

Amended Market Update

Significant Corporate Milestones Achieved

Cleveland secures option to increase ownership in Premier Gold Mine to 100%, plus restructures secured finance

Highlights

- Cleveland has secured an option from the Company's Joint Venture partner Edifica Participações to increase Cleveland's ownership of the Premier and O Capitão gold projects to 100%
- Option is based on 3 staged payments, each 12 months apart, plus a royalty on production
- In line with securing the option, Cleveland has been able to negotiate a restructure of the current secured loan with Platinum Partners LP and a forbearance on accrued, though unpaid interest payments
- The restructuring of the note includes a 3 percentage point reduction in the interest on the note, delay in interest payments and consolidation and extension of the two smaller notes from Platinum.
- As part of the restructure and forbearance, Platinum will, subject to shareholder approval, be issued shares in Cleveland ensuring that shareholders' interests are aligned with the Company's major financier. Additionally, also subject to shareholder approval, the convertibility component of the secured notes will be re-priced.
- The combination of restructuring the Platinum note and the granting of the option agreement provides access to 100% of the project's cash flow and enables the Company to seek alternative financing options to develop the project to its fullest potential.
- The Company plans to now undertake a small equity raise to further bolster the balance sheet and assist in adding liquidity and market support following the achievement of these significant milestones.

Cleveland Mining Company Ltd (ASX: CDG) is pleased to provide an update on significant corporate milestones achieved by the Company.

Cleveland has secured an option from the Company's Joint Venture partner Edifica Participações to increase Cleveland's ownership of the Premier and O Capitão gold projects to 100% by way of 3 staged payments of \$US4 million, each 12 months apart, plus a 5% royalty on production. The first payment is targeted for Q2 2016.

The option provides Cleveland with access to 100% ownership, which will in turn be more attractive to both shareholders and potential financiers when compared to the current Joint Venture structure.

Corporate Information

Total shares: 243.1 million
Listed options: 11.4 million
Unlisted options: 29.2 million

Contact

Investor & Media Enquiries
info@clevelandmining.com.au

Board of Directors

Wayne Zekulich - Acting Non-Executive Chairman
David Mendelawitz - Managing Director
Rick Stroud - Non-Executive Director

Head Office

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Cleveland currently has 50% of the Premier/ O Capitão project. To date, Cleveland have funded 100% of the project, with the agreement that 50% of all funds to date will be repaid to Cleveland out of the Joint Venture partner's share of the profit. This structure has limited appeal to financiers and shareholders, and has held back the ability of Cleveland to expand development of the project.

The project valuation and payment structure has been determined by assessing:

- Cleveland's projected ability to finance payments
- Project near term forecast cash flows
- Current resource status
- Consideration of the debt owed to Cleveland by the joint venture partners.

In addition Cleveland has negotiated a restructure of the current secured loan with Platinum Partners LP and a forbearance on accrued, though unpaid, interest payments.

The restructuring of the note includes a 3 percentage point reduction in the interest on the note from 15% down to 12% per annum. Interest payments both accrued and upcoming have now also been delayed until April 2016. Additionally, two smaller notes from Platinum totalling \$US3m which were due in Q2 2015 have now been consolidated with the main note and extended until September 2016.

Compensation for the restructure and forbearance, Platinum will, subject to shareholder approval, be issued with approximately 25,000,000 shares in Cleveland. The exact number will vary due to a number of factors, including exchange rates between now and the completion of formal contracts based on the agreement, and will be finalised prior to the distribution of a Notice of Meeting to vote on the allotment by way of an Extraordinary General Meeting, which will be held in Q1, 2016.

Additionally, also subject to shareholder approval, the convertibility component of the secured notes will be re-priced closer to the current market price from 14c to 7c to safeguard all parties.

Cleveland's Managing Director, Mr David Mendelawitz, said that the combination of restructuring the Platinum notes and the granting of the option agreement provides the Company with the framework to develop the project to its fullest potential. "With access to 100% ownership we have a wider range of financing options available to us, greater incentive to focus exploration resources on the project, an improvement in management efficiencies and access to greater cash flows in the medium term."

"These were difficult and complicated agreements to achieve and I would like to thank Edifica, Platinum and my Staff and Directors for their tireless work over the last few months. I would particularly like to thank our Joint Venture partners of 6 years, who were very reluctant sellers, though understood that this was the best move to create a good future for the Premier and O Capitão projects."

"We have settled on a very fair valuation and solution with both Edifica and Platinum and believe that we now have a far better platform to bring long term value to our shareholders and financiers,

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who have to date provided all of the finance, but until now have only been exposed to half of the upside of the project.”

The Company plans to now undertake a small equity raise, prior to recommencement of trading, to further bolster the balance sheet and assist in adding liquidity and market support following the achievement of these significant milestones.

Following the completion of these milestones, and in parallel to the equity raise, the Company can finalise its annual accounts for lodgement, after which the Notice of Meeting for the Annual General Meeting will be distributed.

For further information on the capital raise, the valuation of the option agreement, or a general update on the Company, please call the Company’s Managing Director, David Mendelawitz, on the number listed below.

ENDS

Further Information:

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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 Goiás 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.
- The companies have 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.

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