Update on Initial Resource and Mining Plans for Lavra Project, O Capitão

High gold grade Trial Pit design completed on initial JORC Inferred Resource to extract bulk sample, with trial extraction scheduled to commence early 2016

Highlights

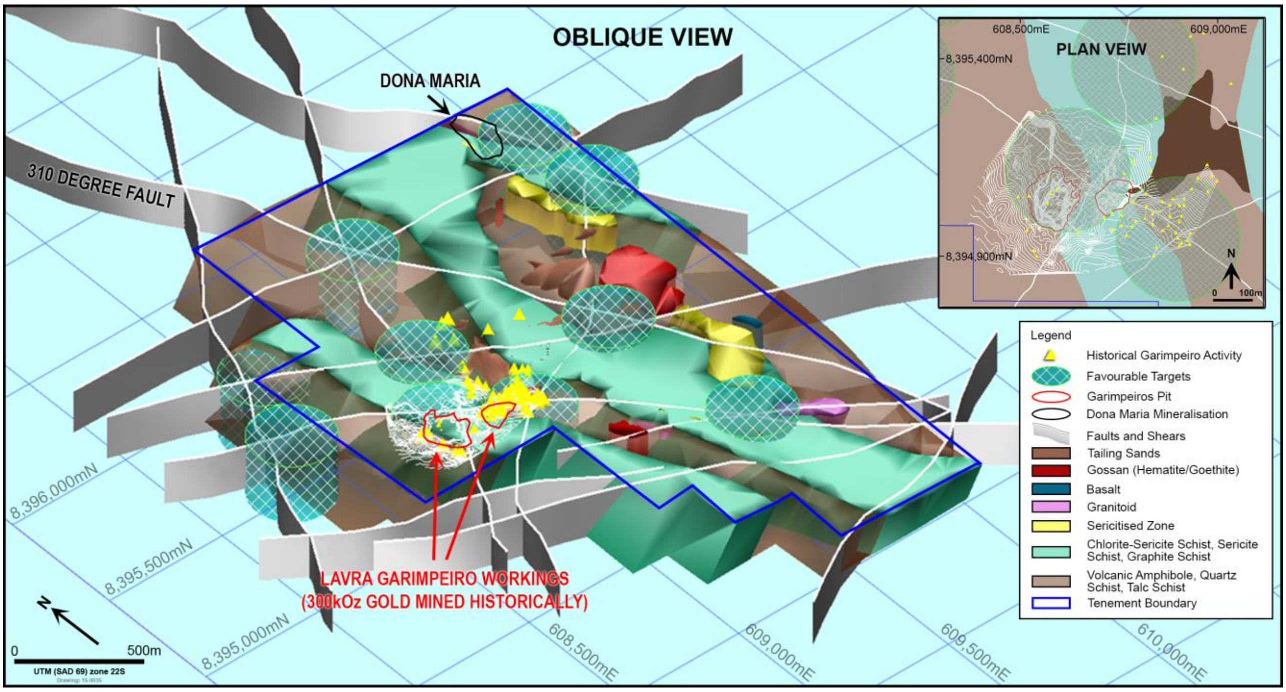
- **Trial mining will commence on high grade gold mineralisation from within an initial Inferred Resource of 418kt @ 5 g/t Au for 67koz that remains open in all directions.**
- **Pits have been optimised containing up to 44kt at an average grade 14.4 grams per tonne (gpt) gold containing ~20,000oz less depletion by historical artisanal mining.**
- **Cash costs are estimated to range from $A162-203 per ounce, depending on the extent of artisanal depletion of mineralisation.**
- **Trial pits are scheduled to run for four months in anticipation of ongoing mining at increased rates subject to the performance of the trial.**
- **Trial mining is expected to require no further processing infrastructure, as it will utilise surplus capacity available at the Premier processing plant this quarter following completion of the current capital works.**
- **The trial pits cover approximately 25% of the Mineral Resource area, which in turn covers approximately 10% of potentially mineralised structures and lithology found at Lavra.**
- **Mining can commence on granting of the initial Utilisation Guide (Trial Mining Permit), which is targeted for early 2016.**

Cleveland Mining Company Ltd (ASX: CDG) is pleased to provide an update on the initial JORC resource and mine plans for the high-grade gold mineralisation at the Cleveland Premier Joint Venture's Lavra Project, part of the O Capitão Project, located 9km from the Premier process plant in Goias State, Brazil.

The Lavra Project contains high-grade mineralisation that has been subject to Garimpeiro (artisanal mining) activity. Local records state that 6,000 -12,000 miners worked the site approximately 30 years ago, extracting at least 10 tonnes of gold until mining was suspended due initially to an outbreak of Yellow Fever, then permanently due to a strengthening of the mining laws in Brazil outlawing artisanal mining.

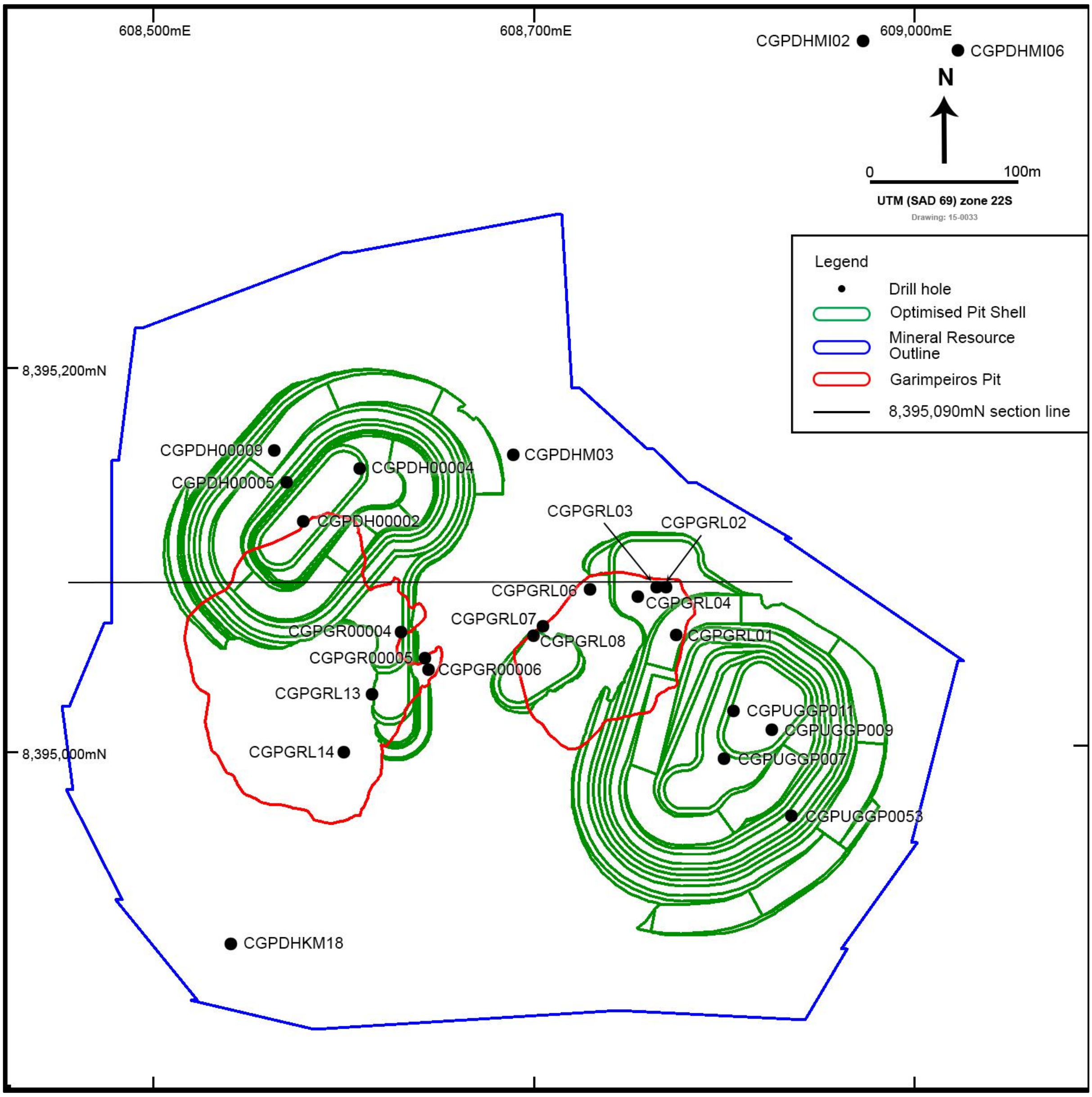
Most artisanal mining occurred in two small open pits, although a number of garimpeiro shafts were sunk. While the mineralised seam is both consistent and predictable, the extent of depletion as a result of artisanal mining remains uncertain, hence the Inferred Resource classification.

The mineralisation at Lavra, as at the neighbouring Dona Maria prospect, is structurally controlled where favourable 310 degree structures cross-cut oblique structures. The following diagram shows the proximity to Lavra and Dona Maria of cross-cutting structures. The diagram also shows lithology, garimpeiro pits and workings, and the location of other favourable targets based on this structural analysis.



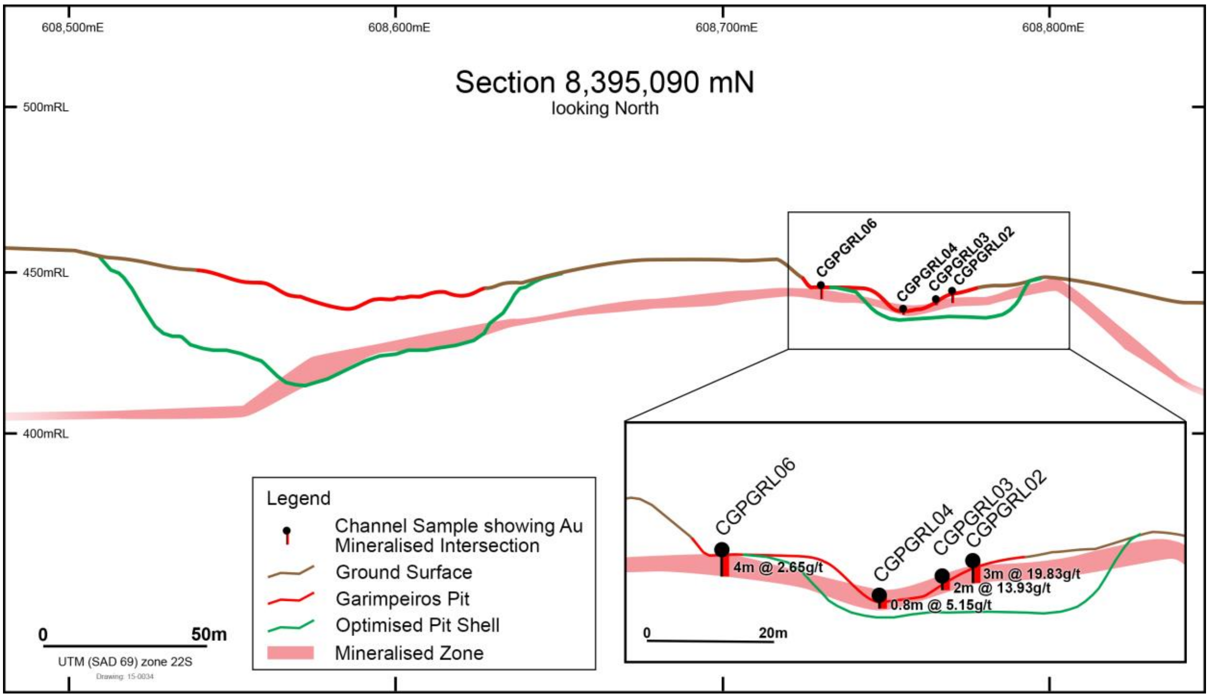
Pits have been optimised and scheduled for trial mining starting early next year. The pits cover approximately 25% of the resource area, providing encouragement that ongoing mining after the trial is possible if only on the basis of the remaining mineralisation. An objective of the trial mining, together with further drilling, is to upgrade the current Inferred Resource classification by quantifying the extent of artisanal depletion.

The following plan shows the optimised pit shells, garimpeiro pits, the position of the drill-hole collars and channel samples used to define the resource, and the boundary of the Mineral Resource. A list of gold intersection obtained from the drilling and sampling is provided in Appendix 1 of this announcement.



The following cross-section through the optimised pits provides some depth perspective of the interpreted mineralisation and the potential for ongoing mining after the trial pits are completed.

The position of the section is noted on the previous diagram.



The purpose of trial mining is threefold:

1. The lower pit tonnage will hasten commencement of mining by shortening licencing lead time, and reduced tonnage removes the need for additional process capacity;
2. It will enable Cleveland to analyse the extent and orientation of the underground workings, thereby streamlining further drilling and mine expansion, and;
3. The expected strong free-cash generated will fund the drilling necessary to expand and upgrade the resource and pay for a mill expansion, both of which are necessary to support a long-term, elevated mining rate.

The trial pit will remove approximately 44,000 tonnes of ore, subject to depletion by artisanal miners, likely leading to steady-state mining. While the strip ratio will be relatively high compared to Premier, the low cost of mining (approximately A$1 per tonne) combined with the high grade (14.4gpt) will allow for a low cash cost per ounce. The exact cost per ounce cannot be calculated due to the uncertainty of the extent of artisanal depletion, but based on 0% and 50% mineral depletion, the economics are compelling, as demonstrated by the following metrics derived from modelling:

Cost ($AU) per mined gold ounce (0% mine depletion)	81
Cost ($AU) per mined gold ounce (50% mine depletion)	163
Cost ($AU) per produced gold ounce (80% mill recovery & 0% mine depletion)	162
Cost ($AU) per produced gold ounce (80% mill recovery & 50% mine depletion)	203

All in Sustaining Costs (AISC) will be a function of the total number of ounces which will be amortised to Premier and Cleveland's existing overhead cost, though due to the close proximity of Lavra to the Premier mill and the small scale of mining, there should be minimal further additional costs above the cash costs, having a net effect of reducing Cleveland's average AISC base, which is already predicted to be very low.

Mining is scheduled to occur for 10 hours per day for 5 ½ days per week. Processing of Lavra ore will involve either it being batched separately to Premier ore, or blended with Premier ore at the rate of 10-14 tonnes per hour (tph). The Premier plant will have approximately 130-140 tph capacity upon completion of the current upgrades, while throughput of combined Lavra and Premier ore is expected to peak at 100 tph leaving 30-40tph spare capacity.

Mining can commence after the granting of an initial Utilisation Guide (Trial Mining Licence), which is targeted for early 2016.

During trial mining, the Company plans to undertake further drilling across the Lavra prospect with a view to continuing and then expanding production. Provided it is justified, the Company is planning further expansion of the process facilities at Premier beyond the current expansion scheduled for completion this year. Internal capital estimates for an additional 100tph processing capacity at Premier are circa A$7 million, to be funded by Premier/ O Capitão cash flows.

Appendix 1 of this announcement contains further detail on the Lavra Trial Mining Plans.

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About Cleveland Mining Company Ltd

Cleveland Mining Company Ltd is an Australian-managed, ASX-listed minerals company squarely focused on developing projects into mines.

The Company's management team has a track-record for building billion-dollar projects from the ground up, providing Cleveland with the expertise to secure and build robust projects.

Cleveland has gold and iron ore assets in Brazil in areas with excellent mining credentials:

- Mining and production are underway at Cleveland's Premier 50/50 Gold Mine JV in Goias State in central Brazil. The Company is working to add throughput from the O Capitão project, which is less than 10km from the Premier Mine.

- Cleveland has new iron projects in Brazil. The company has signed binding Option Agreements with the Brazilian private company Bahmex covering multiple iron projects.

Cleveland has a different approach to project selection with project economics driving target selection. Projects are chosen according to their likelihood of generating returns at the bottom of the economic cycle.

Forward-looking Statements

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward looking statements. They are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this ASX update. Readers are cautioned not to put undue reliance on forward looking statements

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 2012 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.

Appendix 1

The following tables are provided to ensure compliance with the JORC code (2012) edition requirements for the reporting of exploration and resource results from the Lavra deposit, a constituent of the O'Capitao project, Goias state, Brazil.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Sampling at the O'Capitao prospects, Lavra and Dona Maria is by diamond core, RC and RAB drilling, trenching, channel and surface soil and rock chip sampling. Diamond core and RC drill holes were drilled by Servitec Foraco (www.servitecsondagem.com.br), the local drilling contractor.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Drill hole collars and trenches are picked-up by an independent survey contractor or by handheld GPS while surface sample locations are located by handheld GPS. Core, RC drill and trench samples were logged for lithology, weathering, wetness and contamination. Sampling was carried out under Cleveland protocols and QAQC procedures as per industry best practice. Surface samples were logged to flag suspected contamination where necessary. Downhole surveying was conducted by the drilling contractors (Servitec Foraco) using a Devitool PeeWee downhole surveying instrument. Downhole surveys were conducted at a nominal downhole spacing of every 30m. Certified standards and blanks were inserted into the sampling sequence at a nominal rate of 1 standard in every 20 samples and 1 duplicate in every 40 samples. Field duplicates were not used for the diamond drill hole program, but were included at a rate of 1 in every 40 for RC drill hole programs. Coarse and pulp rejects were submitted to external laboratories to assess the repeatability of the laboratory and

Criteria	JORC Code explanation	Commentary
		sampling process. Results from the QAQC sampling were considered acceptable.
	Aspects of the determination of mineralisation that are Material to the Public Report. *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Diamond core is HQ and NQ2 size, sampled on geological intervals (0.2 m to 1.0 m), cut into half core. RC samples were collected on 1m or 0.5m intervals from the cyclone and then split using a three-tiered riffle splitter producing 2 – 4kg, one eighth split sample for assay analysis. The remaining sample (a seven eighth proportion) was retained as a reference sample, for possible re-analysis, and QAQC activities. The riffle splitter was cleaned with pressurized air and mechanical vibration to eliminate sample contamination. Wet samples were bagged and dried before splitting. RAB samples are collected from the collar discharge into a collection tray. Channel samples were collected by chipping grab samples perpendicularly across the mineralised structure and recording the width and sample orientation information. All samples are crushed, dried and pulverised (total prep) to produce a sub sample. Samples are analysed for gold at the Premier mine laboratory by 15gm aqua regia digest with an AAS finish.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	HQ and NQ2 Diamond core, RC and RAB drilling methods are used, together with trenching. Grade control sampling is by way of RAB drilling and trenching. Standard tube HQ drilling was conducted from the collar until the transitional/fresh boundary followed by NQ2 standard tube until end-of-hole. Core orientation was conducted using an orientation spear every 12m in fresh material. RC drilling used a 4.5" face-sampling hammer. Diamond core drill holes were surveyed at a nominal spacing of every 30m down-hole by

Criteria	JORC Code explanation	Commentary
		the drilling contractors. No downhole surveying was conducted for the RC drilling.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The diamond drilling contractor logged and recorded the core recoveries onsite and the results, verified by company personnel, were entered into the company database. The average core recovery is 94.3%. RC rock chip recovery was assessed by comparing the returned sample weight with the expected sample weight. The expected sample weight being the drill volume multiplied by the expected specific gravity for that particular rock material. Core and rock chip recoveries within oxide material are lower than the fresh material. Drillers are instructed to reduce the penetration rate in an attempt to increase the drilling recoveries.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core is reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers. RC samples are collected by bag directly from a rig-mounted cyclone and riffle splitter and laid directly onto the ground in rows of 10, with sufficient space to ensure no sample cross-contamination occurs. RC samples are visually checked for recovery, moisture, contamination and the primary sample weights recorded. RAB samples are bagged from the collection tray located to catch collar discharge from the hole. Drill cyclone and sample buckets are cleaned between rod-changes and after each hole to minimise downhole and/or cross-hole contamination.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have	Cleveland protocols and QAQC procedures are followed to preclude any issue of sample bias due to material loss or gain. No significant bias is expected and any potential

Criteria	JORC Code explanation	Commentary
	occurred due to preferential loss/gain of fine/coarse material.	bias is not considered material at this stage of resource development.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Logging of diamond core, RC and trench samples records lithology, mineralogy, mineralisation, structural (DDH only), weathering, colour and other features of the samples. Rock quality, core recoveries, bulk density and sampling information are recorded. Core is photographed in both dry and wet form. RC chips and trenches are photographed. Logging of RC and trench records –lithology, mineralogy and mineralisation. Geological logging of drill chip samples has been recorded for each drill hole including lithology, grainsize, texture, contamination, oxidation, weathering, and wetness. The logging was recorded graphically and entered into Cleveland database.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of core, drill chip samples and trench intervals records lithology, mineralogy, mineralisation, grainsize, texture, weathering, oxidation, colour and other features of the samples. Drill samples for each hole were photographed either within core trays, in the case of core drilling, or within chip trays in the case of RC drilling. Surface samples were logged to flag suspected sample contamination.
	The total length and percentage of the relevant intersections logged.	All drill holes were logged in full to end of hole.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	All diamond core was cut along the core axis and the downhole left hand side was submitted for analysis. Quarter core samples were submitted for metallurgical test work where necessary. Core cutting was performed using a manual circular diamond saw.

Criteria	JORC Code explanation	Commentary
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples are collected using a riffle splitter mounted under the cyclone. RAB samples are collected from the collar discharge into a collection tray. Trench samples were collected by gouging lines of sample material at consistent depths across geological intervals. Soil samples are excavating below the top 10cm of cover and material passing 80 mesh is collected. Rock chip samples were broken off and sampled as is.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation was performed at the Premier mine assay laboratory. Samples were dried, crushed to 80% passing 10 mesh (i.e. 2mm), homogenized, riffle split (primary split) and pulverized to 85% passing of 200 mesh (75 microns).
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Cleveland Mining quality control procedures included submission into the sampling sequence certified reference material, field duplicates (check sampling of coarse rejects) and check assaying of 1 in every 20 samples, or 1 per batch. Blanks are inserted at a nominal rate of 1 in every 40 or 1 per batch. Laboratory quality control procedures include the submission of blanks, duplicates and standard reference material. Typically, for every 34 to 36 samples, a pulp duplicate, coarse reject duplicate, reagent blank and an aliquot of certified reference material is inserted into the sample stream. All QC results are reported within the final assay report.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	RC and RAB duplicates were taken at a rate of 1 in every 20 samples and submitted into the sample sequence.

Criteria	JORC Code explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample size is deemed appropriate relative with the grain size based on industry standards of similar mineral styles and sampling methods.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Assays were determined using fire assay with a 30g or 50g charge and AAS finish. These laboratory tests are deemed appropriate being consistent with industry standards.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Conductivity depth images (CDI's) from a versatile time-domain electromagnetic (VTEM) survey over Cleveland Mining's Crixas Project including the O'Capitao project in Brazil were generated by Resource Potentials. B-Field and dB/dt EM data was acquired and processed in May/June 2010 by GeoTech Airborne. All survey areas were flown with lines spaced at 100m. 3D voxel models were generated from the CDI's to show the geometry, depth and size of conductive features within the survey. Depth slices were generated at 25m intervals to represent plan view of the CDI's.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Field QAQC procedures include the insertion of field duplicates, blanks and commercial standards. Results are generally satisfactory demonstrating acceptable levels of accuracy and precision. Laboratory QAQC involves the use of internal laboratory standards using certified reference material, blanks, splits as per laboratory procedures. Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Several company staff based within Brazil or off shore review and verify significant intersections from diamond core and RC drilling either physically on site or from photographs of the intersections.
	The use of twinned holes.	Twinned holes have not been drilled.

Criteria	JORC Code explanation	Commentary
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. *Discuss any adjustment to assay data.*	RC and trench sample logging is conducted at the drill site while diamond core logging takes place at the Premier mine core farm. Graphical logs are used to record the geological information. Grade control samples are not lithologically logged. Data entry personnel and geologists enter the graphic logs into standard Excel templates generated from the company SQL database. The Excel templates contain validation routines to ensure standard codes are enforced. All graphical logs are scanned and email to head office in Perth for digital capture. Perth personnel review and validate the data entry process on a batch-by-batch basis. Data is stored in an SQL server database platform and is managed with a Geological Data Management System; George 7. No adjustments were made to any assay information, except for “lower than detection limit” values that are stored within the database as negative values.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collar locations and trenches are clearly marked in the field. The collar locations are picked-up by a surveying contractor within an accuracy of ±5mm. Trenches are surveyed by handheld GPS to an accuracy of ±5m. Diamond core holes were down hole surveyed. Down hole surveying was conducted by the drilling contractors (Servitec Foraco) using a Devitool PeeWee down hole surveying instrument. Downhole surveys were conducted at a spacing of every 30m. The PeeWee has a reported azimuth and inclination accuracy of ±0.5 and ±0.1 degrees, respectively. Correction for magnetic azimuth (-19.0 degrees) was applied to all azimuth readings. RC and RAB drill holes are not downhole surveyed. Surface samples are located by field personnel with a hand held GPS.
	Specification of the grid system used.	The grid system is SAD69, Zone 22 South.

Criteria	JORC Code explanation	Commentary
	Quality and adequacy of topographic control.	Originally, JMendonça Engenharia LTDA completed a topographical survey of the Premier Mine area within an acceptable precision. Subsequent topographic survey has been undertaken by contract surveyors. Cleveland Mining commissioned Geotech Aerolevanto S.A. to conduct a Helicopter Borne Geophysical survey (VTEM). A Digital Terrain Model (DTM) was generated as part of the survey by subtracting the radar altimeter data from the GPS elevation data. The accuracy of the DTM is not reported.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill holes are irregularly spaced across Lavra being spaced from 10 to 70m apart.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The mineralised structure has been sufficiently mapped and drilled to substantiate its orientation. Drilling and sampling of the structure provides satisfactory confidence of grade distribution to justify trial mining. There is however uncertainty as to the extent of depleted mineralisation as a result of artisanal mining and the reason why a JORC compliant estimation is not possible.
	Whether sample compositing has been applied.	Five metre RC composite samples were collected together with 1m split samples. Anomalous composite samples had the respective 1m riffle split samples submitted for analysis. No compositing occurred of core or trench sampling.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Mineralisation at Lavra is nearly horizontal and drilling is generally vertical. Mineralisation at Dona Maria dips gently towards the west and is generally tested by drilling orientated east declined at 70^0. Mapping and drilling confirms the orientation of the deposits. Drilling across both prospects intersects mineralisation at high angle and, at Dona Maria, perpendicular with strike. As such the orientation of drill sampling is considered unbiased.

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Criteria	JORC Code explanation	Commentary
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Diamond drilling confirmed that drilling orientation did not introduce any bias regarding the orientation of the geological units.
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by the company. Samples are stored and collected from site by company transport or commercial courier and delivered to the assay laboratory. Whilst in storage, samples are kept in a locked yard. Tracking sheets have been set up to track the progress of batches of samples.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The last database audit was conducted by Cube Consulting and covered a period of time finishing December 2011. It found that the drill hole database for the Premier and Capitao projects is well structured and contains no obvious material discrepancies in collar, survey or assay data. Cube considers the drill data to be of an appropriate standard to undertake resource estimation and reporting under the CIM NI-43-101 reporting guidelines.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The O'Caoitao project is located on tenements 862739/2011 and 862740/2011 within the central Brazilian state of Goais. The tenements were issued by Departmento Nacional de Producao Mineral. They are owned in 50:50 joint venture between Cleveland Premier Mineracao Ltda (the project operator) and Edifica Participacoes.
Exploration done by	*Acknowledgment and appraisal of exploration by other parties.*	Previous to the current operation, work was carried out by the Goias State Government Mining and Exploration Company, Metago,

Criteria	JORC Code explanation	Commentary
other parties		during mid to late 1980's. Work included the drilling of RC and diamond core holes.
Geology	*Deposit type, geological setting and style of mineralisation.*	The O'Capitao prospects, Lavra and Dona Maria, are both hosted within the Crixas Greenstone Belt. At Lavra mineralisation is hosted in generally horizontally orientated though locally gently dipping quartz veining. At Dona Maria mineralisation is hosted in 20 - 40^0 dipping, north – south striking quartz veining.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	The Mineral Resource estimation is based on data compiled from drill holes and channel samples listed on the following table.

Criteria	JORC Code explanation	Commentary

Significant Drilling Intercepts — **Cleveland Mining Company Ltd**

Grid:	SAD69						
Prospect:	Lavra						
Project:	CGP						
Hole Number	Northing	Easting	mRL	Grid Az	Dip	Hole Depth	Intercept
CGPDH00002	8395140.2	608567.2	446.871	148.58	-59.17	130.54	0.88m @ 20.00 ppm Au from 44.7m
CGPDH00004	8395165.7	608595.43	442.745	142.02	-55.8	142.51	2m @ 10.40 ppm Au from 39m
						Includes	*1m @ 33.61 ppm Au from 39m*
CGPDH00005	8395144.1	608545.98	447.692	96.45	-60.37	77.65	0.7m @ 4.40 ppm Au from 47.94m
CGPDH00009	8395161.8	608538.88	448.391	99.05	-59.4	120.45	0.38m @ 0.58 ppm Au from 48.62m
CGPDHKM18	8394900	608540	462	0	-90	222.15	1m @ 4.05 ppm Au from 65m
CGPDHM03	8395155	608690	444	0	-90	20	0.74m @ 1.57 ppm Au from 13.82m
CGPDHMI02	8395370	608875	436	0	-90	128.3	1.04m @ 4.35 ppm Au from 58.1m
CGPDHMI06	8395365	608925	430	0	-90	102.55	2.9m @ 14.88 ppm Au from 40.95m
CGPGR00004*	8395062	608629	437	78	-21	3	1m @ 2.60 ppm Au from 1m
CGPGR00005*	8395050	608643	442	180	-71	5	2m @ 5.88 ppm Au from 3m
CGPGR00006*	8395042	608645	441	333	-53	6	3m @ 0.86 ppm Au from 1m
CGPGRL01*	8395060	608775	440	0	-90	1.8	1.8m @ 20.00 ppm Au from 0m
CGPGRL02*	8395085	608770	443	0	-90	3	3m @ 19.83 ppm Au from 0m
CGPGRL03*	8395085	608765	441	0	-90	2	2m @ 13.93 ppm Au from 0m
CGPGRL04*	8395080	608755	437	0	-90	0.8	0.8m @ 5.15 ppm Au from 0m
CGPGRL06*	8395084	608730	445	0	-90	4	4m @ 2.65 ppm Au from 0m
CGPGRL07*	8395065	608705	444	0	-90	2.9	2.9m @ 0.60 ppm Au from 0m
CGPGRL08*	8395060	608700	446	0	-90	1.2	1.2m @ 6.89 ppm Au from 0m
CGPGRL13*	8395030	608615	439	0	-90	2	2m @ 20.00 ppm Au from 0m
CGPGRL14*	8395000	608600	445	0	-90	1.3	1.3m @ 7.05 ppm Au from 0m
CGPUGGP007	8394995	608800	458	0	-90	45	0.7m @ 20.00 ppm Au from 41m
CGPUGGP009	8395010	608825	453	0	-90	45	0.8m @ 20.00 ppm Au from 40m
CGPUGGP011	8395020	608805	456	0	-90	45	1.8m @ 18.66 ppm Au from 40m
CGPUGGP053	8394965	608835	459	0	-90	45	1m @ 4.22 ppm Au from 30m

*Notes: Minimum Intersection Length = 0.1m, Interval Top Cut = 20.00 ppm Au, Interval Bottom Cut = 0.50 ppm Au, Maximum Internal Dilution = 2m, Reporting Assays Greater than 20.00 ppm Au; * represents channel samples.*

Criteria	JORC Code explanation	Commentary
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical*	Reported drill intersections are the weighted average of the intersection interval such that the minimum intersection length is 0.1, interval top cut = 20.00 g/t Au, interval bottom cut = 0.50 g/t Au and maximum internal dilution = 2m.

Criteria	JORC Code explanation	Commentary
	examples of such aggregations should be shown in detail. *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Drilling and sampling are at high angle to the mineralisation and deemed reasonable representation of the true thickness of mineralisation.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	A plan of drill hole collar locations incorporated into the Mineral Resource is provided in the body of the announcement together with the boundary of the resource envelope and optimised pits.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The Significant Drill Intercept table within Section 1 provides grade and width specifications for all intercepts that contribute to the resource estimation.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	There is no other meaningful data to report.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or*	Trial mining is scheduled to commence early next year to assess the extent of artisanal depletion, if any and help upgrade

Criteria	JORC Code explanation	Commentary
	depth extensions or large-scale step-out drilling). *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	the Inferred Resource into a more confident classification. Step out drilling is planned to identify the extent of mineralisation and infill drilling and sampling planned to contribute towards the upgrade of the resource into a more confident classification.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used.*	• Locked Excel data templates with lookup tale and fixed formatting are used for logging, spatial and sampling data. Data entry of each graphical log is validated by site geologists and the Database Administrator (DBA) in Cleveland head office. Data transfer of the scanned graphic logs and Excel spreadsheet is via email. Sample numbers are unique and pre-numbered sample tickets are used. • Data validation checks are by Cleveland DBA using routines built into the Database Management System (George 7). Validation checks occur during data import and a total database validation check is performed bimonthly to monthly. • Additional database validation is conducted prior to the estimation process. These checks focus on defining simple rudimentary errors such as overlapping intervals, duplicate samples, duplicated BHID etc.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	• Site visits are performed routinely by Cleveland Management who inspect the deposit area, the core logging area, sampling area and density measurement area and data entry process.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	• The confidence of the geological interpretation is considered reasonable for the classification of on Inferred Resource. Mineralization is associated with quartz

Criteria	JORC Code explanation	Commentary
		sulphide veins and fine grained, biotite shear zones ± quartz sulphide veining. The veining and shear zones are concordant to subcordant to the regional foliation and occurs within or at the contact between the metasediments or metamorphosed mafic/ultramafic lithologies. The observed mineralized trends appear similar to regional trends observed within the Crixas Greenstone Belt. There remains uncertainty as to the extent of artisanal depletion of the resource.
	Nature of the data used and of any assumptions made.	Multi-element geochemistry has been used to assist with the identification of rock types applied in the interpretation process.
	The effect, if any, of alternative interpretations on Mineral Resource estimation	The current interpretation is based on the regional observation and alternative interpretations are possible due to the narrow nature of the mineralization and the data spacing. It is unlikely changes in the interpretation are material.
	The use of geology in guiding and controlling Mineral Resource estimation.	Geological controls and relationships, defined from logging and multi-element geochemistry, were used to define the estimation domains. Key selection criteria included quartz veining, sulphide species, shearing, biotite alteration and lithological contacts (i.e. rheology contacts).
	The factors affecting continuity both of grade and geology.	The factors affecting geological and grade continuity are most likely to be associated with structural controls (i.e. folding and shearing) and local complexities (i.e. late stage faulting), the knowledge of which is limited to with the current drill hole spacing as well as outcropping mineralised structures in existing open pits. The modeling approach attempted to model an unbiased interpretation based on the regional understanding of the Crixas Greenstone Belt mineralization
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The mineralized area has dimensions of 720m (North) by 730m (East) and 110m (Elevation).

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	• Geological modeling was completed using Surpac software. • The nominal drill hole spacing is 50m (easting) by 50m (northing). • The drillhole sample data and block model was flagged using the interpreted estimation domain. • Drillholes were composited to 1m downhole with the compositing routine starting and ending at the location of the estimation domain boundaries. Residual composites were also used in the estimation process due to the limited dataset. Intervals with no assay information were excluded from the compositing routine. • The influence of extreme sample distribution outliers was reduced by top-cutting when required. The degree of top-cutting was determined analysis of histograms, probability plots and effect of the result estimate. • An omni-directional (isotropic) search restricted to 30m was used to constrain the grade dispersion.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data	The estimation compares well with experimental voroni polygonal estimates carried to ascertain mineralised trends.
	The assumptions made regarding recovery of by-products.	No by-product recoveries were considered.
	Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	No estimation of deleterious element or non-grade variables of economic significance was considered.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	• The block size used in the estimate 20m (north) by 10m (east) by 25m (elevation); sub-blocking 3m (north) by 2.5m (east) by 0.5m (elevation). The nominal drill hole spacing is 50m (easting) by 50m (northing). • All estimates were performed at the parent cell size. Hard estimation boundaries were applied within the estimation domain.
	Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this estimate.

Criteria	JORC Code explanation	Commentary
	Any assumptions about correlation between variables.	Not applicable.
	Description of how the geological interpretation was used to control the resource estimates.	The geological wireframe interpretation was used to define the estimation used in the estimation process. The estimation domain was based on multi-element lithological analysis, grade population analysis and logging observations.
	Discussion of basis for using or not using grade cutting or capping.	Global analysis, local statistical analysis and resultant estimate analysis was used to determine if a composite is unrepresentative of the underlying population and required top-cutting.
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Validation of the block model included a volumetric comparison of the resource wireframes to the block model volume within Surpac. Visual comparison was also carried out between assay composites and block model colours. Validation of the estimates compared the block grades and the input data for all cells, informed cells and cell no more than one cell from a data point.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	The tonnages contain natural moisture.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	A conservative top cut of 20 g/t Au was applied to the down hole composited data. The top cut prevents the over estimation of the sample set by disproportionate high grade samples. A visual inspection of the data was carried out to identify where there is a lack of representation in the population. By applying a top cut of 20 the coefficient of variation was reduced from 1.1 to 0.8.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should*	The most likely method of mining at Lavra Deposit will be via and open pit. Voids may be exposed as mining commences down dip. There may be the potential for underground mining at a later date using Room and Pillar method. The geometry of Lavra Deposit in the form of a convex mineralised envelope dipping gently in all directions bodes well for open cut extraction.

Criteria	JORC Code explanation	Commentary
	be reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	All indications are that the ore will be free milling with a high percentage being extracted by gravity methodologies. An approximate removal of 10 tonnes of gold from the Lavra area including two historic hand dug pits suggests the gold is liberated freely by traditional as well as modern extraction methods.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• A mine waste dump will be planned close to the designed pits. It may be possible to minimise the size of the waste dumps by back filing existing pits with the others waste. Historical tailings from past illegal mining activities could be cleaned up in the mining process and disposed of in an environmentally favourable way such as containment. Existing fresh water stored in the historical hand dug open pits could be utilized for dust suppression of local roads or mine processing of ore.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density has been assumed to be equal to the average of the 858 density measurements taken from the diamond core. The density measurements are based on the Archimedes methodology. No density standards were used during the measurement process. A density measurement was taken a nominal spacing of every 5m or one per core tray.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vughs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	• Moisture and voids were not considered during the density measurements. • Oxide material was wrapped in cling wrap.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• It was assumed the density is uniformly distributed. A reduced bulk density was applied to the resource model to account

Criteria	JORC Code explanation	Commentary
		for some of the voids created by garimpeiro mining in the past.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	The Lavra deposit was classified as Inferred due to irregular drill density and unknown voids within the mineralised target zone. There is good exposure of the mineralised zones in the historical hand dug pits at Lavra. This allowed for channel sampling and mapping to be carried out giving confirmation of potential mineralised trends.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	There has been no audit of the latest Lavra Deposit estimate given it has no classification.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The relative accuracy of the resource estimated is reflected in the reporting outlined in this table. • The three-dimensional estimation methodologies might not be optimal for the characteristics of the mineralisation and may introduce conditional bias due to the narrow nature of the mineralisation. Two-dimensional techniques overcome support consideration and additivity concerns and maybe a more robust methodology and should be considered as more information becomes available. • The statement relates to a global resource • Historical production data is available however the illegal nature of the mining by numerous parties affects its accuracy to some degree.