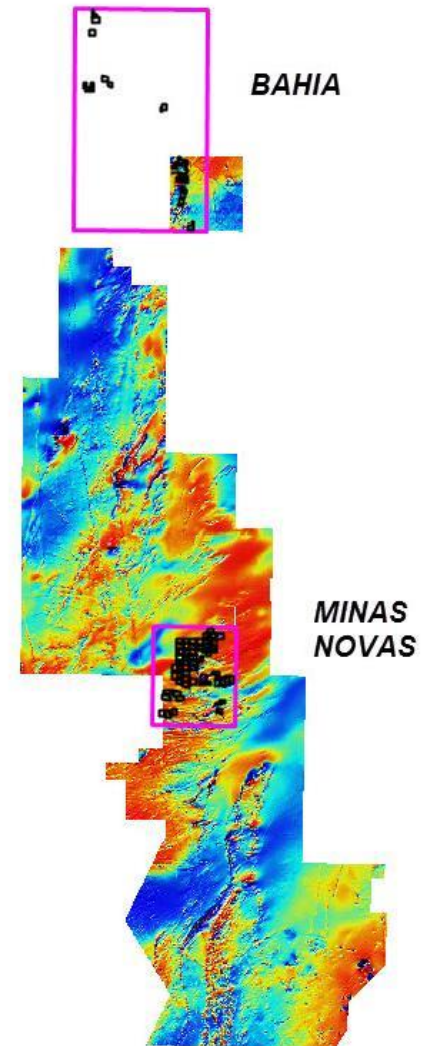


# Iron Ore



# Iron Ore – Bahia and Minas Gerais

- Option to acquire 80% interest in 1,264km<sup>2</sup> of granted exploration concessions from private Brazilian company BAHMEX
- BAHMEX retains 20% interest – former Government executives with significant local experience and strong Government relationships
- Plan to “spin-off” iron ore assets into a new corporate entity if they continue to show promise
- Plans to pursue a strategy of producing pig iron to decouple the project from the decline in the iron ore price

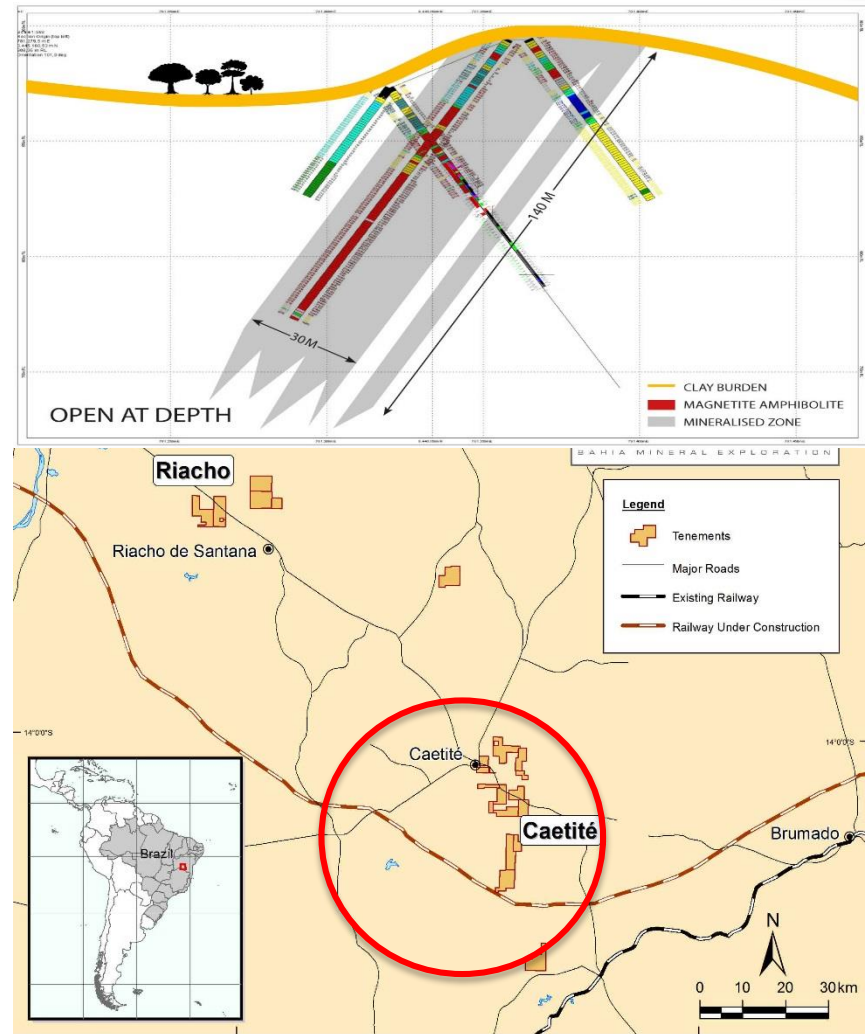


# Bahia Projects – Bahia State, Brazil

- Multi-kilometre outcropping strike extent identified to date
- Orientation drilling completed on 6 targets at Bahia – iron ore intersected

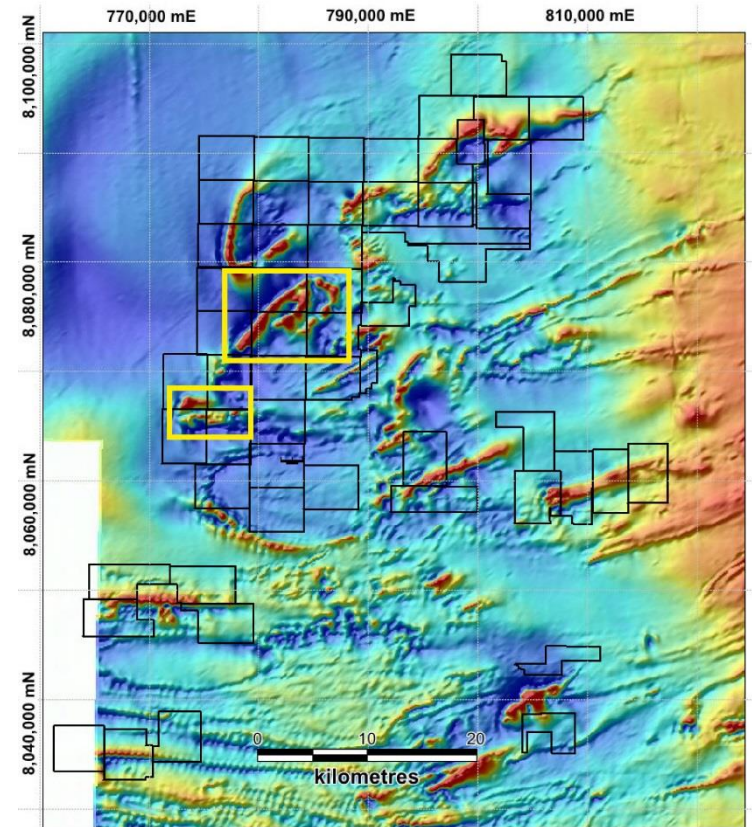
## Caetité 2 confirmed as priority target

- 6.5km long anomaly identified in outcrop and geophysics
- Magnetite amphibolite
- 30m thickness in two holes 3km apart
- +140m down-dip confirmed
- High quality concentrate produced in test-work at coarse grind sizes
- Open access rail under construction



# Minas Novas Project – Minas Gerais State

- 1,070km<sup>2</sup> tenement package
- No previous iron ore exploration conducted in the area
- 3 years' of surface work by BAHMEX and Coffey Mining Brazil
- 60-100km of strike defined by geophysics – mapping and drilling confirms anomaly is itabirite iron ore
- 6 adjacent anomalies with significant potential
- ~50m thick itabirite defined by trenching
- New open access railway planned within 40km of project

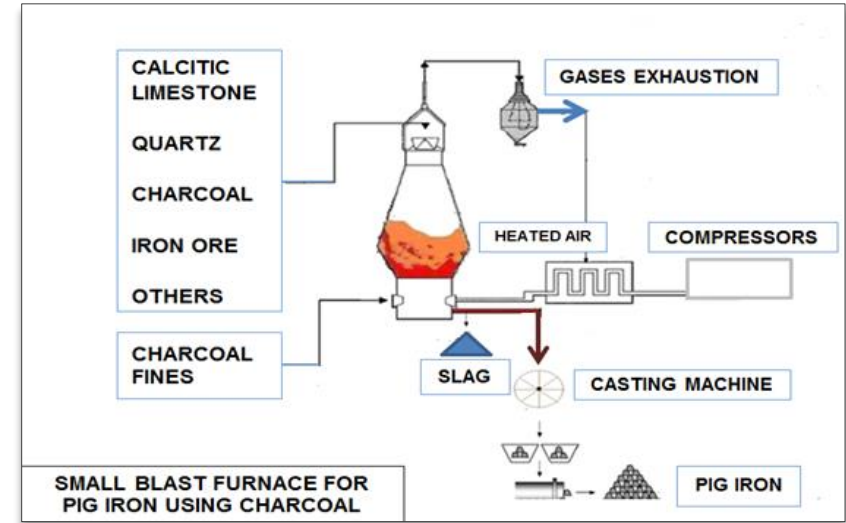


*Aeromagnetic map – red represents high magnetic intensity correlating to observed itabirite, black boxes indicate Alliance tenements*

# Pig Iron – Global Demand & Sintering Plants

## Global Demand

- Brazil is the world's largest producer of pig iron: 7Mtpa (3.5Mtpa from Minas Gerais state)
- US consumes 60%, China 10%, Taiwan 6%, & Spain & Thailand > 5% each
- Brazilian pig iron output has been reducing due to bans on producing charcoal from native forest.
- Blast furnaces without access to nearby plantation charcoal have their margins squeezed on additional transportation cost
- Chinese demand is increasing as environmental controls restrict domestic sintering plants



# Investment Summary

- Production continuing to ramp-up from Premier Gold Mine
  - Production capacity currently ~30oz per day
  - Circa \$A21,000 per day cost of running site
- Expansion plan underway to target 150% increase in daily production during 2015
- **Multi-million ounce potential**
- Step-out drilling program planned at Premier and O Capitão to expand resource targeting 250koz to support 6 years mine life at 40koz pa
- Substantial iron ore exploration portfolio progressed, with low capex / high return pig-iron strategy targeted
- Board and management team with a strong track record of major project and company development



# Resources

Over 110,000 JORC indicated and inferred ounces defined at Premier and Dona Maria

Premier  
Circa 74,000 ounces and open in all directions

Gold Range	Classification	Volume	Tonnes	Gold	Grams	Ounces
0.3 -> 0.5	INFERRED	45,326	122,912	0.39	47,690	1,533
0.5 -> 1.8	INFERRED	168,519	470,147	1.05	491,304	15,796
1.8 -> 9999.0	INFERRED	88,675	240,378	3.39	815,362	26,215
		302,520	833,437	1.63	1,354,356	43,544

Gold Range	Classification	Volume	Tonnes	Gold	Grams	Ounces
0.3 -> 0.5	INDICATED	5,780	13,828	0.41	5,725	184
0.5 -> 1.8	INDICATED	71,499	194,371	1.21	234,411	7,537
1.8 -> 9999.0	INDICATED	84,296	228,600	3.11	711,632	22,879
		161,575	436,799	2.18	951,768	30,600

Gold Range	Classification	Volume	Tonnes	Gold	Grams	Ounces
0.3 -> 0.5	TOTAL	51,106	136,740	0.39	53,415	1,717
0.5 -> 1.8	TOTAL	240,018	664,518	1.09	725,715	23,332
1.8 -> 9999.0	TOTAL	172,971	468,978	3.26	1,526,994	49,094
	GRAND TOTAL	464,095	1,270,236	1.82	2,306,124	74,144

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Resources included in this report were either calculated by or reviewed by Mr Jonathan Sharp BSc. MSc. (Hons), who is a Member of the Australasian Institute of Mining and Metallurgy, and the Manager of Mineral Resources for the Company. Mr Sharp has over 20 years of Mining experience in a variety of mineral deposit styles and 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 as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Sharp consents to the information in this report being used and quoted by the company for reporting and other purposes in the context in which it appears.

O Capitão – Dona Maria  
Circa 40,000 ounces and open in all directions

Gold - INFERRED	Volume	Tonnes	Gold Grade (gpt)	Grams	Ounces	Bulk Density
0.5 -> 0.8	39,545	109,562	0.65	71,215	2,290	2.771
0.8 -> 1.0	13,297	36,575	0.91	33,283	1,070	2.751
1.0 -> 5.0	27,627	77,353	1.83	141,556	4,551	2.8
5.0 -> 10.0	727	2,034	5.91	12,021	386	2.8
10.0 -> 999.0	457	1,280	10	12,800	412	2.8
	81,653	226,804	1.19	270,875	8,709	
Gold - INDICATED	Volume	Tonnes	Gold	Grams	Ounces	Bulk Density
0.5 -> 0.8	146,404	406,892	0.67	272,618	8,765	2.779
0.8 -> 1.0	54,628	151,417	0.9	136,275	4,381	2.772
1.0 -> 5.0	123,992	342,608	1.55	531,042	17,073	2.763
5.0 -> 10.0	826	2,133	6.78	14,462	465	2.582
10.0 -> 999.0	527	1,472	10	14,720	473	2.792
	326,377	904,522	1.07	969,117	31,158	
Gold - TOTAL	Volume	Tonnes	Gold	Grams	Ounces	Bulk Density
0.5 -> 0.8	185,949	516,454	0.67	343,833	11,054	
0.8 -> 1.0	67,925	187,992	0.9	169,559	5,451	
1.0 -> 5.0	151,619	419,961	1.6	672,598	21,625	
5.0 -> 10.0	1,553	4,167	6.36	26,483	851	
10.0 -> 999.0	984	2,752	10	27,520	885	
	408,030	1,131,326	1.1	1,239,993	39,867	



### Contact:

Phone: +61 (08) 6389 6000

Fax: +61 (08) 6389 6099

Email: [info@clevelandmining.com.au](mailto:info@clevelandmining.com.au)

### Corporate Headquarters:

Suite 3, 254 Rokeby Road, Subiaco, Western Australia

Mailing Address:

PO Box 2089, Subiaco, Western Australia, 6904

Web: [www.clevelandmining.com.au](http://www.clevelandmining.com.au)

### Competent Person's Statement

The information in this report that relates to Exploration Results is based on information reviewed by David Mendelawitz, who is a Fellow of the AusIMM. Mr Mendelawitz 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 as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mendelawitz consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Mendelawitz is employed by Cleveland Mining Company Ltd.

