ANNUAL REPORT 2015

Expanding production, growing resources and unlocking value

CLEVELAND MINING COMPANY LTD

Corporate Directory

Directors

Mr David Mendelawitz	Managing Director
Mr Rick Stroud	Non-Executive Director
Mr Wayne Zekulich	Non-Executive Director and acting Chairman

Company Secretary

Mr Albert Longo

Registered Office

Suite 1, 41 Walters Drive,
Osborne Park WA 6017

Principal Place of Business

Suite 1, 41 Walters Drive,
Osborne Park WA 6017

Contact Details

Tel: +61 8 6389 6000
Fax: +61 8 6389 6099

Solicitors to the Company

Mendelawitz Morton Commercial Lawyers
Gryphon House
39 Richardson Street
West Perth WA 6005

Share Registry

Computershare Investors Services Pty Ltd
Level 11,
172 St George's Terrace
Perth WA 6000

Tel: +61 8 9323 2000
Fax: +61 8 9323 2033
Free 1300 787 272

Auditors

Deloitte Touche Tohmatsu
Level 14
240 St George's Terrace
Perth WA 6000

Stock Exchange

Australian Securities Exchange
2 The Esplanade
Perth WA 6000

ASX Code: CDG

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Managing Director's Address

Dear Shareholders,

When I sat down to write this address, it was tempting to repeat almost verbatim what I wrote last year, as we continue to live through what has been one of the longest and most challenging downturns for listed minerals companies in memory. It is times like this where success for most is measured simply by survival, and where very few mining companies have had the good fortune to thrive.

All of that said, I firmly believe that Cleveland has arrived at an important turning point in its history and is finally in a position where we can look to the future with growing confidence as we ramp-up production from our flagship Premier joint venture gold mine in Brazil.

And while the past 12 months have again been very difficult – due to a combination of lack of access to capital, construction delays as result of pressure being experienced by our suppliers and contractors as their customer base struggled to pay their bills, and the ongoing market malaise impacting the market value of most resource companies – we have absolutely no doubt that our original strategy of seeking to establish a production base in Brazil is sound and should continue to be pursued.

We are now well-established in an area that which hosts world-class resources which can be extracted at a unit cost base which is in the lowest quartile. At the same time, the price of our product – denominated in Brazilian Real – has recently risen to a record high this year.

As I write this report, gold is selling in Brazil for over $R4000 per ounce. When Cleveland started in 2009, it was approximately $R1500 per ounce. This is important, because almost all of our costs are denominated in Brazilian Real, and we have seen very little inflation locally in Brazil since we started.

Although we have had our issues along the way, most of them have resulted in us taking longer than planned to achieve our targets, not failing to complete them. During the year we stabilised our plant, strengthened our team, increased our resource base significantly – including maiden resources at Dona Maria and Lavra – made a significant discovery to the south of Premier at the Vanuza prospect, completed most of the process plant expansion and prepared our initial mine plans for Lavra.

It has been a very busy year, and one that continues to strengthen us. We have done more than simply survive.

So far we have tested less than 3% of the surface expression of the mineralised structures that we have identified on our tenements and we have barely scratched the surface when compared to the depth that gold is being economically mined across the belt that we are in. Our next door neighbours at Serra Grande have proven the potential for the area. Whilst it took them quite a few years to understand the geology and start operating, over the years their persistence has rewarded them handsomely. They continue to find significant orebodies over 30 years after they started the project and are still only a few kilometres from where they began. We are confident that our 24km2 of tenements has vast potential, particularly given what we have learnt from our neighbours and our 6 years on the project. We look forwards to continuing grow our resources by extensional drilling and to making further discoveries.

Next year we plan to also start mining at O Capitão. O Capitão has two projects within the tenement. Lavra and Dona Maria. Lavra is an area that was mined by local artisanal miners (Garimpeiros) around 30 years ago. A reported 6-12,000 miners descended onto the area after high grade mineralisation was discovered. Local reports say that around 10 tonne of gold was extracted from 2 small open pits and numerous shafts and then sold to the local gold buyers. A disease outbreak stopped the mining, then the law changed which prevented the miners from coming back. Now the diseases and the Garimpeiros are gone, we have sound title over the project and have developed a far better understanding of the mineralisation through drilling. We know that there is plenty of high grade ore left, though we are unsure as to the extent of the underground workings, so we plan to take a step by step cautious approach. In the coming months, after gaining a permit to commence mining, we will open up two small open pits. The open pits will allow us to carefully examine the project, whilst still gaining access to very high grade ore to

Managing Director’s Address

supplement the ore being mined at Premier. By the time we start mining Lavra, the Premier Mill expansion will have been completed and will have spare capacity to accept ore from Lavra. As we get to know Lavra better we will determine if we should expand the Premier plant and increase the rate of mining from Lavra.

Along with Lavra, Dona Maria is also an exciting prospect. Whilst our resource statement has a lower average grade for Dona Maria when compared with our other areas of mineralisation, what is not made clear by these statements is that Dona Maria hosts some very cohesive areas of higher grade mineralisation that look like they will be able to be mined with similar economics to Premier. Whilst this would mean that we would not process some of the gold contained in our models, it would mean that the ore we process would be of a higher grade. Given that so far we have defined around 40,000 ounces of gold from around 2% of the mineralised trend at Dona Maria and that it has been defined to only 80m from the surface, we have confidence that there is a lot of gold yet to be defined.

During the year we have also worked hard to find new and innovative ways of engaging with shareholders and investors, notwithstanding the challenging market conditions for junior miners – and I will continue to focus considerable efforts in this area to create value.

I have started this by engaging shareholders with information not normally freely articulated by listed Companies through my regular webinars. I have also begun a process to engage the vast pool of investors who use Hot Copper with the aim of better aligning investors to who we really are as a Company, broadening our communication beyond the limitations of market sensitive ASX Announcements (which of course remain the primary tool for market communication).

Throughout the year our Management team has continued to strengthen. Whilst we have seen very little turnover in our team, especially considering the hard times that they have had to face, we have seen good people come and go from our Board. Whilst this is not ideal, particularly from a perception point of view, it can be explained by the fact that these Board members are non-executive and as such have to make a living elsewhere. Whilst we pride ourselves on the quality of our Board members, we also pride ourselves on the fact that we have some of the lowest remuneration packages in the industry. The end result of this is that all of our non-executives have serious day jobs and, given the calibre of all the people that have had Board seats at Cleveland, these day jobs can at times become very demanding. This said, our Board will be even stronger in 2016, with 2 significant shareholders Alex Sundich and Glenn Simpson, joining the Board. Both have been investors since the listing, and both understand the Company very well. Shareholders should take comfort that these two very experienced gentlemen have the shareholders best interest front and centre.

Through the steady progress on our infrastructure, our increasing resource base, our low unit costs, our experienced and hard-working team and our innovative approach to new ways of engaging with the investment community, I am sure that we have all of the ingredients for success.

In conclusion, on behalf of the Cleveland team I would like to thank our shareholders for their patience in these trying times and look forward to sharing in the success that we are confident will eventually flow from a combination of tenacity underpinned by a sound corporate strategy.

Yours faithfully

David Mendelawitz
Managing Director

Operations

The allocation of working capital was prioritised during the year towards completing the installation of the key elements required to expand the Premier processing facility and to improve its mechanical availability and performance.

As a result of this operational focus, gold production was intermittent with key statistics for the year including:

Waste mined (t):	843,801
Ore mined (t):	182,847
Ore processed (t):	123,251
Historic tailings processed (t):	9,601
Gold Dore produced (kg):	94.125
Average Dore purity (%):	91.63

Mining activities were initially focused on ore which was easy to access in order to bolster cash generating while the expansion project proceeded. Subsequent to the establishment of acceptable levels of mechanical availability, the focus of mining activities have returned to waste stripping in line with the Company's long-term mine plan, in order to establish continuity of ore supply.

Expansion Project

The Company is currently completing a program of works to upgrade the mining and processing capacity of the Premier Gold Mine from 40tph (tonnes per hour) to 100tph and to improve the plant reliability. This program of works included:

- Installation of a new 100tph jaw crusher;
- Installation of new 100tph secondary crushing circuit (including cone crusher);
- Refurbishment of a new 100tph ball mill;
- Installation of new stacked cell flotation circuit;
- Installation of upgraded water supply system; and
- Ramping up of the mining rate.

All key items are now either completed or near completion, with the main outstanding item being the new ball mill. Following the installation of the new ball mill, the mining rate will increase to provide 100tph of ore feed in a staged manner.

The delays in completing refurbishment and installation of the new ball mill were mainly the result of working capital constraints during the year due to delays in raising capital in the current challenging equity market environment.

O Capitao, Lavra

During the year, initial trial mining plans were finalised for the Company's Lavra deposit, part of the satellite O Capitao Project.

Pits have been scheduled for trial mining scheduled to start early next year. The pits cover approximately 25% of the resource area, providing encouragement that there is potential to extend mining activities beyond the initial trial mining period. One of the key objectives of the trial mining program, together with further drilling, is to upgrade the current Inferred Resource classification by quantifying the extent of artisanal depletion.

The purpose of trial mining is threefold:

1. The lower pit tonnage involved in the trial mining exercise will hasten the commencement of mining by shortening the licensing lead-time, with the reduced tonnage also removing 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 pits will remove approximately 44,000 tonnes of ore, subject to depletion by artisanal miners, with the potential to lead 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 cash 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 (US$) per mined gold ounce (0% mine depletion)	81
Cost (US$) per mined gold ounce (50% mine depletion)	163
Cost (US$) per produced gold ounce (80% mill recovery & 0% mine depletion)	162
Cost (US$) 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, although 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 the net effect of reducing Cleveland's average AISC base, which is already predicted to be very low.

Mining is scheduled to be undertaken for 10 hours per day and for 5 ½ days per week. Processing of Lavra ore will involve it either 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 130-140tph capacity upon completion of the current upgrades, while throughput of combined Lavra and Premier ore is expected to peak at 100tph 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 the trial mining phase, 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 approximately A$7 million, to be funded by cash-flows from Premier and O Capitão.

Resources

The resource inventory in the Premier pit shell increased from 28,000oz to 74,000oz during the year as a result of successful programs of grade control drilling and resource modelling.

A maiden JORC compliant resource of 40,000oz was established for the O Capitão Dona Maria Project during the year as a result of a successful program of in-fill drilling and modelling. This resource was defined within an area representing less than 5% of the potential lateral area of the potential structure, which remains open at depth.

A maiden JORC compliant resource of 67,000oz was established for the O Capitão Lavra Project based on a re-interpretation of existing data and further ground-truthing. The average grade of the resource was reduced from an average of +10gpt demonstrated by drilling to a modelled grade of 5gpt to take into account the unknown extent of depletion from historic artisanal mining activities.

The area of the maiden resource represents approximately 10% of the potentially mineralised structures at Lavra. Lavra remains unexplored and open at depth.

The updated Mineral Resource inventory for the Premier Gold Mine and the O Capitao Project are shown in the tables below:

Premier Gold Mine – JORC Resources

	Tonnes (kt)	Gold Grade (g/t Au)	Gold (kg Au)	Gold (koz Au)
Indicated	437	2.18	952	30.6
Inferred	833	1.63	1,354	43.5
Total	1,270	1.82	2,306	74.1

O Capitão Dona Maria Project – JORC Resources

	Tonnes (kt)	Gold Grade (g/t Au)	Gold (kg Au)	Gold (koz Au)
Indicated	905	1.07	969	31.2
Inferred	227	1.19	271	8.7
Total	1,131	1.10	1,240	39.9

O Capitão Lavra Project – JORC Resources

	Tonnes (kt)	Gold Grade (g/t Au)	Gold (kg Au)	Gold (koz Au)
Inferred	418	5.0	2077	67.0
Total	418	5.0	2077	67.0

Combined Resource Inventory

	Tonnes (kt)	Gold Grade (g/t Au)	Gold (kg Au)	Gold (koz Au)
Indicated	1,342	1.43	1,921	61.8
Inferred	1478	1.54	3,702	119.2
Total	2,819	2.00	5,623	181.0

__Resource Expansion Program__

Field work has commenced in preparation for resource extension drilling this year targeting an increase in the Premier resource base to underpin six years of production at an annualised production rate of ~40,000oz.

Resource expansion activities will be targeting direct extensions of the Metago and Dona Maria ore bodies, which remain open in all directions. A particular focus will be on the eastern extension of the "Metago" orebody as well potential up-dip extensions targeting mineralisation beneath the historical Government-operated open pit.

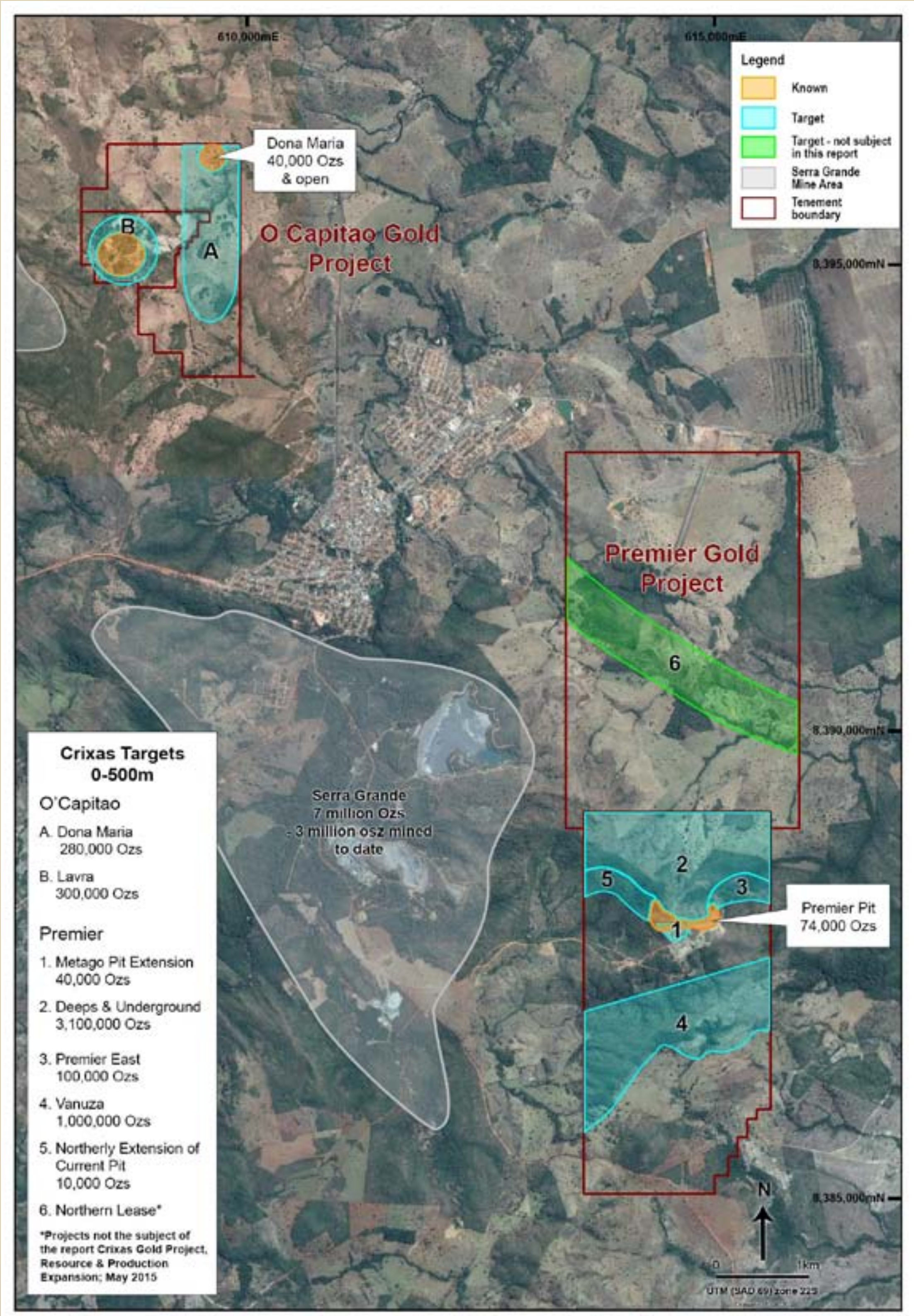
Positive results are being generated from all areas, providing further confidence in the potential to grow the Company's resource inventory.

Exploration

__Exploration Targets – Drilling Plan__

During the year, the Company compiled a series of exploration targets at Premier/O Capitão, based on drilling, geophysics, mapping and proximity to known resources. The exploration targets are summarised below:

Priority	Map Reference	Target	Number of Metres Diamond Drilling	Number of Metres RC Drilling	Drilling Months #	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
Total			**10,200**	**23,700**	**27**		**1,910,000**



Crixas Exploration targets (0 – 400m depth)

Metago Historical Open Pit

The area under the historical Metago open pit was targeted by a short proof-of-concept drilling program undertaken as a result of a significant re-modelling of the mineralised horizon at the Premier Mine.

Previous interpretations had presumed that the base of the open pit represented the base of mineralisation. However, the new drilling results indicate this may not be the case and a revised interpretation has the potential to add near-term ounces to the resource model and extend the mine life at Premier.

To follow up this interpretation, four vertical RAB holes were drilled from the bottom of the pit to a depth of 9-12m. Mineralisation was intersected from immediately below surface and was recorded to the bottom of each hole, with the mineralised zone remaining open below the drilling.

Geological observations from the drilling, when compared with modelled mineralisation nearby, suggests that there is significant potential mineralisation below the current pit floor and further below these drill holes. Gold grades varied from below 1 g/t Au to 16g/t Au. The results are significant, as they clearly demonstrate the potential to delineate additional resources at Premier which would be easily accessible from the current area of mining.

Eastern Extension Target

Re-interpretation of the resource model has helped to define a large target extending to the east of the current resource.

Initial ground reconnaissance exploration of this Eastern Extension Target has revealed 10 historical Garimpeiro (Artisanal Miner) shafts and high-grade rock chips (of up to 41.7g/t Au) coinciding with the interpreted surface projection of the target unit.

There was no previous drilling within this new target area from the eastern edge of the current resource model to the tenement boundary, representing around 800m of potential strike extension. This represents a priority near-term exploration target in the near-mine environment. Drilling into this target area commenced in mid-September.

Vanuza Discovery

Exploration work during the year resulted in the discovery of an extensive zone of primary gold mineralisation less than 1.5km south of the operating Premier Joint Venture Gold Mine. The discovery was the result of field work conducted within an area of anomalous gold-in-soil samples that was previously referred to by the Company as the “Southern Anomaly”.

Along with outcropping mineralised rocks, the new prospect (which has been named “Vanuza”), is defined by extensive gold-in-soil anomalism, together with coincident silver, copper, molybdenum, zinc, arsenic and cobalt soil anomalism (amongst other elements), suggesting a primary poly-metallic source.

O Capitão Exploration and Resource development

An in-fill drilling program was conducted at the Dona Maria project during the year, aimed at defining approximately 20,000oz of gold to a JORC standard suitable as the basis for initial mine planning. The program was very successful, with approximately 40,000oz defined by less drilling than was originally planned.

Assay results from the resource drilling included significant gold mineralisation grading up to 17.37gpt. Additional field work targeting strike extensions recorded rock chip results of up to 64.8gpt gold from a corridor extending 1.5km south from the Dona Maria prospect where the resource drilling was undertaken.

The location of the rock-chip samples has been interpreted by mapping and aerial photo analysis to be an extension of the structure which hosts the existing Lavra and Dona Maria mineralised areas.

The mineralised body contains a range of minerals, including zinc grades greater than 1%, leading the Company to believe that O Capitão has the potential to host a large poly-metallic mineralised system. The mineralisation remains open in all directions, and further holes are now being planned to track the mineralised structure further towards the south.

Contractor Flotation Plant

During the year, Cleveland granted the operator of a 40tph Contractor Flotation Plant the right to process tailings previously produced by the gravity circuit under contractor for a period of approximately 10 months. Under this arrangement, all costs will be borne by the contractor and the Cleveland-Premier Joint Venture will be entitled to 30% of the gross revenue produced by the plant.

Installation of the 40tph Contractor Flotation Plant was completed during the year, however the plant has so far failed to produce any gold. Cleveland is reviewing whether to allow the Contractor to continue operating.

Orinoco Agreement

During the year, Cleveland reached agreement with Orinoco Gold (ASX: OGX) to formally terminate the Toll Mining and Toll Processing Agreement between the two companies in relation to Orinoco's Cascavel Gold Project. The decision to terminate the agreement was made after taking into consideration the time required to convert the current underground extraction permit for Cascavel into an open pit extraction permit, which would be unacceptable to both Orinoco and Cleveland to allow viable economic returns from the project in an appropriate timeframe.

The Cleveland Board is of the view that, due to the limited life of the Toll Treatment Agreement, the capital that would be required to develop Cascavel as an underground mine and the lack of resource certainty, the potential benefits flowing from the Toll Treatment agreement based on an underground mining proposition were not commensurate with the risks involved with developing the project as an underground mine at this stage.

Iron Ore

Change in Ownership of Brazil Iron Ore Alliance

During the year, BC Iron Limited (ASX: BCI) advised Cleveland that, in light of market conditions, it had decided to withdraw from the 50:50 alliance between the companies over the Bahia and Minas Novas iron ore exploration projects in Brazil.

As a result of this decision, BC Iron transferred sufficient funds to Cleveland to ensure that it is free of accrued tenement liabilities and also divested its strategic 3.66 per cent shareholding in Cleveland. The BC Iron holding, comprising approximately 8.7 million shares, was acquired by existing shareholders and company employees in an off-market transfer.

Cleveland will now assume control over 100% of the option to purchase contract held with the private Brazilian company, BAHMEX, over the Bahia and Minas Novas Projects – both of which have considerable strategic value as potential future iron ore/pig iron development opportunities.

Cleveland's main focus remains on expanding gold production and resources at its flagship Premier/ O Capitão gold projects in central Brazil. Accordingly, the Company intends to divest its Brazilian iron ore assets into a separately funded entity to ensure that these projects do not require any meaningful expenditure from Cleveland, allowing it to continue to focus its resources on its growing gold business.

During the year, further field work was conducted on the Minas Novas Iron project in Minas Gerais State, Brazil. The field work involved mapping and trenching over aeromagnetic anomalies and outcropping iron ore to gain a deeper understanding of the iron-rich units and to determine why the initial drilling results had been poor.

Field work demonstrated that the mineralised unit dipped at a steeper angle that had previously been interpreted. The results were extremely encouraging, as they provided clear proof that the target unit is approximately 50m thick and has grades in the range to be expected from typical Brazillian Itabirite (the most common form of iron ore exploited in Brazil).

Bahia Blast Furnace study

First-pass drilling on the Company's Bahia projects has identified mineralisation on several projects. The Company has decided to focus on the Caetite 2 Project, where mineralisation has been delineated from surface to 140m down-dip by two fence-lines of drill holes located 2.2km apart within a 6km magnetic/outcrop anomaly. Drilling indicates that the unit is approximately 30m thick.

Metallurgical test-work on samples taken from Caetite 2 indicated that, at a coarse grind size (approximately 116 micron), a very high grade magnetite concentrate can be produced (69-71% Fe). Mass yield of the mineralised rock averaged around 20% (meaning 5 tonnes of ore would be required to produce 1 tonne of concentrate).

High-level modelling indicates that concentrate could potentially be produced for around $20 per tonne, based on a 2.8:1 strip ratio. Further work is required to quantify this production cost number.

The Brazilian Government, through the construction consortium VALEC, is currently building the FIOL railway, which will pass approximately 25km from Caetite 2 and offer open access. The railway is expected to be finished in approximately 18 months from now and will connect with a new bulk cargo port. Construction of the port is yet to commence.

The Company considered three alternatives for the development of the Bahia projects, namely:

1. Local, mine-gate sales of concentrate;
2. Export of concentrate utilising the FIOL railway; and
3. Production of pig iron targeting domestic (Brazil) or other markets in the Americas.

The Bahia projects are uniquely located so as to allow all three options to be seriously considered, for the following reasons:

1. There are local users of iron ore and concentrate, and precedents set for mine-gate sales to companies such as Vale;
2. The open access railway is close to the projects, has un-allocated capacity and construction is making steady progress; and
3. All of the ingredients (iron ore, charcoal produced by plantation timber, limestone, quartz, natural gas and skilled labour) are available within economic trucking distances from Caetite 2.

The Company is currently studying the viability of establishing a "mini" blast furnace for the production of pig iron from a potential concentrate from Caetite 2.

It must be noted that, at this initial stage, the Company has not defined a JORC compliant resource and has not completed detailed studies, but has been undertaking high-level studies to understand the broad economics and focus of the project areas. The values should be considered as a guide to the Company's strategy, rather than as a qualitative guide to the project's viability or ultimate economics.

The option of producing pig iron is the Company's preferred option in the short term due to:

1. The lower percentage transport cost per revenue dollar;
2. The ability to target Brazilian and US steel manufacturers;
3. Indicated Government support that would be given to a value-adding enterprise of this nature compared to a mining only operation;
4. Disconnection from the global iron ore price;
5. The modular approach that can be taken to project development, thereby reducing enterprise risks. If the project is successful, and the Company can gain comfort in the off-take market and delineate sufficient resources, further process trains can be added to the blast furnace in the future;
6. The unique position and advantages of both the Bahia and Minas Novas project areas for the production of pig iron due to the availability of local production inputs, including plantation-grown eucalypt trees for charcoal production and the proximity to both local steel mills and exportation infrastructure; and
7. The fact that Company's projects are ideally located to fill gaps in the market following changes in the Brazilian regulations which have outlawed the use of native timber in charcoal production and led to the closure of many blast furnaces in Brazil.

In addition, the Company is establishing the price of a basic pellet plant/agglomeration plant to determine the feasibility of the Bahia concentrate for feed into a blast furnace. Further detailed studies on the resource, potential pig iron off-take customers and detailed project economics may be undertaken by Cleveland if this quotation is positive.

Corporate

During the year, Cleveland secured an additional US$3 million funding facility for the Company's Joint Venture iron ore projects in Brazil. The facility, organized by Jett Capital Advisors, also provided general working capital to the head entity. The note has a similar premium structure to the existing facility, and carries a 15% interest rate with a bullet repayment after 18 months. The note is not convertible into shares, although Cleveland will issue Platinum with 5 million 14c options and seed equity in its iron ore subsidiary.

Operations Review

The funds sourced from Platinum were provided in two tranches:

1. US$1 million, minus upfront fees and pre-paid interest, provided immediately; and
2. A further US$2 million, minus upfront fees and pre-paid interest, received after an additional 1,000oz of gold was produced at the Premier Gold Mine.

The Company received A$1.87 million under its previously announced Royalty Linked Note, plus an additional US$500,000 (A$670,000) under a gold pre-payment off-take agreement, which was finalised in July, with the combined fund raising totalling ~A$2.5 million.

The convertible note proceeds were progressively drawn throughout the raise to complete the expansion of the processing plant at the Premier operation from its current throughput capacity of circa 40 tonnes per hour (tph) to 100tph.

Partial underwriting of the note by Cleveland's Managing Director, David Mendelawitz, together with additional funds received early in the capital raise process, has allowed the expansion program to progress prior to the final completion of the raising.

Additionally, Cleveland has now completed all documentation required to formally extend the loan with Platinum Partners LLP from September 2015 to September 2016. The extension was subject to the grant of a 2% royalty over Premier as a condition of the extension. This royalty can be bought back by the Cleveland Premier Joint Venture for US$1.5 million.

The Royalty note details are:

- 12-month duration;
- 9% coupon;
- 6.23% Production Royalty linked to the first 3 months of production following the certified commissioning completion and steady-state production of the new ball mill;
- The note-holders have 6 months from the execution of the note to elect to convert the face value of the note to shares at A$0.06 per share and forego the interest and royalty component; and
- Convertible to equity at a discount to the prevailing Volume Weighted Average Price at the maturity date 12 months after issue in the case of default by Cleveland

The gold off-take loan details are:

- US$500,000 prepaid for purchase of approximately 14 kg of gold Dore;
- Further pre-payments of up to US$500,000 available at Cleveland's discretion on settlement of prior prepaid shipments;
- Interest capped at 8% per annum on outstanding prepaid funds; and
- Exclusive off-take of gold doré granted to refiner for 3 years on same terms as gold dore is currently sold by Cleveland.

During the year, highly regarded and experienced corporate finance and banking executive Wayne Zekulich was appointed to the Company's Board as a non-executive Director.

Director's Report

The directors of Cleveland Mining Company Limited submit herewith the annual report of the Company for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names and particulars of the directors of the Company during or since the end of the financial year are as follows. All directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mr Russell Scrimshaw – Non-Executive Chairman
Appointed 5 July 2011, resigned 19 October 2015

Russell Scrimshaw retired as Executive Director and Deputy CEO of Fortescue Metals Group Ltd where he was part of the key management team that completed FMG's history-making iron ore mine, port and rail start up. At Fortescue, he was a lead member of the team that raised A$2.7 billion in what was the largest ever high-yield Asia Pacific transaction, the largest ever high-yield bond raising, one of the largest corporate bonds out of Australia, and one of the largest in the resource sector worldwide. Russell has negotiated billions of dollars of off-take agreements, signing agreements with approximately 50 steel mills, including all ten of China's top ten steel mills. Russell is also Chairman of London Stock Exchange-listed Sirius Minerals Plc.

Prior to Fortescue Metals, Russell was a board member of Commonwealth Properties Ltd, EDS Australia, Mobilesoft Ltd, Telecom New Zealand Australia Pty Ltd, The Garvan Institute Foundation and Athletics Australia. He previously held executive positions within the Commonwealth Bank of Australia, Optus, Alcatel, IBM and Amdahl USA.

Over the past three years Russell has not held directorships with any ASX-listed companies other than Cleveland Mining Company Limited.

Mr David Mendelawitz – Managing Director
Appointed 16 June 2010

David Mendelawitz has extensive international experience in exploration, mining and commerce. His most recent role was as Head of Business Improvement at Fortescue Metals Group Ltd, in which he drove projects in exploration, project construction, mine and infrastructure optimisation and expansion planning. David has a successful track-record both as a geologist and in the corporate aspects of large minerals projects.

Over the past three years David has not held directorships with any ASX-listed companies other than Cleveland Mining Company Limited.

Mr Rick Stroud – Non-Executive Director
Appointed 8 October 2013

Rick Stroud is a mining engineer with over 40 years' worldwide experience in the mining industry. Over the last 12 years he has held the position of General Manager for P&H Minepro for WA, SA and South-East Asia, Manager Mining and Alternate Resident Manager for Argyle Diamonds, Group General Manager Engineering for Snowden Mining Consultants and co-founder of Optiro Mining Consultants. Rick has had exposure to all facets of the mining industry from operations to corporate, most mineral commodities, open pit and underground and consulting to contracting. His specialist skills are in strategic and project management, operational optimisation, mentoring senior mining management and personnel and peer reviewing/ project managing mining studies and projects.

During his time with Snowden, Rick project managed the mining DFS for FMG on Cloud Break and various other iron ore studies, reviews on hematite, magnetite, CIDs and detritals while assisting in establishing an office in Belo Horizonte in Brazil. His gold experience has blanketed mines from Newmont on Batu Hijau in Indonesia, Freeport in West Papua, to mines in Australia, Africa, Mexico and Chile. Previous directorships have included Paget Gold Mining, International Brick and Tile and more recently Rick was a director of ASX-listed A1 Minerals Limited (now Stone Resources Australia

Limited) from August 2010 to April 2011. He currently lives in Perth and is Non-Executive Chairman of Fodere Mining, a private investment group investigating mining prospects primarily in Indonesia and Australia.

Over the past three years Rick has not held directorships with any ASX-listed companies other than Cleveland Mining Company Limited.

Mr Wayne Zekulich – Non-Executive Director and acting Chairman
Appointed 9 February 2015

Mr Zekulich has an extensive depth of experience in the banking and corporate sectors in Australia, including a distinguished career as head of both Deutsche Bank and NM Rothschild & Sons (Australia) in Perth and as an Executive Vice President with Commonwealth Bank in Western Australia, South Australia and the Northern Territory.

During his investment banking career, Mr Zekulich has provided strategic and corporate advice on a wide range of transactions and mergers and acquisitions, played a key role in arranging and underwriting project financings, and was involved in privatisations and capital raisings in both debt and equity capital markets.

He has also previously held senior corporate roles including Chief Financial Officer and Chief Development Officer with Oakajee Port & Rail and as Chief Financial Officer with Gindalbie Metals.

Mr Rod Campbell – Former Executive Director – Commercial
Appointed 4 September 2013
Resigned 29 August 2014

Rod Campbell held senior management positions with Fortescue Metals Group Ltd from 2004 until 2012, during which he was involved in a number of high-profile debt raising transactions to facilitate the development of Fortescue's mine, port and rail infrastructure. He was Fortescue's Company Secretary over those years with extensive involvement across all areas of corporate governance. From 2010 to 2012 he was also Fortescue's Head of Investor Relations where he built a broad network across both the domestic and international resource investment communities.

Prior to working with Fortescue, Rod was State Manager Western Australia of Rabobank Australia Ltd. and before that was a Senior Manager with State Bank NSW Ltd. Rod holds a Bachelor of Agricultural Economics from the University of New England and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (now Financial Services Institute of Australasia).

Over the past three years Rod has not held directorships with any ASX-listed companies other than Cleveland Mining Company Limited.

Directors' security holdings

The following table sets out each director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report:

	Cleveland Mining Company Limited		*Cleveland Mining HK Limited*	
Name	*Number of fully paid ordinary shares*	*Number of options over ordinary shares*	*Number of fully paid ordinary shares*	*Number of options over ordinary shares*
Mr D Mendelawitz	41,908,015	2,240,000	-	1,750,000
Mr R Scrimshaw	2,928,958	3,250,000	-	2,000,000
Mr R Stroud	455,000	3,000,000	-	-
Mr W Zekulich	500,000	-	-	-

Remuneration of directors and key management personnel

Information about the remuneration of directors and key management personnel is set out in the remuneration report of this directors' report. The term "key management personnel" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Share options granted to directors and senior management

During and since the end of the financial year no share options were granted to directors and key management personnel of the Company and its controlled entities as part of their remuneration.

Company Secretary

Mr Albert Longo
Appointed 5 September 2014

Mr Longo is a Chartered Accountant with over 33 years' experience in accounting and commercial administration, predominantly in gold mining and engineering industries. He has been involved in a number of start-up gold operations including Kanowna Belle and more recently Allied Gold's Simberi Mine in Papua New Guinea. He was appointed caretaker CEO and Finance Director at A1 Minerals Ltd whilst awaiting a cornerstone investor.

Ms Katrina Grose
Appointed 12 July 2013
Resigned 5 September 2014

Katrina Grose is a Chartered Accountant and Chartered Company Secretary with 19 years' experience in the accounting and finance profession. Katrina began her career in professional practice, and has since held finance positions for several ASX-listed and unlisted companies, including the role of Company Secretary for ASX-listed gold explorer and producer Dioro Exploration NL for over 5 years. Prior to her appointment as Company Secretary, Katrina had been Cleveland's Financial Controller for 2 years.

Katrina holds a Bachelor of Commerce from the University of Western Australia, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (now Financial Services Institute of Australasia) and a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia (now Governance Institute of Australia).

Principal activities and significant changes in affairs

Cleveland Mining Company Limited ("Cleveland") is an Australian-managed public minerals company focused on developing projects into operating mines. Cleveland's ability to deliver comes from its management team and board, who have successfully led high-profile projects across the world; and its partners, who provide local strength. This experience uniquely positions the Company to acquire quality projects and develop them with stability, sustainability and profits squarely in mind.

The Company has a different approach to project selection, with project economics driving target selection as well as geological prospectivity, local costs and infrastructure being rigorously scrutinised before entering into a project. Projects are assessed according to their potential to generate returns at the bottom of the commodity price cycle.

Operating and financial review

Operating results

The loss of the consolidated entity for the year ended 30 June 2015 after providing for income tax amounted to $11,995,384 (2014: $12,145,155 loss).

Financial position

The net assets of the consolidated entity were $1,479,218 as at 30 June 2015 (2014: $16,142,941).

Review of operations

On 25 July 2014 the Company announced the completion of the initial exploration programme at the Bahia and Minas Novas Iron ore projects in Brazil.

On 28 July 2014 the Company announced that it had signed a mining agreement to increase production and cash flow with Orinoco Gold Limited to undertake mining operations at Orinoco's Cascavel Gold Project.

On 27 August 2014 the Company announced that it had secured a US$3m funding facility to advance Brazilian iron ore exploration.

On 29 August 2014 the Company announced that Rod Campbell had resigned as Commercial Director.

On 1 September 2014 the Company announced the successful installation and commissioning of the In-Line Leach Reactor at the Premier Gold Mine.

On 5 September 2014 the Company announced that Katrina Grose had resigned as Company Secretary. Albert Longo was appointed as Company Secretary from that date.

On 9 September the Company announced the commencement of Resource Drilling at O Capitão.

On 1 October the Company announced drilling had confirmed significant extensions to the Metago Pit at the Premier Gold Mine.

On 23 October 2014 the Company announced high grade rock chips and drill hole intercepts indicate significant growth potential.

On 12 November 2014 the Company announced that it had terminated the Orinoco toll milling agreement.

On 22 December 2014 the Company announced that it was to expand its production base and increase ownership of the Premier Gold Mine.

On 2 February 2015 the Company announced that BC Iron Limited was withdrawing from the 50:50 alliance of the Bahia and Minas Novas iron ore exploration projects in Brazil.

On 9 February 2015 the Company announced the appointment of Wayne Zekulich as a Non-Executive Director.

On 24 February 2015 the Company announced the commencement of the expansion program at Premier God Mine and launched a royalty-linked note to fund the renovation, installation and tie-in of the new 100tph ball mill.

On 17 March 2015 the Company announced it had secured the debt restructure and funding support to underpin Premier Gold Mine expansion.

On the 30 March 2015 the Company announced a significant discovery of an extensive zone of primary gold mineralisation less than 1.5km south of its operating Premier Joint Venture Gold Mine in central Brazil

On 30 April 2015 the Company announced an agreement with its principal financier Platinum Capital Projects, to extend the maturity date of its existing $6.8 million debt facility to September 2016. The Company announced preparatory work for expansion drilling to increase its resource base to underpin 6 years production at 40,000z per annum.

Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by David Mendelawitz, who is a Member of The Australian Institute of Geoscientists. 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 as Chief Executive Officer/Managing Director by Cleveland Mining Company Ltd.

Dividends paid or recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report (2014: Nil).

Events subsequent to balance date

On 13 July 2015 the Company announced that it had signed a Gold prepayment agreement with a refiner subject to 9% interest pro-rated for the period of the prepaid amount. The agreement allows for the Company to receive prepayments of USD500,000 for gold shipments for the next 11 months. The agreement is valid for a 3 year term. A prepayment of USD500,000 (equivalent to 14 kg gold dore) has been received.

On 13 July 2015 the Company announced closure of the Royalty Linked Note. A total of $125,000 was raised post balance date. During August 2015 the Company accepted applications for a further $540,000 in Royalty Linked Notes. (see Note 19).

On 13 July 2015 the Company announced 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.

On 10 September 2015 the Company announced that it had mobilized a drill rig to complement the 2 existing grade control rigs for initial advance grade control drilling 100 tph of ore and future drilling extension holes in the highly prospective Vanuza south of the Premier open pit.

On 30 September 2015, the Company suspended its securities pending an announcement relating to the ownership and financing structure of the Premier Gold mine.

On the 19 October 2015, Mr. Russell Scrimshaw announced his intention to step down from the Non-Executive Chairman role and the Board of the Company. Mr Wayne Zekulich accepted the role as Acting Non-Executive Chairman

On 24 October 2015 the Company formalised an option agreement to acquire the remaining 50% interest in the Premier Project from Edifica for 3 staged payments of $US4 million and a 5% gold royalty. The option is valid for 6 months and is at the discretion of the Company. 100% ownership is formalised on the receipt of the first payment. Subsequent payments are each 12 months apart.

On 12 November 2015 the Company announced a Waiver Agreement with Platinum Partners, regarding outstanding interest payments, which was executed on 11 December 2015. The agreement consolidated the $US6.8m note with the $US1m note and $US2m note, providing a consolidated US$10,974,861 note with a maturity date of 19 September 2016. The interest rate on the consolidated note was reduced to 12%, and interest is payable quarterly in arrears, commencing 1 April 2016. In addition, four consecutive monthly repayments of US$250,000 will commence on 1 April 2016. The Company will issue Platinum Partners 29,371,525 shares in consideration for the waiver subject to shareholder approval, 5,000,000 warrants at an exercise price of AU$0.05, and the Company will transfer 50% of the fully paid shares in Cleveland Iron Holdings Pty Ltd to Platinum Partners. The redemption amount of the consolidated note at maturity is US$13,169,833. The note holder has, subject to shareholder approval, the option of converting any portion of the note together with any accrued and unpaid interest thereon into shares in the Company at a conversion price of AU$0.07.

On 10 December 2015, the Company announced an equity placement for approximately $1.6 million and a Share Purchase Plan (SPP) of up to $500,000 (with $400,000 underwritten). Of the $1.6 million placement, $1,328,876 is available following the Company's securities recommencing trading on the Australian Securities Exchange, with the balance of $300,000 being subject to shareholder approval. Shareholder approval for the $300,000 and the SPP will be sought in January 2016 and funds raised by the SPP from existing shareholders or Underwriters will be made available post shareholder approval. The Company also announced Mr Alex Sundich and Mr Glenn Simpson are to join the Board of Cleveland as non-executive Directors, following the completion of this capital raising.

Future developments, prospects and business strategies

The Company is primarily focused on gold and iron ore projects in Brazil, where it sees potential to build operations that can operate profitably regardless of the commodity price cycle. The Company 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.

Following commencement of production at the Premier Gold Mine in the 2013 financial year, 2014 was a year of consolidation, and the 2015 financial year has reflected a further improvement in the capabilities of the Premier plant by the commencement of the installation of more robust treatment plant equipment to improve the reliability of production and the mechanical availability of the treatment plant. In addition works were undertaken to expand the ore resources to provide future mill feed as a result of initial drilling commenced last year.

Environmental issues

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations at all times.

Meetings of directors

During the financial year, 5 meetings of Directors and two meetings of the Audit and Risk Committee were held. Attendances by each Director during the year were as follows:

	Board of Directors		Audit and Risk Committee	
	Held	Attended	Held	Attended
Mr D Mendelawitz	5	5	-	-
Mr R Scrimshaw	5	5	2	2
Mr R Stroud	5	4	2	2
Mr W Zekulich	3	3	2	1
Mr R Campbell	1	1	-	-

Shares under option or issued on exercise of options

At the date of this report, the unissued ordinary shares of Cleveland Mining Company Limited under option are as follows:

Details	*Date of expiry of options*	*Exercise price of options*	*Number under option*
Unlisted options	31 Dec 2015	$0.20	5,340,000
Unlisted options	31 Dec 2015	$0.36	3,250,000
Unlisted options	16 May 2016	$0.25	1,000,000
Unlisted options	31 Dec 2018	$0.25	1,000,000
Unlisted options	31 Dec 2018	$0.40	2,000,000
Unlisted options	31 July 2019	$0.14	7,500,000
Listed options	4 July 2016	$0.65	11,364,998
			31,454,998

During the year ended 30 June 2015, no options were exercised. During the year ended 30 June 2014 no options were exercised.

At the date of this report, the unissued ordinary shares of Cleveland Mining HK Limited under option are as follows:

Details	***Date of expiry of options***	***Exercise price of options***	***Number under option***
Unlisted options	15 Apr 2019	$0.20	7,800,000

During the years ended 30 June 2015 and 30 June 2014, no options in Cleveland Mining HK Limited were exercised.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Indemnifying officers or auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The Company did not engage the external auditor to provide any non-audit services during or since the end of the financial year.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 27 of this annual report.

REMUNERATION REPORT (Audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Cleveland Mining Company Limited's directors and its senior management for the financial year ended 30 June 2015. The prescribed details for each person covered by this report are detailed below under the following headings:

- Directors and senior management details
- Remuneration policy
- Relationship between the remuneration policy and Company performance
- Remuneration of directors and senior management
- Key terms of employment contracts

Director and senior management details

The following persons acted as directors of the Company during or since the end of the financial year:

- Mr D Mendelawitz (Managing Director)
- Mr R Scrimshaw (Non-Executive Director) (resigned 19 October 2015)
- Mr R Stroud (Non-Executive Director)
- Mr W Zekulich (Non-Executive Director) (appointed 9 February 2015)
- Mr R Campbell (Executive Director) (appointed 4 September 2013, resigned 29 August 2014)

The term "senior management" is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Mr A Santos (Brazilian Commercial Manager)
- Mr J Sharp (Manager of Mineral Resources)
- Mr A Longo (Company Secretary) (appointed 5 September 2014)
- Ms K Grose (Company Secretary & Financial Controller) (appointed 12 July 2013, resigned 5 September 2014)

Remuneration policy

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. No external advice has been received during the current financial year.

In considering the Group's performance and its effect on shareholder wealth, the Board have regard to a broad range of factors, primarily related to financial and operational performance, the development progress towards production on the Company's projects, results and evaluation of exploration activities etc. Excluding remuneration in the form of share-based payments, which are discussed further below, the Company is of the view that any adverse movement in the Company's share price related to an industry trend or other similar non-specific economic condition should not be a punitive factor in assessing the performance of individuals.

Performance-based remuneration

The Board recognises that Cleveland Mining Company Limited operates in a global environment. To prosper in this environment the Company must attract, motivate and retain key executive staff. The principles supporting the Company's remuneration policy are that:

- Reward reflects the competitive global market in which we operate;
- Rewards to executives are linked to creating value for shareholders. Reward in the form of options where possible take the form of options with exercise prices materially above the share price at the time of grant;
- Remuneration arrangements are equitable and facilitate the development of senior management across the company; and
- Where appropriate senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders.

Market comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the Company to reward key employees when they deliver consistently high performance.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2015:

	30 June 2015	30 June 2014	30 June 2013 (restated)	30 June 2012 (restated)	30 June 2011
	$	$	$	$	$
Revenue	735,889	221,098	202,822	125,887	97,477
Net loss before tax	(11,995,384)	(12,145,155)	(12,210,684)	(4,593,535)	(2,906,407)
Net loss after tax	(11,995,384)	(12,145,155)	(12,210,684)	(4,593,535)	(2,906,407)
Share price at start of year	0.090	0.093	0.78	0.29	0.29
Share price at end of year	0.039	0.090	0.093	0.78	0.29
Basic loss per share (cents)	(3.34)	(4.93)	(6.60)	(3.08)	(2.69)
Diluted loss per share (cents)	(3.34)	(4.93)	(6.60)	(3.08)	(2.69)

As part of the group reorganisation completed effective 23 September 2010, in which Cleveland Mining Company Limited acquired 100% of the issued share capital of Cleveland Mining Limited, all options previously issued to the directors and senior management of Cleveland Mining Limited were replaced with options in Cleveland Mining Company Limited on a one for one basis. Some of the options issued contain non-market vesting conditions aligned with the technical goals of the Company, including the completion of certain Definitive Feasibility Studies or Wet Commissioning of the first full scale process plant. Should any of the vesting conditions fail to be achieved, the related share options will not vest, consequently there is a direct link between the creation of shareholder wealth and share based payments.

Remuneration of directors and senior management

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board determines actual payments to directors and reviews their remuneration annually based, on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of the Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

The remuneration for each Director and member of senior management was as follows:

	Short-term employee benefits		Post-employment Benefits	Termination Benefits	Share-based payments	Total	Performance related
	Salary and fees	Non-monetary	Super-annuation				
	$	$	$	$	$	$	%
2015							
Directors							
R Scrimshaw	30,000	-	2,850	-	50,342	83,192	60.51
D Mendelawitz	200,000	-	19,000	-	-	219,000	-
R Campbell (1)	60,579	-	4,275	-	(30,201)	34,653	-
R Stroud	126,300	-	2,850	-	40,926	170,076	24.06
W Zekulich (2)	11,423	-	1,085	-	-	12,508	-
	428,302	-	30,060	-	91,268	549,630	
Key Management Personnel							
A Santos	223,450	-	-	-	-	223,450	-
K Grose (3)	53,023	-	3,617	-	-	56,640	-
J Sharp	190,000	-	18,050	-	-	208,050	-
A Longo (4)	175,937	-	-	-	-	175,937	-
Sam Clarke	192,425	-	-	-	-	192,425	-
	834,835	-	21,667	-	-	856,502	
	1,263,137	-	51,727	-	91,268	1,406,132	

(1) Mr Campbell resigned as of 29 August 2014
(2) Mr Zekulich was appointed 9 February 2015. Remuneration is from this date
(3) Ms Grose ceased employment with the Group on 5 September 2014
(4) Mr Longo commenced employment with the Group on 5 September 2014

	Short-term employee benefits		Post-employment Benefits	Termination Benefits (11)	Share-based payments	Total	Performance related
	Salary and fees	Non-monetary	Super-annuation				
	$	$	$	$	$	$	%
2014							
Directors							
R Scrimshaw	30,000	-	2,775	-	42,109	74,884	56.2
D Mendelawitz	200,000	-	18,500	-	-	218,500	-
R Campbell (5)	170,000	-	14,569	-	30,201	214,770	14.1
R Stroud (6)	85,131	-	1,964	-	23,658	110,753	21.4
J Williams (7)	10,962	-	1,014	-	-	11,976	-
D Bailey (8)	5,538	-	-	-	-	5,538	-
A Finlay (9)	53,527	-	3,736	-	-	57,263	-
	555,158	-	42,558	-	95,968	693,684	
Key Management Personnel							
A Santos	223,450	-	-	-	-	223,450	-
K Grose (10)	177,692	-	16,437	-	-	194,129	-
J Sharp (11)	87,692	-	8,112	-	-	95,804	-
A Tomsett (12)	105,834	-	4,959	-	-	110,793	-
	594,668	-	29,508	-	-	624,176	
	1,149,826	-	72,066	-	95,968	1,317,860	

(5) Mr Campbell became a director on 4 September 2013. Remuneration shown above is for the period since appointment as a director.
(6) Mr Stroud became a director on 8 October 2013. Remuneration shown above is for the period since appointment as a director.
(7) Mr Williams ceased as a director on 1 November 2013
(8) Mr Bailey ceased as a director on 28 August 2013
(9) Mr Finlay ceased as a director on 12 July 2013
(10) Ms Grose became a member of the key management personnel with effect from 12 July 2013
(11) Mr Sharp commenced employment with the Group on 6 January 2014
(12) Mr Tomsett ceased employment with the Group on 25 September 2013

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

During the years ended 30 June 2015 and 30 June 2014, no bonuses were granted as remuneration.

Employee share option plan

Cleveland Mining Company Limited

An employee share option plan has been established where directors and employees of the Company may be issued with options over the ordinary shares of Cleveland Mining Company Limited. Shareholders approved the plan at a meeting of shareholders held on 14 November 2012. The options, issued for nil consideration, are issued in accordance with guidelines established by the directors of Cleveland Mining Company Limited.

Each employee share option converts into one ordinary share in Cleveland Mining Company Limited on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the following share-based payment arrangements were in existence:

Option series	***Grant date***	***Expiry date***	***Grant date fair value***	***Vesting date***
1a	23 Sep 2010	31 Dec 2015	$0.000	Vest subject to performance conditions
1b	23 Sep 2010	31 Dec 2015	$0.000	22 November 2012 *
1c	23 Sep 2010	31 Dec 2015	$0.000	22 November 2012 *
2a	17 Aug 2011	31 Dec 2015	$0.121	22 November 2012 *
2b	17 Aug 2011	31 Dec 2015	$0.138	22 November 2012 *
2c	17 Aug 2011	31 Dec 2015	$0.138	Vest subject to performance conditions
3a	2 May 2013	30 Jun 2017	$0.008	8 May 2013 *
3b	2 May 2013	30 Jun 2017	$0.042	Vest subject to performance conditions
3c	2 May 2013	30 Jun 2017	$0.057	Vest subject to performance conditions
4a	3 Jul 2013	31 Mar 2017	$0.031	Vest subject to performance conditions
4b	3 Jul 2013	31 Mar 2017	$0.031	Vest subject to performance conditions
4c	3 Jul 2013	31 Mar 2017	$0.043	Vest subject to performance conditions
5a	2 Dec 2013	31 Dec 2018	$0.022	Vest subject to performance conditions
5b	2 Dec 2013	31 Dec 2018	$0.022	Vest subject to performance conditions
5c	2 Dec 2013	31 Dec 2018	$0.012	Vest subject to performance conditions
6a	2 Dec 2013	31 Dec 2018	$0.022	Vest subject to performance conditions
6b	2 Dec 2013	31 Dec 2018	$0.012	Vest subject to performance conditions
6c	2 Dec 2013	31 Dec 2018	$0.018	Vest subject to performance conditions

* Vested due to satisfaction of related performance conditions

Recipients of the above option series are entitled to the beneficial interest under the option when various performance conditions are satisfied and only if they continue to be employed with the Company at the time. The performance conditions attached to these option series are as follows:

1a Identification of the 1 millionth ounce of Inferred Resource
1b Completion of the first Definitive Feasibility Study
1c Completion of wet commissioning of the first full scale process plant
2a Completion of the first Definitive Feasibility Study
2b Completion of wet commissioning of the first full scale process plant
2c Completion of a transaction involving the Group's Hong Kong holding company or other agreed structure, including the necessary funding at the level required to initiate the first 18 months of operations
3a Introduction and successful operation for a period of six months, to the satisfaction of the Board, of a safety and risk management system across all business sites
3b Completion of a positive feasibility study on a project apart from Premier / O Capitão (as per 2012 plans) (could include a significant scale increase on Premier / O Capitão or any other project defined or acquired by Cleveland)
3c Operations for the project (project apart from Premier / O Capitão) reaching nameplate production for six months
4a Initial Premier operation (including CIL and O Capitão) reaching nameplate production rate for one month
4b Completion of a positive feasibility study on a project apart from Premier / O Capitão (as per 2012 plans) (could include a significant scale increase on Premier / O Capitão or any other project defined or acquired by Cleveland)
4c Operations for the project (project apart from Premier / O Capitão) reaching nameplate production for six months
5a Meeting of the 12 month mine plan gold production (+/-10%)
5b Publication of institutional research on the Company by at least two financial organisations
5c Completion of 12 months' continuous service with Cleveland Mining Limited from the date of option issue

6a Meeting of the 12 month mine plan gold production (+/-10%)
6b Completion of 12 months' continuous service with Cleveland Mining Limited from the date of option issue
6c Completion of 24 months' continuous service with Cleveland Mining Limited from the date of option issue

There were no new share-based payment grants to key management personnel during the current financial year.

During the year no key management personnel exercised options that were granted to them as part of their compensation.

No key management personnel options were granted, exercised or lapsed during the year.

Cleveland Mining HK Limited

An employee share option plan has been established where directors and employees of the Group may be issued with options over the ordinary shares of Cleveland Mining HK Limited. The options, issued for nil consideration, are issued in accordance with guidelines established by the directors of Cleveland Mining Company Limited.

Each employee share option converts into one ordinary share in Cleveland Mining HK Limited on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the following share-based payment arrangements were in existence:

Option series	***Grant date***	***Expiry date***	***Grant date fair value***	***Vesting date***
1a	16 Apr 2012	15 Apr 2019	$0.0002	Vest subject to performance conditions
1b	16 Apr 2012	15 Apr 2019	$0.0008	Vest subject to performance conditions
1c	16 Apr 2012	15 Apr 2019	$0.0023	Vest subject to performance conditions
2a	16 Apr 2012	15 Apr 2019	$0.0004	Vest subject to performance conditions
2b	16 Apr 2012	15 Apr 2019	$0.0018	Vest subject to performance conditions
2c	16 Apr 2012	15 Apr 2019	$0.0033	Vest subject to performance conditions

Recipients of the above option series are entitled to the beneficial interest under the option when various performance conditions are satisfied and only if they continue to be employed with the Company at the time. The performance conditions attached to these option series are as follows:

1a Funding of feasibility
1b Funding of plant
1c Sale of first three years' production
2a Completion of first iron ore feasibility study
2b First shipment or milling of iron ore
2c Twelve month name plate iron ore production

During the year no share options were granted, vested or were exercised by the directors or members of senior management of Cleveland Mining HK Limited.

Equity instrument disclosures relating to key management personnel

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Cleveland Mining Company Limited and other key management personnel of the Company, including their personally related parties, is set out below.

Name	Balance at start of year Number	Granted during year Number	Exercised during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
2015						
Directors						
Mr R Scrimshaw	3,250,000	-	-	-	3,250,000	2,250,000
Mr D Mendelawitz	2,340,000	-	-	(100,000)	2,240,000	106,667
Mr R Campbell	3,000,000	-	-	(3,000,000)	-	-
Mr R Stroud	3,000,000	-	-	-	3,000,000	1,000,000
	11,590,000	-	-	(3,100,000)	8,490,000	3,356,667
Key Management Personnel						
Mr A Santos	3,000,000	-	-	-	3,000,000	-
Mr J Sharp	-	-	-	-	-	-
Ms K Grose (2)	-	-	-	-	-	-
Mr A Longo	-	-	-	-	-	-
	3,000,000	-	-	-	3,000,000	-
Total	14,590,000	-	-	(3,100,000)	11,490,000	3,356,667

Name	Balance at start of year Number	Granted during year Number	Exercised during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
2014						
Directors						
Mr R Scrimshaw	3,250,000	-	-	-	3,250,000	2,250,000
Mr D Mendelawitz	2,340,000	-	-	-	2,340,000	106,667
Mr R Campbell (1)	-	3,000,000	-	-	3,000,000	-
Mr R Stroud (1)	-	3,000,000	-	-	3,000,000	-
Mr J Williams (2)	1,000,000	-	-	-	1,000,000	-
Mr D Bailey (2)	3,800,000	-	-	-	3,800,000	-
Mr A Finlay (2)	5,500,000	-	-	-	5,500,000	-
	15,890,000	6,000,000	-	-	21,890,000	2,356,667
Key Management Personnel						
Mr A Santos	3,000,000	-	-	-	3,000,000	2,000,000
Mr J Sharp (1)	-	-	-	-	-	-
Ms K Grose	-	-	-	-	-	-
Mr A Tomsett (2)	3,050,000	-	-	-	3,050,000	-
	6,050,000	-	-	-	6,050,000	2,000,000
Total	21,940,000	6,000,000	-	-	27,940,000	4,356,667

(1) Held at date of appointment
(2) Held at date of resignation

The number of options over ordinary shares in Cleveland Mining HK Limited held during the financial year by each director of Cleveland Mining Company Limited and other key management personnel of the Company, including their personally related parties, is set out below.

Name	Balance at start of year Number	Granted during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
2015					
Directors					
Mr R Scrimshaw	2,000,000	-	-	2,000,000	-
Mr D Mendelawitz	1,750,000	-	-	1,750,000	-
Mr R Campbell (2)	-	-	-	-	-
Mr R Stroud	-	-	-	-	-
	7,250,000	-	-	7,250,000	-
Key management personnel					
Mr A Santos	500,000	-	-	500,000	-
Mr J Sharp	-	-	-	-	-
Ms K Grose (2)		-	-	-	-
Mr A Longo	-	-	-	-	-
	500,000	-	-	500,000	-
Total	7,750,000	-	-	7,750,000	-

Name	Balance at start of year Number	Granted during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
2014					
Directors					
Mr R Scrimshaw	2,000,000	-	-	2,000,000	-
Mr D Mendelawitz	1,750,000	-	-	1,750,000	-
Mr R Campbell (1)	-	-	-	-	-
Mr R Stroud (1)	-	-	-	-	-
Mr J Williams (2)	1,000,000	-	-	1,000,000	-
Mr D Bailey (2)	1,000,000	-	-	1,000,000	-
Mr A Finlay (2)	1,500,000	-	-	1,500,000	-
	7,250,000	-	-	7,250,000	-
Key management personnel					
Mr A Santos	500,000	-	-	500,000	-
Mr J Sharp (1)	-	-	-	-	-
Ms K Grose	-	-	-	-	-
Mr A Tomsett (2)	-	-	-	-	-
	500,000	-	-	500,000	-
Total	7,750,000	-	-	7,750,000	-

(1) Held at date of appointment
(2) Held at date of resignation

Share holdings

The number of shares in the Company held during the financial year by each director of Cleveland Mining Company Limited and other key management personnel of the Company, including their personally related parties, is set out below. There were no shares issued during the year as remuneration.

Name	Balance at start of year Number	Received during year on exercise of options Number	Other changes during year Number	Balance at end of year Number
2015				
Directors				
Mr R Scrimshaw	1,193,681	-	1,735,277	2,928,958
Mr D Mendelawitz	41,908,015	-	-	41,908,015
Mr R Campbell (2)	416,667	-	-	416,667
Mr R Stroud	205,000	-	250,000	455,000
W Zekulich (1)	-	-	500,000	500,000
	43,723,363	-	2,485,277	46,208,640
Key Management Personnel				
Mr A Santos	750,000	-	277,778	1,027,778
Mr J Sharp	-	-	804,000	804,000
Ms K Grose (2)	-	-	-	-
Mr A Longo	-	-	250,000	250,000
	750,000	-	1,331,778	2,081,778
Total	44,473,363	-	3,817,055	48,290,418

Name	Balance at start of year Number	Received during year on exercise of options Number	Other changes during year Number	Balance at end of year Number
2014				
Directors				
Mr R Scrimshaw	360,348	-	833,333	1,193,681
Mr D Mendelawitz	41,908,015	-	-	41,908,015
Mr R Campbell (1)	416,667	-	-	416,667
Mr R Stroud (1)	205,000	-	-	205,000
Mr J Williams (2)	5,123,131	-	-	5,123,131
Mr D Bailey (2)	1,510,017	-	-	1,510,017
Mr A Finlay (2)	1,572,086	-	-	1,572,086
	51,095,264	-	833,333	51,928,597
Key Management Personnel				
Mr A Santos	750,000	-	-	750,000
Mr J Sharp (1)	-	-	-	-
Ms K Grose	-	-	-	-
Mr A Tomsett (2)	10,000	-	-	10,000
	760,000	-	-	760,000
Total	51,855,264	-	833,333	52,688,597

(1) Held at date of appointment
(2) Held at date of resignation

Other transactions with key management personnel

During the year ended 30 June 2015 the Company maintained loan facilities related to two directors, as follows:

Director	*Loan funds advanced by related party*	*Interest charged*	*Facility fee*	*Balance owing at 30 June 2015*
Russell Scrimshaw	$400,000	12.5% per annum	2%	$472,381
Rod Campbell	$100,000	12.5% per annum	2%	$102,197

During the year the following consulting fees were paid to directors in addition to their directors’ fees for consulting services provided. Amounts paid during the period of each director’s directorship (column (2) below) have been included in the amounts paid to directors in the Remuneration Report:

Director	*Paid prior to appointment as director*	*Paid after appointment as director*	*Total consulting fees paid for year*
Rick Stroud	-	$96,300	$96,300

There were no other transactions with key management personnel during the years ended 30 June 2015 or 30 June 2014.

Employment contracts of directors and senior executives

The Company has entered into standard employment agreements (fixed remuneration and equity-based incentives, whereby all future grants are at the discretion of the Board) with all executive directors and senior management. These agreements provide for an indefinite period of appointment, and may be terminated by either party at one month’s notice, except in the case of Andrei Santos, whose contract has a 3 month termination period. No termination payments are payable on termination of employment.

None of the non-executive directors have employment contracts with the Company.

This directors’ report is signed in accordance with a resolution of directors made pursuant to s298(2) of the Corporations Act 2001.

DAVID MENDELAWITZ
Managing Director
Dated at Perth this 12th day of December 2015

Corporate Governance Statement

The Company is committed to implementing high standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* and has adopted practices that are largely consistent with those ASX guidelines.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2015.

Principle 1: Lay solid foundations for management and oversight

1.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations and strives to meet those expectations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees and the wider community.

The Board has adopted a formal Board Charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities. This document is available on the Company's website at www.clevelandmining.com.au.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals.

1.2 Companies should disclose the process for evaluating the performance of senior executives.

The Company is in the process of developing a more formal process for the review of the performance of senior executives; however an informal assessment process currently exists, facilitated by the Managing Director. The performance of Directors is discussed at 2.5 below.

Principle 2: Structure the board to add value

As at 30 June 2015 the Board comprised four directors, two of whom were executive directors and two of whom were independent non-executive directors. As at the date of signing, following the resignation of Mr Rod Campbell, the Board currently comprises one executive director and two independent non-executive directors.

The directors are appointed in accordance with the Constitution of Cleveland Mining Company Limited which provides for a term of three years, at the conclusion of which re-appointment may be sought. Earlier re-appointment may be required as at least one director must stand for re-election at each Annual General Meeting.

The Board regularly reviews the skills and experience which it requires to fulfil its obligations, and appoints as directors persons who possess and can apply those skills and experience. The skills and experience of Directors is detailed in the Directors' Report.

2.1 A majority of the board should be independent directors.

The Company has reviewed the position of all current directors in light of the ASX Corporate Governance Council's guidelines on independence, and believes that Mr Russell Scrimshaw and Mr Rick Stroud are independent directors. Throughout most of the financial year, the Board comprised of half independent Directors and therefore not a majority. Subsequent to year end, following the resignation of Mr Rod Campbell, the Board currently consists of a majority of independent directors. The Directors will continue to consider the most appropriate structure for the Board going forward.

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties as a director of Cleveland Mining Company Limited or would affect their independence.

2.2 The chair should be an independent director.

The Company appointed Mr Russell Scrimshaw as an independent Chairman on 28 August 2013 and prior to this Mr Don Bailey held the role of independent Chairman of the Company. Accordingly, the Chair of the Company was an independent director for the entire financial year ended 30 June 2015.

2.3 The roles of chair and chief executive officer should not be exercised by the same individual.

The role of chair during the fnancial year ended 30 June 2015 was held by Mr Russell Scrimshaw and the role of Managing Director held by Mr David Mendelawitz.

2.4 The board should establish a nomination committee.

Given the small size of the Board and its comprising of only two independent non-executive directors, the Board has decided that all matters that would be handled by a nomination committee should be handled by the full Board. Such matters include ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance by:

- Assessing the skills required on the Board.
- From time to time assessing the extent to which the required skills are represented on the Board.
- Establishing processes for the review of the performance of individual directors and the Board as a whole.
- Establishing processes for the identification of suitable candidates for appointment to the Board.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Company is in the process of developing a more formal process for the review of the performance of the Board and the individual directors.

Principle 3: Promote ethical and responsible decision-making

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- *the practices necessary to maintain confidence in the company's integrity*
- *the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders*
- *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has adopted a Code of Conduct, which is available on the Company's website at www.clevelandmining.com.au. The Code covers a broad range of issues and refers to those practices necessary to maintain confidence in the Company's integrity, including procedures in relation to:

- compliance with the law;
- financial records;
- contributions to political parties, candidates or campaigns;
- occupational health and safety;
- confidential information;
- conflict of interest;
- efficiency;
- equal opportunity;
- corporate bribery; and
- membership to industry and professional associations.

The Code directs individuals to report any contraventions of the Code to their superior or the Managing Director.

3.2 *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.*

The Company has established a Diversity Policy, which is available on the Company's website at www.clevelandmining.com.au. The Diversity Policy sets out the Company's commitment to:

- An inclusive workplace that embraces individual differences and recognises the contribution of those who are different in background, experience and perspective
- A workplace free of discriminatory behaviours and business practices
- Equal employment opportunities based on capability and performance
- Awareness of the different work-life needs of employees and maintaining practices to support these
- Sensitivity to the needs, behaviours, preferences and style of others

3.3 *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*

At this stage the Company has not established measurable objectives for achieving gender diversity. The Company has a comparably small workforce within Australia and a mostly in country workforce for its operations. As the Company progresses towards full and stable production targets efforts will be made to introduce measurable objectives that will be communicated to all employees.

3.4 *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

The following information relates to employees of the Group as at 30 June 2015:

	Female Number	Male Number	Total Number	Female %	Male %
Board	-	4	4	-	100
Senior management	-	6	6	-	100
Whole organisation					
- Brazil	11	107	118	9	91
- Australia	2	7	9	22	88
- Total	13	111	127	10	90

Principle 4: Safeguard integrity in financial reporting

4.1 *The board should establish an audit committee.*

The Board has established an Audit and Risk Committee and adopted an Audit and Risk Committee Charter. The primary purpose of the Audit and Risk Committee, as set out in its Charter, is to facilitate:

- the effective operation of systems and controls which minimise financial and operational risk;
- reliable financial and management reporting policies and procedures;
- compliance with laws and regulations;
- maintenance of an effective and efficient internal and external audit process; and
- oversight of the accounting and financial reporting processes of the company and the audits of the company's financial statements.

A copy of the Audit and Risk Committee Charter is available on the Company's website at www.clevelandmining.com.au.

4.2 The board committee should be structured so that it:

- *consists only of non-executive directors*
- *consists of a majority of independent directors*
- *is chaired by an independent chair, who is not chair of the board*
- *has at least three members*

Members of the committee during the year ended 30 June 2015 comprised the following independent directors:

- Mr Russell Scrimshaw (Chair)
- Mr Rick Stroud
- Mr Wayne Zekulich (appointed 9 February 2015)

Accordingly, the composition of the Audit and Risk Committee did not meet the requirements of Recommendation 4.2 for the whole of the year ended 30 June 2015 as the chair of the committee is also the chair of the Board. The Directors will continue to consider the most appropriate structure for the Board going forward.

4.3 The audit committee should have a formal charter.

A copy of the Audit and Risk Committee Charter is available on the Company's website at www.clevelandmining.com.au.

Principle 5: Make timely and balanced disclosure

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has established policies and procedures in order to comply with its continuous and periodic disclosure requirements under the *Corporations Act 2001* (Commonwealth) and the ASX Listing Rules. The Board has adopted a formal Continuous Disclosure Policy, a copy of which is available on the Company's website at www.clevelandmining.com.au.

Principle 6: Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board's formal policy on communicating with shareholders is its Communications Strategy Policy. The aim of the Communications Strategy Policy is to promote effective communications with shareholders and stakeholders. A copy of the Communications Strategy Policy is available on the Company's website at www.clevelandmining.com.au. The Company's website forms an important part of its communications strategy.

Principle 7: Recognise and manage risk

7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Company has established a Risk Management Policy, which is available on the Company's website at www.clevelandmining.com.au. The Policy defines material business risk and sets out a process for managing risk.

7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board accepts that taking and managing risk is central to building shareholder value and the Board is responsible for the Company's risk management strategy. Management is responsible for implementing the Board's strategy and for developing policies and procedures to assist the Board to identify, manage and mitigate the risks across the Company's operations.

The Company employs executives and where necessary retains consultants each with the requisite experience and qualifications to enable the Board to manage the risks to the Company.

7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company has received declarations from the Managing Director and the Chief Financial Officer in accordance with section 295A of the Corporations Act.

Principle 8: Remunerate fairly and responsibly

8.1 The board should establish a remuneration committee.

Given the small size of the Board and its comprising of only two independent non-executive directors, the Board has decided that all matters that would be handled by a remuneration committee should be handled by the full Board. Such matters include ensuring that appropriate and effective remuneration packages and policies are implemented within Cleveland Mining Company Limited and its subsidiaries (the Group) for the Managing Director, Executive Directors and direct reports to the Managing Director, and the review of non-executive directors' fees.

8.2 The remuneration committee should be structured so that it:

- *consists of a majority of independent directors*
- *is chaired by an independent chair*
- *has at least three members*

As noted above, the Board has decided that all matters that would be handled by a remuneration committee should be handled by the full Board.

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

A brief discussion on the Company's remuneration policies in respect of directors and executives is set out on pages 12 and 13 of this annual report.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (0) 9365 7001
www.deloitte.com.au

The Board of Directors
Cleveland Mining Company Limited
Suite 1, 41 Walters Drive
Osborne Park WA 6017

12 December 2015

Dear Directors

Auditor's Independence Declaration to Cleveland Mining Company Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cleveland Mining Company Limited.

As lead audit partner for the audit of the financial statements of Cleveland Mining Company Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Note	2015 $	2014 $
Interest income		21,399	26,697
Other revenue		97,058	194,401
Debt forgiven		588,070	-
Gain / (Loss) on sale of asset		14,297	-
Administrative expenses		(1,336,733)	(91,778)
Compliance and regulatory expenses		(70,296)	(81,158)
Consultancy and legal expenses		(731,598)	(581,182)
Depreciation and amortisation expense		(35,632)	(46,783)
Director and employee-related expenses		(2,419,185)	(1,853,026)
Occupancy expenses		(534,854)	(535,596)
Promotion and communication expenses		(102,193)	(140,265)
Travel expenses		(126,362)	(172,325)
Finance costs	19	(3,494,342)	(1,490,344)
Write down of exploration expenditure	17	(12,327)	(174,082)
Impairment of non-current assets	17	-	(6,632,312)
Write down of assets held for sale		(89,709)	(438,018)
Share of joint venture loss	15	-	(15,065)
Foreign exchange loss		(3,702,443)	-
Other expenses		(60,534)	(114,319)
Loss from ordinary activities before income tax expense		(11,995,384)	(12,145,155)
Income tax expense	7	-	-
Loss for the year		(11,995,384)	(12,145,155)
Other comprehensive income / (loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(2,781,479)	(435,526)
Other comprehensive income / (loss) for the year, net of tax		(2,781,479)	(435,526)
Total comprehensive income / (loss) for the year attributable to members of the Company		(14,776,863)	(12,580,681)
Loss attributable to:			
Owners of the parent		(8,002,382)	(11,638,504)
Non-controlling interests		(3,993,002)	(506,651)
		(11,995,384)	(12,145,155)
Total comprehensive income / (loss) attributable to:			
Owners of the parent		(10,783,861)	(12,074,030)
Non-controlling interests		(3,993,002)	(506,651)
		(14,776,863)	(12,580,681)
Basic loss per share (cents)	8	(3.34)	(4.93)
Diluted loss per share (cents)		(3.34)	(4.93)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
as at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	25(a)	457,565	1,479,227
Trade and other receivables	11	222,518	126,706
Inventory	12	469,619	249,849
Other assets	13	25,709	261,865
		1,175,411	2,117,647
Assets classified as held for sale	14	-	288,309
Total current assets		1,175,411	2,405,956
Non-current assets			
Receivables	11	6,112,536	6,398,610
Investments in joint ventures	15	-	459,019
Plant and equipment	16	6,029,223	6,092,918
Exploration and development	17	12,788,261	11,495,954
Total non-current assets		24,930,020	24,446,501
Total assets		26,105,431	26,852,457
Current liabilities			
Trade and other payables	18	5,440,630	981,730
Borrowings	19	18,957,501	2,160,608
Provisions	20	79,199	87,802
Total current liabilities		24,477,330	3,230,140
Non-current liabilities			
Borrowings	19	-	7,329,898
Provisions	20	148,883	149,478
Total non-current liabilities		148,883	7,479,376
Total liabilities		24,626,213	10,709,516
Net assets		1,479,218	16,142,941
Equity			
Issued capital	21	44,268,792	44,166,473
Reserves	22	(4,754,258)	(1,872,293)
Accumulated losses	23	(39,753,797)	(31,751,416)
Equity attributable to owners of the parent		(239,263)	10,542,764
Non-controlling interests	24	1,718,481	5,600,177
Total equity		1,479,218	16,142,941

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		4,082,641	811,016
Payments to suppliers and employees		(7,543,293)	(7,016,538)
Interest received		21,396	26,697
Interest paid		(386,404)	(642,280)
Net cash used in operating activities	25(b)	(3,825,660)	(6,821,105)
Cash flows from investing activities			
Payments for plant and equipment		(1,342,927)	(1,612,381)
Proceeds on disposal of plant and equipment		27,092	42,758
Payments for exploration expenditure		(95,503)	(1,002,680)
Payments for development expenditure		(118,376)	(718,462)
Advances to joint ventures		-	(474,657)
Other loans		263,002	-
Net cash used in investing activities		(1,266,712)	(3,765,422)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,281,927
Share issue costs		-	(281,417)
Proceeds from borrowings		4,861,272	8,766,171
Repayment of borrowings		(541,735)	(1,537,059)
Net cash provided by financing activities		4,319,537	11,229,622
Net increase/(decrease) in cash and cash equivalents held		(772,835)	643,095
Cash and cash equivalents at the beginning of the year		1,479,227	873,294
Effects of exchange rate changes on the balance of cash held in foreign currencies		(248,827)	(37,162)
Cash and cash equivalents at the end of the year	25(a)	457,565	1,479,227

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2015

	Issued capital	Foreign currency translation reserve	Option and convertible note reserve	Accumulated losses	Non - controlling interest	Total
	$	$	$	$	$	$
Balance at 1 July 2013	40,367,781	(2,442,303)	834,699	(20,112,911)	5,885,729	24,532,995
Loss for the year	-	-	-	(11,638,504)	(506,651)	(12,145,155)
Other comprehensive income for the year	-	(435,526)	-	-	-	(435,526)
Total comprehensive loss for the year	-	(435,526)	-	(11,638,504)	(506,651)	(12,580,681)
Shares issued	4,069,487	-	-	-	-	4,069,487
Share issue costs	(270,795)	-	-	-	-	(270,795)
Share option expense	-	-	170,837	-	-	170,837
Increase in non-controlling interest	-	-	-	-	221,098	221,098
Balance at 30 June 2014	44,166,473	(2,877,829)	1,005,536	(31,751,416)	5,600,177	16,142,941
Balance at 1 July 2014	44,166,473	(2,877,829)	1,005,536	(31,751,416)	5,600,177	16,142,941
Loss for the year	-	-	-	(8,002,382)	(3,993,002)	(11,995,384)
Other comprehensive income for the year	-	(2,781,479)	-	-	-	(2,781,479)
Total comprehensive loss for the year	-	(2,781,479)	-	(8,002,382)	(3,993,002)	(14,776,863)
Shares issued	102,319	-	-	-	-	102,319
Share issue costs	-	-	-	-	-	-
Share option expense/(write back)	-	-	(100,486)	-	-	(100,486)
Increase in non-controlling interest	-	-	-	-	111,306	111,306
Balance at 30 June 2015	44,268,792	(5,659,308)	905,050	(39,753,798)	1,718,481	1,479,218

The accompanying notes form part of these financial statements.

1. General information

Cleveland Mining Company Limited is a limited company incorporated in Australia and operating in Brazil. Cleveland Mining Company Limited's registered office and its principal place of business are as follows:

Registered office and principal place of business
Suite 1, 41 Walters Drive
Osborne Park WA 6017

The Group's principal activities are the mining and exploration of gold and exploration of iron-ore.

2. Adoption of new and revised Accounting Standards

(a) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standards and Interpretations	***Effective for annual reporting periods beginning on or after***	***Expected to be initially applied in financial year ending***
AASB 9 'Financial Instruments', and the relevant amending standards	1 Jan 2018	30 Jun 2019
AASB 2014-3 "Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations"	1 Jan 2016	30 Jun 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15	1 Jan 2017	30 Jun 2018
AASB 2014-4 "Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016	30 Jun 2016

3. Significant accounting policies

a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 12 December 2015.

3. Significant accounting policies (continued)

b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

c) Going concern

The consolidated financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2015, the Group has incurred a net loss after tax of $11,995,384 (30 June 2014: loss $12,145,155) and experienced net cash outflows from operating and investing activities of $3,825,660 and $1,266,712 respectively (30 June 2014: outflows of $6,821,105 and $3,765,422 respectively). At 30 June 2015 the Group has net current liabilities of $23,301,919 (2014: $824,184).

The net current liability position as at 30 June 2015 is primarily a result of borrowings (including principal amounts and accrued interest) of $18,957,501 (2014: 2,160,608) which are due for repayment within 12 months from the reporting date, combined with trade and other payables of $5,440,630 (2014: $981,730). As at 30 June 2015, all of the Group's borrowings, except for the royalty-backed notes, were in default.

Cleveland continues to optimise mining and processing of gold ore at the Company's Premier gold mine. Challenges experienced in achieving a reliable water supply to the processing facility and feed grade dilution have resulted in lower than anticipated gold production and cash flow generation at Premier.

At the date of this report management, with a targeted capital expenditure program, is working to overcome these issues.

Management and the Board are confident in the ability of Premier to achieve planned production levels, earnings and cash flows sufficient to meet budget, once the above capital expenditure program has been implemented and issues rectified.

However, in both Australia and Brazil the Group has a significant number of creditors outside normal payment terms. Consequently, the Group requires the continued support of its creditors as the production issues noted above are rectified, and commercial production is achieved, thereby allowing the Group to generate sufficient cash flows to settle existing liabilities.

c) **Going concern (continued)**

Subsequent to year end, the Group has undertaken a number of steps to refinance and improve its liquidity position, to allow completion of the targeted capital expenditure program at Premier.

As further disclosed in note 32, this includes consolidating debts held with Platinum Partners into a single secured convertible note. This note has a principal value of US$10,974,861 and a redemption value at 120% of its principal value, resulting in a required repayment of US$13,169,833 at its maturity date of 19 September 2016.

The new consolidated note accrues interest at 12% per annum, with quarterly interest payments commencing on 1 April 2016. In addition to the quarterly interest payments, the Group is required to make four consecutive monthly payments of US$250,000, commencing 1 April 2016, as partial repayment of principal on the note.

Subject to shareholder approval, a conversion feature available during the note term allows for Platinum Partners to convert at its discretion any or all of the outstanding note balance into equity at a conversion price of seven cents per share (A$0.07).

As part of this debt consolidation, Platinum Partners has also agreed to waive all previous defaults on its note facilities in return for a 50% ownership in the Group's iron ore subsidiary, Cleveland Iron Holdings Pty Ltd, 29,371,525 new shares in Cleveland (equivalent to US$1,174,861 at an issue price of four US cents per share (US$0.04) and 5,000,000 warrants with an exercise price of five cents per warrant (A$0.05).The issuance of the 29,371,525 shares in Cleveland is subject to shareholder approval.

Additionally, as disclosed in note 32, the Group has recently announced a two tranche equity placement of $1.6 million and a Share Purchase Plan (SPP) of up to $500,000 (with $400,000 underwritten) to generate additional funds to complete the targeted capital expenditure program noted above, pay certain overdue creditors, and for general working capital requirements.

At the date of this report funds totalling $1,328,876 are held in Trust subject to the recommencement of trading of the Company's securities on the Australian Securities Exchange, with the balance of the placement available following shareholder approval at the Company's Annual General Meeting which is expected to be held on or around 22 January 2016, with the SPP to commence following the shareholder approval.

Notwithstanding the abovementioned fund raising / liquidity initiatives, the Group remains in a net current liability position and therefore the ability of the Group and Company to continue as going concerns remains principally dependent on the following:

- Achieving forecast monthly gold production and gold sales to meet ongoing cash flow requirements of Premier,
- The Premier project delivering sufficient operating cash flows to fulfil the scheduled principal and interest repayments under the revised Platinum Partners facility and other borrowings that were due and payable as at 30 June 2015, as disclosed in note 19 to the financial statements,
- Existing creditors in Brazil and Australia continuing to support the Group in not demanding payment of outstanding amounts where it may cause undue hardship to the Group,
- Continued support of financiers other than Platinum Partners, as disclosed in note 19, in not demanding repayment of outstanding amounts where it may cause undue hardship to the Group,
- The Company being able to raise further funds, through the issuance of equity and/or debt instruments to meet the repayment of its borrowings, including the US$13,169,833 associated with the Platinum Partners facility which is due for repayment on 19 September 2016.

c) Going concern (continued)

In the event that the Group’s Premier Project does not achieve its planned ramp-up in production and cash flows, the Company would be required to raise no less than A$2.0 million before April 2016, through the issuance of equity and/or debt instruments to meet its committed repayment obligations, including the interest and principal reduction payments under the Platinum Partners facility.

Further, should the Group elect to exercise its option to acquire the remaining 50% interest in the Premier project as disclosed in note 32, the Group will need to raise up to an additional US$4.0 million in the form of debt or equity prior to the option expiry date of 21 April 2016.

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly that the Group and Company will be able to continue as going concerns and meet their debts as and when they fall due.

Should the Directors not be successful in achieving the matters set out above, there is a material uncertainty whether the Group and Company will be able to continue as going concerns and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group and Company not be able to continue as going concerns.

d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant accounting policies (continued)

d) Basis of consolidation (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

A list of controlled entities is contained in Note 26(a).

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. Significant accounting policies (continued)

d) Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

e) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. **Significant accounting policies (continued)**

f) **Foreign currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

g) **Income tax**

The charge for current income tax expense is based on the accounting result for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

3. Significant accounting policies (continued)

g) Income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

h) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. **Significant accounting policies (continued)**

j) **Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

k) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

l) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

m) **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The annual depreciation rates used for each class of assets are as follows:

Mine related assets	Unit of production
Plant and equipment	33%
Leasehold improvements	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

3. Significant accounting policies (continued)

m) Plant and equipment (continued)

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

n) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

o) Impairment

At the end of each period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash - generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

3. **Significant accounting policies (continued)**

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and reclassified to development.

q) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

r) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

s) Financial instruments

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date (i.e. the date that the Group commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Subsequent to initial recognition, investments in subsidiaries and associates are measured at cost in the company financial statements.

3. Significant accounting policies (continued)

s) Financial instruments (continued)

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost less impairment. This amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale assets are measured at fair value with gains or losses being recognised as a separate component of equity until the asset is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of assets that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

3. **Significant accounting policies (continued)**

s) **Financial instruments (continued)**

(v) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(vi) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. Significant accounting policies (continued)

t) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Compound financial instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits.

No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

u) Comparative figures

Certain comparative figures have been reclassified to conform to changes in presentation for the current financial year.

4. Financial risk management objectives and policies

The Group manages its exposure to key financial risks, including liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risk arising from the Group's financial instruments is liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing liquidity risk.

Risk exposures and responses

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the group, comprising issued capital, reserves and retained earnings as disclosed in Notes 21, 22 and 23.

The Group is not subject to any externally imposed capital requirements.

Management and the Board review the capital structure regularly. As a part of these reviews management considers the cost of capital and the risks associated with each class of capital. The Board does not have a specific optimum gearing target other than to maintain a competitive weighted average cost of capital.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers and suppliers. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the directors annually.

Categories of financial instruments

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	457,565	1,479,227
Trade and other receivables	222,518	6,525,316
Financial liabilities		
Trade and other payables	5,440,630	981,730
Borrowings	18,957,501	9,490,506

4. Financial risk management objectives and policies (continued)

Financial risk management objectives

The Group's Board co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. There are no derivative instruments in operation at year end.

Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and liquidity. The Group monitors its exposure to these risks on a regular basis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to foreign exchange rate fluctuations arise. Spot rates are normally used and management will continually monitor the management of this risk as the scale of the Group's foreign operations grow.

Monetary assets and liabilities are typically maintained in the functional currency of the entity in question, with funds transferred within the Group as required.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Brazilian Reals	4,996,305	697,260	6,333,889	7,477,243
Hong Kong Dollars	-	-	2,006	1,626
United States Dollars	16,092,183	8,468,776	435	5,082
	21,088,488	9,166,036	6,336,330	7,483,951

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of equity funding and cash and short-term deposits sufficient to meet the Group's current cash requirements.

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. Refer to Note 3 'Going Concern' for further discussion on the current liquidity position of the Group.

4. Financial risk management objectives and policies (continued)

	Less than 6 months $	6 to 12 months $	1 to 5 years $	Total $
As at 30 June 2015				
Liquid financial assets				
Cash and cash equivalents	457,565	-	-	457,565
Trade and other receivables	222,518	-	-	222,518
	680,083		-	680,083
Financial liabilities				
Trade and other payables	5,440,629	-	-	5,440,629
Borrowings	18,957,501	-	-	18,957,501
	24,398,130	-	-	24,398,130
Net outflow	(23,718,047)	-	-	(23,718,047)

	Less than 6 months $	6 to 12 months $	1 to 5 years $	Total $
As at 30 June 2014				
Liquid financial assets				
Cash and cash equivalents	1,479,227	-	-	1,479,227
Trade and other receivables	126,706	-	6,398,610	6,525,316
	1,605,933	-	6,398,610	8,004,543
Financial liabilities				
Trade and other payables	981,730	-	-	981,730
Borrowings	1,021,731	1,138,877	7,329,898	9,490,506
	2,003,461	1,138,877	7,758,011	10,472,236
Net outflow	(397,528)	(1,138,877)	(1,359,401)	(2,467,693)

Fair value of financial instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis.

Financial Assets and Financial Liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets of liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Financial risk management objectives and policies (continued)

At 30 June 2015 and 30 June 2014 the Group has no material financial assets and liabilities that are measured on a recurring basis.

Financial Assets and Financial Liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 30 June 2015 and 30 June 2014, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

The fair value of the monetary financial assets and financial liabilities is based upon market prices where a market price exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

5. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the entity's accounting policies

The following are the critical judgments including those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(i) The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If ultimately the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount.

(ii) The Group has carried forward tax losses which have not been recognised as deferred tax assets because it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

Note 26 describes that Cleveland Premier Mineracao Ltda is a subsidiary of the Group even though the group only has a 50% ownership interest, and has only 50% of the voting rights in Cleveland Premier Mineracao Ltda.

The directors of the Company assessed whether or not the Group has control over Cleveland Premier Mineracao Ltda, based on whether the Group has the practical ability to direct the relevant activities of Cleveland Premier Mineracao Ltda, and also share in variable returns in excess of the legal ownership Interest.

5. **Critical accounting estimates and judgments (continued)**

In making their judgement, the directors considered the nature of the Joint Venture Agreement, provision of senior management, and funding and concluded that the Group had the practical ability to direct the relevant activities of Cleveland Premier Mineracao Ltda unilaterally, and therefore that the Group has control over Cleveland Premier Mineracao Ltda.

6. **Auditor's remuneration**

	2015 $	2014 $
Auditor of the parent entity		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	96,981	54,447
Network firm of the parent entity auditor		
- Auditing or reviewing the financial report	16,805	7,577
	113,786	62,024

The auditor of Cleveland Mining Company Limited is Deloitte Touche Tohmatsu.

7. **Income tax**

(a) **Income tax recognised in profit or loss**

Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense recognised in the current year relating to continuing operations	-	-

The income tax expense for the year can be reconciled to the accounting profit as follows:

Loss before tax from continuing operations	(11,995,384)	(12,145,155)
Income tax benefit calculated at 30% (2014: 30%)	(3,598,615)	(3,643,546)
Foreign taxes paid		
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	3,598,615	3,643,546
	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Total income tax expense recognised in the current year relating to continuing operations	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. Corporate tax rates applied in relation to Brazil and Chile are 34% and 17% respectively.

7. Income tax (continued)

(b) Income taxes recognised directly in equity

No income tax has been recognised directly in equity during the current or prior period.

	2015	2014
	$	**$**
(c) Current tax assets and liabilities		
Income tax payable	-	-
(d) Deferred tax balances		
Deferred tax liabilities comprise:		
Capitalised expenditure	3,931,288	3,857,813
	3,931,288	3,857,813
Deferred tax assets comprise:		
Accrued expenditure	1,273,659	23,937
Provisions	68,425	26,341
Tax losses recognised	2,589,204	3,807,535
	3,931,288	3,857,813

In addition to the deferred tax assets above, the unrecognised deferred tax assets attributable to tax losses carried forward amounting to approximately $13,740,486 (2014: $8,886,642) have not been brought to account at 30 June 2015 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

(e) Tax consolidation

The Company and its wholly-owned Australian resident entity Cleveland Mining Limited have formed a tax-consolidated group with effect from 23 September 2010 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Cleveland Mining Company Limited. The members of the tax-consolidated group are Cleveland Mining Company Limited and Cleveland Mining Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

7. **Income tax (continued)**

(e) **Tax consolidation (continued)**

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

8. **Earnings / (loss) per share**

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic loss per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	2015 Number	**2014 Number**
Weighted average number of ordinary shares used in the calculation of basic loss per share	242,050,579	236,068,299

	2015 $	**2014 $**
Loss for the year attributable to owners of the Company	(8,002,382)	(11,638,504)

The earnings / (loss) per share calculation as disclosed on the statement of profit or loss and other comprehensive income does not include instruments that could potentially dilute basic earnings per share in the future as these instruments were anti-dilutive in the periods presented. A summary of such instruments is as follows:

Equity securities	**2015 Number of securities**	**2014 Number of securities**
Options over ordinary shares	45,071,665	44,598,665

9. **Income**

	2015 $	**2014 $**
Interest income	21,400	26,697
Foreign exchange gain	-	131,579
Debt forgiven	588,069	-
Gain on disposal of plant and equipment	14,297	-
Other revenue	97,058	62,822
	720,824	221,098

10. Expenses

	2015 $	2014 $
Employee benefits expense		
Wages and salaries	1,434,046	1,404,693
Defined contribution superannuation expense	81,638	116,669
Share-based payments	(100,486)	170,837
Other employee benefits expenses (i)	1,003,986	160,827
	2,419,184	1,853,026
(i) Includes accrual for Premier potential labour claims		
Depreciation expense	35,632	46,783
Other gains and losses		
Loss on sale or write down of plant and equipment (net)	-	438,018
Impairment of non-current assets (note 17)	-	6,632,312

11. Trade and other receivables

	2015 $	2014 $
Current		
Other receivables	222,518	126,706

Other current receivables include amounts outstanding for Goods and Services Tax ("GST") and other taxes. These amounts are non-interest bearing and have repayment terms applicable under the relevant government authority.

	2015 $	2014 $
Non-Current		
Loan to joint venture partner	6,112,536	6,398,610

In accordance with the joint venture agreement with Cleveland Mineração Limitada's joint venture partner, this amount is repayable from the joint venture out of future profits, and interest is charged on the outstanding balance at the 5 year American bond rate plus 3%.

As at 30 June 2015 and 2014 no receivables are past due or impaired.

12. Inventory

	2015 $	2014 $
Current		
Consumables	194,842	52,804
Ore stockpiles	258,670	187,664
Dore / gold in circuit	16,107	9,381
	469,619	249,849

13. Other current assets

	2015 $	2014 $
Prepayments	25,709	261,865

14. Assets classified as held for sale

	2015 $	2014 $
Asset held for sale	-	288,309

15. Investments in joint ventures

Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name	Country of Incorporation and operation	Principal activity	Ownership interest 2015 %	Ownership interest 2014 %
Bahia Iron Alliance Mineração Ltda	Brazil	Iron ore exploration	60	50
Minas Iron Alliance Mineração Ltda	Brazil	Iron ore exploration	60	50

Summarised financial information in respect of the Group's joint ventures is set out below.

	2015 $	2014 $
Current assets	-	55,134
Non-current assets	-	1,066,155
Current liabilities	-	203,251
Non-current liabilities	-	-

On 29 January 2015, the Company's 60% owned subsidiary Cleveland Iron Holdings Pty Ltd acquired the remaining 50% interests in the above joint ventures and obtained control effective from this date. Accordingly, these joint ventures are accounted for as subsidiaries as at 30 June 2015 and their results are consolidated into the Group's result in these financial statements. In the comparative period, these joint ventures were accounted for using the equity method.

The acquisition of the residual interests in these joint ventures has been accounted for as an asset acquisition. The transaction also stipulated the forgiveness of loans owing to the joint venture partner, resulting in a gain recognised in profit or loss.

16. Plant and equipment

	2015 $	2014 $
Buildings – at cost	2,539,237	3,492,396
Accumulated depreciation	-	-
	2,539,237	3,492,396
Plant and machinery – at cost	3,135,307	2,409,696
Accumulated depreciation	-	-
	3,135,307	2,409,696
Furniture and equipment – at cost	298,131	307,702
Accumulated depreciation	(246,499)	(214,910)
	51,632	92,792
Motor vehicles – at cost	-	43,017
Accumulated depreciation	-	(25,047)
	-	17,970
Leasehold improvements – at cost	312,841	86,050
Accumulated depreciation	(9,794)	(5,986)
	303,047	80,064
	6,029,223	6,092,918

	2015 $	2014 $
16. Plant and equipment (continued)		
Movement in carrying values		
Buildings		
Carrying value at beginning of year	3,492,396	2,673,422
Additions	215,970	855,568
Transfer to plant and machinery	(737,826)	-
Effects of foreign currency differences	(431,303)	(36,594)
Carrying value at end of year	2,539,237	3,492,396
Plant and machinery		
Carrying value at beginning of year	2,409,696	2,519,929
Additions	1,151,309	695,349
Disposals	(288,796)	(983)
Transfer (to)/from asset held for sale	288,309	(288,309)
Impairment of asset classified as held for sale	-	(475,084)
Effects of foreign currency differences	(425,211)	(41,206)
Carrying value at end of year	3,135,307	2,409,696
Furniture and equipment		
Carrying value at beginning of year	92,792	143,673
Additions	11,882	6,865
Disposals	-	(857)
Depreciation	(44,507)	(54,940)
Effects of foreign currency differences	(8,535)	(1,949)
Carrying value at end of year	51,632	92,792
Motor vehicles		
Carrying value at beginning of year	17,970	27,042
Disposals	(12,795)	-
Depreciation	(3,979)	(8,506)
Effects of foreign currency differences	(1,196)	(566)
Carrying value at end of year	-	17,970
Leasehold improvements		
Carrying value at beginning of year	80,064	37,975
Additions	255,731	50,055
Disposals	-	(3,851)
Depreciation	(4,403)	(4,093)
Effects of foreign currency differences	(28,345)	(22)
Carrying value at end of year	303,047	80,064
	6,029,223	6,092,918

As at 30 June 2015 the Premier Project was in the development phase, with commercial production having not been achieved as at the end of the financial year. Production related plant and machinery will commence depreciation when commercial production is achieved and will be depreciated on a unit of production basis over the shorter of the assets useful life, or the life of mine.

		2015 $	2014 $
17.	**Exploration and development**		
	Exploration properties	2,782,341	1,419,575
	Development properties	10,005,920	10,076,379
		12,788,261	11,495,954

The exploration and evaluation expenditure relates to the consolidated entity's projects in Brazil and including that of Bahia Iron Alliance ($782,758) and Minas Iron Alliance ($442,891) pursuant to the acquisition of joint venture interests on 29 January 2015 (see Note 15) (2014: Brazil).

Write off of exploration expenditure	12,327	174,082

Development properties relate to the consolidated entity's Premier project in Brazil.

Movement in carrying values		
Carrying value at beginning of year	11,495,954	14,776,406
Additions	2,592,011	3,750,699
Bahia Iron Alliance & Minas Iron Alliance	1,389,538	-
Write down of exploration expenditure	(12,327)	(174,082)
Impairment of development properties	-	(6,632,312)
Effects of foreign currency differences	(2,676,915)	(224,757)
Carrying value at end of year	12,788,261	11,495,954

Refer to Note 5 for significant judgements and estimates made in relation to the recoverability of capitalised exploration expenditure.

17.1 Impairment testing of non-current assets

Results of impairment testing

Premier project CGU, Brazil	-	6,632,312

Development properties

Development properties that relate to unmined resources and their related plant and equipment, mining and processing infrastructure, are constantly assessed in light of current economic conditions. Assumptions on the economic returns and timing of specific production options may impact on the timing of development of assets not already in production. The carrying value of these assets is assessed at balance date based on implied market values as compared with the existing resource base. An assessment is then made on the likelihood of recoverability from the successful development or sale of the asset.

Assessments were conducted at balance date considering the delayed commissioning of the Premier project, current market and sales conditions for gold development projects, and given that the market capitalisation of Cleveland at that time was considered to be an indicator of impairment.

17.1 Impairment testing of non-current assets (continued)

Cash Generating Units

Management of the Group has identified one cash generating unit (CGU), being the Premier project in Brazil.

In assessing whether the carrying value of the project development costs and the related plant and equipment infrastructure had been impaired, the carrying amount of the CGU was compared with its recoverable amount. The recoverable amount is assessed as the higher of fair value less costs to sell and value in use. The Group has adopted fair value less cost to sell which is greater than value in use and hence used this as the recoverable amount for impairment testing purposes.

The fair value less cost to sell is based on a discounted cash flow model over a period of approximately two years which includes the exploitation of the Premier Metago pit.

The key assumptions used in the discounted cash flow valuation are gold production, the gold price, the Australian dollar exchange rates against the US Dollar and Brazilian Real and the discount rate. Gold price assumptions are estimated by management, with reference to external market forecasts, and are updated continuously. For this assessment, the forecast gold price was estimated at US$1,171/oz and the forecast exchange rate of R$3.15 per US$1.00, based on a flat forward curve over the life of the planned mine. Significant changes in either the forecast gold price or the forecast exchange rates may have an impact on the carrying value of the CGU in future periods.

A discount rate of 9.5% was applied to the post-tax cash flows, expressed in real terms. The discount rate was derived from the Group's weighted average cost of capital, with appropriate adjustments made to reflect income taxes and the risks specific to the region and the CGU.

18. Trade and other payables

	2015 $	2014 $
Current		
Trade payables	1,600,906	361,918
Accruals and other payables	3,839,723	619,812
	5,440,629	981,730

The standard credit period on purchases is 30 days from statement. No interest is usually chargeable on the trade payables for the first 45 to 60 days from the date of invoice. Thereafter, interest is typically charged on the outstanding balance.

		2015 $	2014 $
19.	**Borrowings**		
	Current		
	Related party loans	574,578	426,356
	Convertible notes	11,832,790	1,393,916
	Secured notes	4,254,564	-
	Royalty-backed notes	1,989,550	-
	Other loans	306,019	340,467
		18,957,501	2,160,608
	Non-Current		
	Convertible notes - secured	-	7,329,898
		-	7,329,898

Loans totaling $400,000 were entered into by the Company in June 2014 with parties related to directors of the Company (refer to Note 26(b) for further information). The loans accrue interest at rate of 12.5% per annum, unless the loan is in default, in which case interest on outstanding amounts accrues at 14.5% per annum. The term of the loans was initially 12 months; however remain in place on a rolling basis with no agreed repayment date. The principal was increased to $500,000 during the year. Subsequent to year end the Company has been in ongoing discussions with the lenders, who have indicated their continued support for the Group.

Convertible notes totaling US$1,000,000 were issued by the Company in November 2013. Notes carry a coupon rate of 12%, with a conversion price, activated only in the event of a default, at a 20% discount to the prevailing Volume Weighted Average Price. The term of the note has expired and the note is currently rolling, with coupon continuing to accrue on the outstanding balance. Subsequent to year end the company has been in ongoing discussions with the lender, who has indicated its continued support for the Group.

Convertible notes totalling US$6.8 million were issued by the Company in March 2014. Notes carry a coupon rate of 14%, with a conversion price of $0.14 per share. The redemption amount of the notes is 120% of the face value. The term of the convertible notes was originally 18 months with a further 12 month extension executed during the year, with a subsequent in principle maturity date of 26 September 2016. Subsequent to year end, this note has been restructured into a consolidated note under revised terms. Refer Note 32 for further information.

Secured notes totaling US$1,000,000 were issued by the Company in August 2014. Notes carry a coupon rate of 15%. The redemption amount of the notes is 110% of the face value. The term of the notes is 18 months, with an in principle maturity date of 25 February 2016. Subsequent to year end, this note has been restructured into a consolidated note under revised terms. Refer Note 32 for further information.

Secured notes totaling US$2,000,000 were issued by the Company in October 2014. Notes carry a coupon rate of 15%. The redemption amount of the notes is 110% of the face value. The term of the notes is 18 months with an in principle maturity date of 15 April 2016. Subsequent to year end, this note has been restructured into a consolidated note under revised terms. Refer Note 32 for further information.

A production royalty linked note was offered in February 2015 for 12 month duration and carrying a coupon rate of 9% plus a 6.23% production linked royalty on the first 3 months of certified production. Note holders within 6 months of execution are eligible to elect to convert the face value of the note to shares at $0.06 per share and forego the interest and royalty component. In the event the Company defaults on the repayment at maturity, the note is convertible to equity at a 20% discount to the prevailing Volume Weighted Average Price at the maturity date, 12 months after issue. As at 30 June 2015, a total of $1,720,000 comprising 28 notes were issued and bear an accrued interest of $24,550 and accrued production royalty of $245,000. In July 2015 an additional $125,000 was raised based on the original Note. A further $540,000 in Royalty Linked Note applications was accepted in August 2015.

As at 30 June 2015, the Company had not paid the cash interest payments required under the convertible and secured note facilities, resulting in an event of default. Due to cross default clauses in the financing facilities, all facilities, except for the royalty-backed notes, are in default and repayable on demand, and accordingly have been classified as current liabilities as at 30 June 2015.

	2015 $	2014 $
20. Provisions		
Current		
Provisions for employee entitlements	79,199	87,802
Non-Current		
Provision for rehabilitation	148,883	149,478
Carrying value at beginning of year	149,478	152,117
Recognition of provision for rehabilitation	-	-
Effects of foreign currency differences	(595)	(2,639)
Carrying value at end of year	148,883	149,478

21. Contributed equity

(a) Issued capital

	2015 $	2014 $
243,114,224 (2014: 241,308,401) fully paid ordinary shares	44,268,792	44,166,473

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in issued capital

	2015 Number	2014 Number	2015 $	2014 $
Balance at beginning of year	241,308,401	206,486,669	44,166,473	40,367,781
Issued during the year				
Share placements	1,805,823	34,821,732	102,319	4,069,487
Exercise of options	-	-	-	-
Share purchase plan	-	-	-	-
Share issue costs			-	(270,795)
Balance at end of year	243,114,224	241,308,401	44,268,792	44,166,473

(c) Share options

In addition to the share-based payment options disclosed in Note 27, the following share options were on issue during the years ended 30 June 2015 and 30 June 2014.

21. **Contributed equity (continued)**

(c) **Share options (continued)**

	Exer-cise price	Expiry	Balance at beginning of year Number	Options issued Number	Options exercised Number	Options Lapsed/Adjusted Number	Balance at end of year Number
2015							
Unlisted options	$0.20	31/12/14	3,527,000	-	-	3,527,000	-
Unlisted options	$0.62	31/12/14	500,000	-	-	500,000	-
Unlisted options	$0.25	31/12/15	5,340,000	-	-	-	5,340,000
Unlisted options	$0.36	31/12/15	3,250,000	-	-	-	3,250,000
Unlisted options	$0.25	16/05/16	1,000,000	-	-	-	1,000,000
Unlisted options	$0.25	31/12/18	1,000,000	-	-	-	1,000,000
Unlisted options	$0.40	31/12/18	2,000,000	-	-	-	2,000,000
Unlisted options	$0.14	31/07/19	-	7,500,000	-	-	7,500,000
Listed options	$0.65	4/7/2016	11,364,998	-	-	-	11,364,998
			27,981,998	7,500,000	-	4,027000	31,454,998
2014							
Unlisted options	$0.20	31/12/14	3,527,000	-	-		3,527,000
Unlisted options	$0.62	31/12/14	500,000	-	-		500,000
Unlisted options	$0.25	31/12/15	5,340,000				5,340,000
Unlisted options	$0.36	31/12/15	3,250,000				3,250,000
Unlisted options	$0.25	16/5/16	1,000,000	-	-		1,000,000
Unlisted options	$0.25	31/12/18	1,000,000				1,000,000
Unlisted options	$0.40	31/12/18	2,000,000				2,000,000
Listed options	$0.65	4/7/2016	11,364,998	-	-		11,364,998
			27,981,998	-	-		27,981,998

(d) **Terms and conditions of issued capital**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

22. **Reserves**

	2015 $	2014 $
Foreign currency translation reserve	(5,659,308)	(2,877,829)
Option reserve	868,390	968,877
Convertible note reserve	36,659	36,659
	(4,754,259)	(1,872,293)

Foreign currency translation reserve

Balance at beginning of year	(2,877,829)	(2,442,303)
Foreign currency translation differences	(2,781,479)	(435,526)
Balance at end of year	(5,659,308)	(2,877,829)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss only on the disposal of the foreign operation.

	2015 $	2014 $

22. Reserves (continued)

Option reserve

	2015 $	2014 $
Balance at beginning of year	968,877	798,040
Share based payment expense/(write back)	(100,486)	170,837
Balance at end of year	868,390	968,877

Share-based payments provided to employees or consultants by way of remuneration or consideration are recorded in the option reserve.

Convertible note reserve

	2015 $	2014 $
Balance at beginning of year	36,659	36,659
Convertible notes issued during the year	-	-
Balance at end of year	36,659	36,659

The equity component on convertible notes represents the equity component (conversion rights) on the issue of unsecured convertible notes. Refer to Note 19 for further information.

23. Accumulated losses

	2015 $	2014 $
Balance at beginning of year	(31,751,416)	(20,112,911)
Net loss for the year	(8,002,382)	(11,638,504)
Balance at end of year	(39,753,798)	(31,751,416)

24. Non-controlling interests

	2015 $	2014 $
Balance at beginning of year	5,600,176	5,885,729
Share of loss for the year	(3,993,002)	(506,651)
Increase in non-controlling interest	111,306	221,098
Balance at end of year	1,718,481	5,600,176

	2015 $	2014 $

25. Notes to the statement of cash flows

(a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flows are reconciled to the related item in the statement of financial position as follows:

	2015 $	2014 $
Cash at bank	181,608	223,109
Cash on short term deposit	275,957	1,256,118
	457,565	1,479,227

Cash at bank attracts floating interest at current market rates. Short term deposits are made for periods of up to 3 months and earn interest at the respective short term deposit rates.

(b) Reconciliation of operating loss after income tax to net cash used in operating activities

	2015 $	2014 $
Operating loss after income tax	(11,995,384)	(12,145,155)
Adjustments for:		
Depreciation	35,632	46,783
Write down of exploration expenditure	12,327	174,082
Impairment of non-current assets	-	6,632,312
Loss / (gain) on disposal or write down of plant and equipment	75,411	438,018
Share-based payments	(100,486)	170,837
Share issue in lieu of consultancy fee	102,320	-
Debt forgiven on acquisition joint venture interest	(588,070)	-
Gold sales revenue capitalised	4,082,642	811,016
Operational expenditure capitalised	(1,304,634)	(3,290,446)
Interest expense capitalised	-	816,326
Share of joint venture loss	-	15,065
Realised foreign exchange loss	3,739,150	(312,841)
Changes in assets and liabilities		
(Increase) / decrease in:		
Trade and other receivables	(95,812)	41,519
Other current assets	16,386	24,859
Increase / (decrease) in:		
Trade and other payables	2,204,056	(135,990)
Provisions	(9,198)	(107,492)
Net cash used in operating activities	(3,825,660)	(6,821,105)

(c) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year ended 30 June 2015 or 2014.

26. Related party disclosures

(a) Subsidiary

The consolidated financial statements include the financial statements of Cleveland Mining Company Limited and the subsidiaries listed in the following table:

Name	Country of Incorp-oration and operation	Principal activity	Ownership interest 2015 %	Ownership interest 2014 %	Investment 2015 $	Investment 2014 $
Cleveland Mining Ltd (1)	Australia	Mineral exploration	100	100	15,600,000	15,600,000
Cleveland Iron Holdings Pty Ltd	Australia	Mineral exploration	60	-	-	-
Cleveland Mineração Ltda	Brazil	Gold/iron ore exploration	100	100	-	-
Cleveland Mining Chile Limitada	Chile	Gold/copper exploration	100	100	-	-
Cleveland Mining HK Ltd	Hong Kong	Iron ore exploration	100	100	700,000	700,000
Cleveland Premier Mineração Ltda	Brazil	Gold mining	50	50	-	-
Cleveland Iron Limitada	Brazil	Iron ore exploration	100	100	-	-
Bahia Iron Alliance Mineração Limitada (2)	Brazil	Iron ore exploration	60	50	-	-
Minas Iron Alliance Mineração Limitada (2)	Brazil	Iron ore exploration	60	50	-	-
					16,300,000	16,300,000

1. This wholly owned subsidiary has entered into a deed of cross guarantee with Cleveland Mining Company Limited pursuant to ASIC Class Order 98/1418 and is relieved from the requirement to prepare and lodge an audited financial report.
2. These joint venture entities were equity accounted prior to the Company obtaining control on 29 January 2015.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the entities party to the deed of cross guarantee for the years ended 30 June 2015 and 30 June 2014 are as follows:

	2015 $	2014 $
Interest income	2,157,070	257,663
Other revenue	97,058	87,832
Administrative expenses	(73,157)	(68,557)
Compliance and regulatory expenses	(68,931)	(80,400)
Consultancy and legal expenses	(580,924)	(488,785)
Depreciation and amortisation expense	(21,588)	(28,082)
Director and employee-related expenses	(1,187,215)	(1,673,321)
Occupancy expenses	(476,561)	(463,401)
Promotion and communication expenses	(90,934)	(128,297)
Travel expenses	(115,484)	(142,383)
Finance costs	(3,246,185)	(659,198)
Write down of inter-company receivables	(660,476)	(3,041,591)
Other expenses	(59,141)	(60,571)
Loss before income tax expense	(4,326,468)	(6,489,091)
Income tax expense	-	-
Loss for the year	(4,326,468)	(6,489,091)
Total comprehensive income / (loss) for the year attributable to members	(4,326,468)	(6,489,091)

		2015 $	2014 $
26.	**Related party disclosures (continued)**		
(a)	**Subsidiary (continued)**		
	Current assets		
	Cash and cash equivalents	419,159	494,590
	Trade and other receivables	37,564	31,084
	Other assets	25,709	261,865
	Total current assets	482,432	787,539
	Non-current assets		
	Receivables	40,570,586	21,326,534
	Investments in subsidiaries	19,450,797	3,850,797
	Plant and equipment	8,983	25,612
	Total non-current assets	60,030,366	25,092,943
	Total assets	60,512,799	25,990,482
	Current liabilities		
	Trade and other payables	580,342	284,470
	Borrowings	18,821,484	2,160,608
	Provisions	79,199	87,802
	Total current liabilities	19,481,025	2,532,880
	Non-current liabilities		
	Borrowings	-	7,329,898
	Total non-current liabilities	-	7,329,898
	Total liabilities	19,481,025	9,862,778
	Net assets	41,031,774	16,127,704

(b) Loans to and from related parties

There were no loans to related parties at 30 June 2015 or 30 June 2014.

During the year ended 30 June 2015 the Company maintained convertible notes related to two directors, as follows:

Director	***Loan funds advanced by related party***	***Interest charged***	***Facility fee***	***Balance owing at 30 June 2015***
Russell Scrimshaw	$400,000	12.5% per annum	2%	$472,381
Rod Campbell	$100,000	12.5% per annum	2%	$102,197

(c) Other related party transactions

During the year the following consulting fees were paid to directors in addition to their directors' fees for consulting services provided. Amounts paid during the period of each director's directorship (column (2) below) have been included in the amounts paid to directors in the Remuneration Report:

26. Related party disclosures (continued)

(c) Other related party transactions (continued)

Director	***Paid prior to appointment as director (1)***	***Paid after appointment as director (2)***	***Total consulting fees paid for year (3)***
Rick Stroud	-	$96,300	$96,300
Rod Campbell	-	-	-

There were no other related party transactions during the years ended 30 June 2014 or 30 June 2013.

27. Share-based payments

(a) Employee share option plan – Cleveland Mining Company Limited

The Group has an employee share-based compensation scheme where directors and employees of the Company may be issued with options over the ordinary shares of Cleveland Mining Company Limited. Shareholders approved the plan at a meeting of shareholders held on 14 November 2012. The options, issued for nil consideration, are issued in accordance with guidelines established by the directors of Cleveland Mining Company Limited.

Each employee share option converts into one ordinary share in Cleveland Mining Company Limited on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the year:

Option series	**Grant date**	**Expiry date**	**Exercise price**	**Fair value at grant date**	**Balance at beginning of year**	**Number of options Granted during year**	**Exercised, expired or forfeited**	**Balance at end of year**
2015								
(1)								
a	23 Sep 10	31 Dec 15	$0.20	$0.000	8,833,333	-	(2,833,333)	6,000,000
b	23 Sep 10	31 Dec 15	$0.20	$0.000	5,603,333	-	-	5,603,333
c	23 Sep 10	31 Dec 15	$0.20	$0.000	5,603,334	-	-	5,603,334
(2)								
a	17 Aug 11	31 Dec 15	$0.36	$0.121	1,000,000	-	-	1,000,000
b	17 Aug 11	31 Dec 15	$0.36	$0.138	1,000,000	-	-	1,000,000
c	17 Aug 11	31 Dec 15	$0.36	$0.138	1,000,000	-	-	1,000,000
(4)								
a	29 Mar 12	31 Mar 17	$0.84	$0.243	166,667	-	(166,667)	-
b	29 Mar 12	31 Mar 17	$0.84	$0.328	166,667	-	(166,667)	-
c	29 Mar 12	31 Mar 17	$0.84	$0.383	166,666	-	(166,666)	-
d	29 Mar 12	31 Mar 17	$0.84	$0.243	333,333	-	(333,333)	-
e	29 Mar 12	31 Mar 17	$0.84	$0.289	333,333	-	(333,333)	-
f	29 Mar 12	31 Mar 17	$0.84	$0.383	333,334	-	(333,334)	-
(5)								
a	8 May 13	30 Jun 17	$0.215	$0.008	333,334	-	-	333,334
b	8 May 13	30 Jun 17	$0.215	$0.042	333,333	-	-	333,333
c	8 May 13	30 Jun 17	$0.215	$0.057	333,333	-	-	333,333
(6)								
a	3 Jul 13	31 Mar 17	$0.135	$0.031	333,333	-	-	333,333
b	3 Jul 13	31 Mar 17	$0.135	$0.031	333,333	-	-	333,333
c	3 Jul 13	31 Mar 17	$0.135	$0.043	333,333	-	-	333,334

27. Share-based payments (continued)

(a) Employee share option plan – Cleveland Mining Company Limited (continued)

(7)								
a	2 Dec 13	31 Dec 18	$0.25	$0.022	-	1,000,000	1,000,000	-
b	2 Dec 13	31 Dec 18	$0.25	$0.022	-	1,000,000	1,000,000	-
c	2 Dec 13	31 Dec 18	$0.40	$0.012	-	1,000,000	1,000,000	-
(8)								
a	2 Dec 13	31 Dec 18	$0.25	$0.022	-	1,000,000	-	1,000,000
b	2 Dec 13	31 Dec 18	$0.40	$0.012	-	1,000,000	-	1,000,000
c	2 Dec 13	31 Dec 18	$0.40	$0.018	-	1,000,000	-	1,000,000
(9)								
a	2 Dec 13	31 Dec 18	$0.25	$0.022	-	500,000	(500,000)	-
b	2 Dec 13	31 Dec 18	$0.25	$0.021	-	500,000	(500,000)	-
c	2 Dec 13	31 Dec 18	$0.25	$0.028	-	500,000	(500,000)	-
2014								
(1)								
a	23 Sep 10	31 Dec 15	$0.20	$0.000	8,833,333	-	-	8,833,333
b	23 Sep 10	31 Dec 15	$0.20	$0.000	8,833,333	-	(3,230,000)	5,603,333
c	23 Sep 10	31 Dec 15	$0.20	$0.000	8,833,334	-	(3,230,000)	5,603,334
(2)								
a	17 Aug 11	31 Dec 15	$0.36	$0.121	1,000,000	-	-	1,000,000
b	17 Aug 11	31 Dec 15	$0.36	$0.138	1,000,000	-	-	1,000,000
c	17 Aug 11	31 Dec 15	$0.36	$0.138	1,000,000	-	-	1,000,000
(4)								
a	29 Mar 12	31 Mar 17	$0.84	$0.243	166,667	-	-	166,667
b	29 Mar 12	31 Mar 17	$0.84	$0.328	166,667	-	-	166,667
c	29 Mar 12	31 Mar 17	$0.84	$0.383	166,666	-	-	166,666
d	29 Mar 12	31 Mar 17	$0.84	$0.243	333,333	-	-	333,333
e	29 Mar 12	31 Mar 17	$0.84	$0.289	333,333	-	-	333,333
f	29 Mar 12	31 Mar 17	$0.84	$0.383	333,334	-	-	333,334
(5)								
a	8 May 13	30 Jun 17	$0.215	$0.008	-	333,334	-	333,334
b	8 May 13	30 Jun 17	$0.215	$0.042	-	333,333	-	333,333
c	8 May 13	30 Jun 17	$0.215	$0.057	-	333,333	-	333,333
(6)								
a	3 Jul 13	31 Mar 17	$0.135	$0.031	-	333,333	-	333,333
b	3 Jul 13	31 Mar 17	$0.135	$0.031	-	333,333	-	333,333
c	3 Jul 13	31 Mar 17	$0.135	$0.043	-	333,334	-	333,334
(7)								
a	2 Dec 13	31 Dec 18	$0.25	$0.022	-	1,000,000	-	1,000,000
b	2 Dec 13	31 Dec 18	$0.25	$0.022	-	1,000,000	-	1,000,000
c	2 Dec 13	31 Dec 18	$0.40	$0.012	-	1,000,000	-	1,000,000
(8)								
a	2 Dec 13	31 Dec 18	$0.25	$0.022	-	1,000,000	-	1,000,000
b	2 Dec 13	31 Dec 18	$0.40	$0.012	-	1,000,000	-	1,000,000
c	2 Dec 13	31 Dec 18	$0.40	$0.018	-	1,000,000	-	1,000,000
(9)								
a	2 Dec 13	31 Dec 18	$0.25	$0.022	-	500,000	(500,000)	-
b	2 Dec 13	31 Dec 18	$0.25	$0.021	-	500,000	(500,000)	-
c	2 Dec 13	31 Dec 18	$0.25	$0.028	-	500,000	(500,000)	-

No share options were exercised during the year ended 30 June 2015. No share options were exercised during the year ended 30 June 2014.

27. Share-based payments (continued)

(a) Employee share option plan – Cleveland Mining Company Limited (continued)

Vesting conditions

Recipients of the above option series are entitled to the beneficial interest under the option when various performance conditions are satisfied and only if they continue to be employed with the Company at the time. The performance conditions attached to these option series are as follows:

1a Identification of the 1 millionth ounce of Inferred Resource
1b Completion of the first Definitive Feasibility Study
1c Completion of wet commissioning of the first full scale process plant
2a Completion of the first Definitive Feasibility Study
2b Completion of wet commissioning of the first full scale process plant
2c Completion of a transaction involving the Group's Hong Kong holding company or other agreed structure, including the necessary funding at the level required to initiate the first 18 months of operations
3a Inferred resource(s) greater than 1 million ounce equivalent from a Chilean project
3b Completion of first DFS (not trial mining) on a Chilean project
3c Completion of first wet commissioning of process plant (not trial mining) on a Chilean project
4a Completion of first iron ore feasibility study
4b First shipment or milling of iron ore
4c Twelve month name plate iron ore production
4d Initial Premier operation (including CIL and O Capitão) reaching nameplate production rate for one month
4e Completion of a positive feasibility study on a project apart from Premier / O Capitão (as per 2012 plans) (could include a significant scale increase on Premier / O Capitão or any other project defined or acquired by Cleveland)
4f Operations for the project (project apart from Premier / O Capitão) reaching nameplate production for six months
5a Introduction and successful operation for a period of six months, to the satisfaction of the Board, of a safety and risk management system across all business sites
5b Completion of a positive feasibility study on a project apart from Premier / O Capitão (as per 2012 plans) (could include a significant scale increase on Premier / O Capitão or any other project defined or acquired by Cleveland)
5c Operations for the project (project apart from Premier / O Capitão) reaching nameplate production for six months
6a Initial Premier operation (including CIL and O Capitao) reaching nameplate production rate for one month
6b Completion of a positive feasibility study on a project apart from Premier / O Capitao (as per 2012 plans) (could include a significant scale increase on Premier / O Capitao or any other project defined or acquired by Cleveland)
6c Operations for the project (project apart from Premier / O Capitao) reaching nameplate production for six months
7a Meeting of the 12 month mine plan gold production (+/-10%)
7b Publication of institutional research on the Company by at least two financial organisations
7c Completion of 12 months' continuous service with Cleveland Mining Limited from the date of option issue
8a Meeting of the 12 month mine plan gold production (+/-10%)
8b Completion of 12 months' continuous service with Cleveland Mining Limited from the date of option issue
8c Completion of 24 months' continuous service with Cleveland Mining Limited from the date of option issue
9a Meeting of the 12 month mine plan gold production (+/-10%)
9b Completion of 12 months' continuous service with Cleveland Mining Limited from the date of option issue
9c Completion of 24 months' continuous service with Cleveland Mining Limited from the date of option issue

27. **Share-based payments (continued)**

(a) Employee share option plan – Cleveland Mining Company Limited (continued)

Fair value of options granted in the year
No options were granted during the year ended 30 June 2015.

Options granted in previous years were priced using the Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting vesting conditions attached to the option) and behavioural considerations.

Inputs into the model

	Series 6	**Series 7**	**Series 8**	**Series 9**
Grant date share price	$0.095	$0.105	$0.105	$0.105
Exercise price				
- a	$0.135	$0.250	$0.250	$0.250
- b	$0.135	$0.250	$0.400	$0.250
- c	$0.135	$0.400	$0.400	$0.250
Expected volatility				
- a	73.0%	91.9%	91.9%	91.9%
- b	73.0%	91.9%	93.9%	93.9%
- c	73.9%	93.9%	82.1%	82.1%
Option life				
- a	2.17 years	1.48 years	1.48 years	1.48 years
- b	2.17 years	1.48 years	1.41 years	1.41 years
- c	3.52 years	1.41 years	2.31 years	2.31 years
Dividend yield	-	-	-	-
Risk-free interest rate				
- a	2.56%	2.79%	2.79%	2.79%
- b	2.56%	2.79%	2.79%	2.79%
- c	2.72%	2.79%	2.79%	2.79%

(b) Employee share option plan – Cleveland Mining HK Limited

The Group has an employee share-based compensation scheme where directors and employees of the Group may be issued with options over the ordinary shares of Cleveland Mining HK Limited. The options, issued for nil consideration, are issued in accordance with guidelines established by the directors of Cleveland Mining Company Limited.

Each employee share option converts into one ordinary share in Cleveland Mining HK Limited on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

27. Share-based payments (continued)

(b) Employee share option plan – Cleveland Mining HK Limited (continued)

Option series	Grant date	Expiry date	Exercise price	Fair value at grant date	Balance at beginning of year	Number of options Granted during year	Expired or forfeited during year	Balance at end of year
2015								
(1)								
a	16 Apr 12	15 Apr 19	$0.20	$0.000	666,667	-	-	666,667
b	16 Apr 12	15 Apr 19	$0.20	$0.001	666,667	-	-	666,667
c	16 Apr 12	15 Apr 19	$0.20	$0.002	666,666	-	-	666,666
(2)								
a	16 Apr 12	15 Apr 19	$0.20	$0.000	1,916,667	-	-	1,916,667
b	16 Apr 12	15 Apr 19	$0.20	$0.002	1,916,666	-	-	1,916,666
c	16 Apr 12	15 Apr 19	$0.20	$0.003	1,916,667	-	-	1,916,667
(3)								
a	16 Apr 12	15 Apr 19	$0.20	$0.001	16,667	-	-	16,667
b	16 Apr 12	15 Apr 19	$0.20	$0.004	16,667	-	-	16,667
c	16 Apr 12	15 Apr 19	$0.20	$0.006	16,666	-	-	16,666
2014								
(1)								
a	16 Apr 12	15 Apr 19	$0.20	$0.000	666,667	-	-	666,667
b	16 Apr 12	15 Apr 19	$0.20	$0.001	666,667	-	-	666,667
c	16 Apr 12	15 Apr 19	$0.20	$0.002	666,666	-	-	666,666
(2)								
a	16 Apr 12	15 Apr 19	$0.20	$0.000	1,916,667	-	-	1,916,667
b	16 Apr 12	15 Apr 19	$0.20	$0.002	1,916,666	-	-	1,916,666
c	16 Apr 12	15 Apr 19	$0.20	$0.003	1,916,667	-	-	1,916,667
(3)								
a	16 Apr 12	15 Apr 19	$0.20	$0.001	16,667	-	-	16,667
b	16 Apr 12	15 Apr 19	$0.20	$0.004	16,667	-	-	16,667
c	16 Apr 12	15 Apr 19	$0.20	$0.006	16,666	-	-	16,666

No share options were issued under the employee share option plan during the years ended 30 June 2015 and 30 June 2014. No share options issued under the employee share option plan were exercised during the exercised during the years ended 30 June 2015 or 30 June 2014.

Vesting conditions

Recipients of the above option series are entitled to the beneficial interest under the option when various performance conditions are satisfied and only if they continue to be employed with the Company at the time. The performance conditions attached to these option series are as follows:

1a	Funding of feasibility
1b	Funding of plant
1c	Sale of first three years' production
2a	Completion of first iron ore feasibility study
2b	First shipment or milling of iron ore
2c	Twelve month name plate iron ore production
3a	Completion of first iron ore feasibility study
3b	First shipment or milling of iron ore
3c	Twelve month name plate iron ore production

28. Key management personnel

(a) Directors and other key management personnel

The directors of Cleveland Mining Company Limited during the financial year were:

- Mr David Mendelawitz
- Mr Russell Scrimshaw (resigned 19 October 2015)
- Mr Rick Stroud
- Mr Wayne Zekulich (appointed 9 February 2015)
- Mr Rod Campbell (resigned 29 August 2014)

The key management personnel of the Cleveland Mining Company Limited group during the financial year were:

- Mr A Santos (Brazilian Commercial Manager)
- Mr J Sharp (Manager of Mineral Resources)
- Mr A Longo (Company Secretary) (appointed 5 September 2014)
- Ms K Grose (Company Secretary & Financial Controller) (resigned 5 September 2014)

(b) Compensation of key management personnel

	2015 $	2014 $
Short-term employment benefit	1,263,137	1,149,827
Post-employment benefits	51,727	72,065
Termination benefits	-	-
Share-based payments	61,067	95,968
	1,384,931	1,317,860

29. Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the geographical region of operations. The Group's reportable segments under AASB 8 are therefore as follows:

- Brazilian operations
- Chilean operations

Information regarding the Group's reportable segments is presented below.

29. Segment reporting (continued)

Segment revenues and results

	Segment revenue 2015 $	Segment revenue 2014 $	Segment result 2015 $	Segment result 2014 $
Brazil	-	-	(5,480,520)	(8,463,883)
Chile	-	-	(9,927)	(2,805)
	-	-	(5,490,447)	(8,466,688)
Interest income			21,399	26,697
Central administration costs and directors' salaries			(6,483,538)	(3,705,164)
Loss before tax			(11,995,384)	(12,145,155)

Segment loss represents the loss generated by each segment without allocation of central administration costs and directors' salaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The accounting policies of the reportable segment are the same as the Group's accounting policies described in Note 3.

Segment assets and liabilities

	2015 $	2014 $
Segment assets		
Brazil	25,614,015	26,039,306
Chile	-	-
Total segment assets	25,614,015	26,039,306
Unallocated	491,415	813,151
Consolidated assets	26,105,431	26,852,457
Segment liabilities		
Brazil	15,400,934	8,176,637
Chile	-	-
Total segment liabilities	15,400,934	8,176,637
Unallocated	9,225,279	2,532,880
Consolidated liabilities	24,626,213	10,709,517

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments other than those items relating to corporate operations, including but not limited to cash and cash equivalents, trade receivables and payables and employee entitlements.

Other segment information

	Depreciation and amortisation 2015 $	Depreciation and amortisation 2014 $	Additions to non-current assets 2015 $	Additions to non-current assets 2014 $	Additions to exploration and development 2015 $	Additions to exploration and development 2014 $
Brazil	14,044	18,701	1,629,933	1,607,838	3,981,549	2,935,231
Chile	-	-	-	-	-	-
Total of all segments	14,044	18,701	1,629,933	1,607,838	3,981,549	2,935,231
Unallocated	21,588	28,082	4,960	-	-	-
Total	35,632	46,783	1,634,893	1,607,838	3,981,549	2,935,231

29. Segment reporting (continued)

The additions to exploration and evaluation expenditure relates to the consolidated entity's projects in Brazil and including that of Bahia Iron Alliance ($782,758) and Minas Iron Alliance ($442,891) pursuant to the acquisition of joint venture interests on 29 January 2015 (see Notes 15 and 17). There was no impairment (2014: $6,632,312) in relation to Brazilian exploration and development costs capitalised during the current year.

Geographical information

The Group operates in three principal geographical areas: Australia (country of domicile), Brazil and Chile. Details in relation to the operations in Brazil and Chile are disclosed as reportable segments. Revenues, assets and liabilities relating to Australia are part of corporate operations which are disclosed as *central administrative costs and directors salaries or unallocated* elsewhere within this note.

30. Commitments and contingent assets and liabilities

Leasing commitments

The Group has entered into operating leases on office space and motor vehicles for terms of up to 5 years. Future minimum rentals payable under this operating lease are as follows:

	2015	**2014**
	$	**$**
Within one year	472,957	545,118
After one but not more than five years	472,584	1,038,065
	945,541	1,583,183

Contingent liabilities

The Company's Brazilian subsidiary has a contingent liability of AUS$ 495,054 (BRL$1,190,159) arising from notices of Infraction issued for the alleged noncompliance with a tax-filing obligation, consisting of the non-filing of the Digital Tax Recordkeeping schedules for the periods January-December 2012, January-December 2013, and January-May 2014. The failure to file the mentioned documentation resulted in the imposition of the fine set forth by Article 71, XXII, letter "b", od Law 11651/91. After the issue of the notices of infraction, Premier JV was automatically notified in two occasions, via notifications sent to its Electronic Tax Address which were not sighted by the employee being indisposed.

The company filed the digital tax recordkeeping schedules, via Public Digital Recordkeeping System (SPED) and was acknowledged. This temporary noncompliance with the filing obligation resulted in no loss to the State Treasury, since there are no unpaid taxes.

Accordingly, the company filed an Extraordinary Appeal with the State of Goiás Administrative Tax Board requesting the annulment of said notices of infraction due to the utter lack of any loss for the State Treasury. The case records are currently waiting distribution to the State Administrative Tax Board's members.

31. Parent company information

Cleveland Mining Company Limited is the parent company of the consolidated group. The following information is provided for the Company:

	2015 $	2014 $
Financial position		
Assets		
Current assets	450,273	512,739
Non-current assets	20,183,459	25,127,147
Total assets	20,633,732	25,639,886
Liabilities		
Current liabilities	19,154,514	2,182,284
Non-current liabilities	-	7,329,898
Total liabilities	19,154,514	9,512,182
Net assets	1,479,218	16,127,704
Financial performance		
Profit / (loss) for the year	(2,754,318)	(6,708,357)
Impairment of inter-company investment	(10,962,274)	-
Other comprehensive income	-	-
Total comprehensive income	(13,716,592)	(6,708,357)

Contingent liabilities

The parent company had no contingent liabilities as at 30 June 2015.

Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity had no commitments to buy property, plant and equipment as at 30 June 2015.

32. Events subsequent to balance date

On 13 July 2015 the Company announced that it had signed a Gold prepayment take-off agreement with a refiner subject to 8% interest pro-rated for period of the prepaid amount. The agreement allows for the Company to receive prepayments of USD500,000 for gold shipments for the next 11 months. The agreement is valid for a 3 year term. A prepayment of US$500,000 (equivalent to 14 kg gold dore) has been received.

On 13 July 2015 the Company announced closure of the Royalty Linked Note. A total of $125,000 was raised post balance date. During August 2015 the Company accepted applications for a further $540,000 in Royalty Linked Notes. (see Note 19).

On 13 July 2015 the Company announced 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.

On 10 September 2015 the Company announced that it had mobilized a drill rig to complement the 2 existing grade control rigs for initial advance grade control drilling 100 tph of ore and future drilling extension holes in the highly prospective Vanuza south of the Premier open pit.

On 30 September 2015, the Company suspended its securities pending an announcement relating to the ownership and financing structure of the Premier Gold mine.

On the 19 October 2015, Mr. Russell Scrimshaw announced his intention to step down from the Non-Executive Chairman role and the Board of the Company. Mr Wayne Zekulich accepted the role as Acting Non-Executive Chairman

On 24 October 2015 the Company formalised an option agreement to acquire the remaining 50% interest in the Premier Project from Edifica for 3 staged payments of $US4 million and a 5% gold royalty. The option is valid for 6 months and is at the discretion of the Company. 100% ownership is formalised on the receipt of the first payment. Subsequent payments are each 12 months apart.

On 12 November 2015 the Company announced a Waiver Agreement with Platinum Partners, regarding outstanding interest payments, which was executed on 11 December 2015. The agreement consolidated the $US6.8m note with the $US1m note and $US2m note, providing a consolidated US$10,974,861 note with a maturity date of 19 September 2016. The interest rate on the consolidated note was reduced to 12%, and interest is payable quarterly in arrears, commencing 1 April 2016. In addition, four consecutive monthly repayments of US$250,000 will commence on 1 April 2016. The Company will issue Platinum Partners 29,371,525 shares in consideration for the waiver subject to shareholder approval, 5,000,000 warrants at an exercise price of AU$0.05, and the Company will transfer 50% of the fully paid shares in Cleveland Iron Holdings Pty Ltd to Platinum Partners. The redemption amount of the consolidated note at maturity is US$13,169,833. The note holder has, subject to shareholder approval, the option of converting any portion of the note together with any accrued and unpaid interest thereon into shares in the Company at a conversion price of AU$0.07.

On 10 December 2015, the Company announced an equity placement for approximately $1.6 million and a Share Purchase Plan (SPP) of up to $500,000 (with $400,000 underwritten). Of the $1.6 million placement, $1,328,876 is available following the Company's securities recommencing trading on the Australian Securities Exchange, with the balance of $300,000 being subject to shareholder approval. Shareholder approval for the $300,000 and the SPP will be sought in January 2016 and funds raised by the SPP from existing shareholders or Underwriters will be made available post shareholder approval. The Company also announced Mr Alex Sundich and Mr Glenn Simpson are to join the Board of Cleveland as non-executive Directors, following the completion of this capital raising.

Director's Declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3(a) to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the directors have been given the declarations required by s295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 27 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors

DAVID MENDELAWITZ
Managing Director

Dated at Perth this 12th day of December 2015

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (0) 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Cleveland Mining Company Limited

Report on the Financial Report

We have audited the accompanying financial report of Cleveland Mining Company Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 46 to 88.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cleveland Mining Company Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Cleveland Mining Company Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3 in the financial report, which indicates that the consolidated entity incurred a net loss of $11,995,384 (2014: $12,145,155) and experienced net cash outflows from operating and investing activities of $3,825,660 and $1,266,712 respectively during the year ended 30 June 2015 (2014: $6,821,105 and $3,765,422 respectively) and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $23,301,919 (2014: $824,184). These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's and company's ability to continue as going concerns and therefore, the consolidated entity and company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 21 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Cleveland Mining Company Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 12 December 2015

Additional Shareholder Information

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 30 September 2015 .

1. Substantial shareholders

The names of substantial shareholders who had notified the Company in accordance with section 671B of the Corporations Act are:

Mrs S L Mendelawitz 41,908,015 shares

2. Statement of issued capital

(a) Distribution of fully paid ordinary shareholders

Size of holding	Number of holders	Shares held
1 – 1,000	641	158,004
1,001 – 5,000	203	605,257
5,001 – 10,000	177	1,498,738
10,001 – 100,000	665	26,906,676
100,001 and over	305	213,945,549
	1,991	243,114,224

(b) All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(c) At the date of this report there were 916 shareholders who held less than a marketable parcel of shares.

3. Unlisted options

	Exercise price	Expiry date	Number of options	Number of holders
Unlisted options	$0.25	31-Dec-15	5,340,000	3
Unlisted options	$0.36	31-Dec-15	3,250,000	1
Unlisted options	$0.25	16-May-16	1,000,000	1
Unlisted options	$0.25	31-Dec-18	1,000,000	1
Unlisted options	$0.40	31-Dec-18	2,000,000	1
Unlisted options	$0.14	31-Jul-19	7,500,000	1

4. Quotation

Listed securities in Cleveland Mining Company Limited are quoted on the Australian Securities Exchange.

5. Twenty largest shareholders

The twenty largest shareholders hold 46.70% of the issued capital of the Company as at 30 September 2015.

No	Shareholder	Number of shares	Percentage of issued capital
1.	MS SARAH LARISSA MENDELAWITZ	41,908,015	17.24
2.	MR WANG ZHE	12,000,000	4.94
3.	FINOOK PTY LTD	10,428,059	4.29
4.	MR GAVIN WILLIAM CLARK	6,513,373	2.68
5.	PENWERRIS PTY LTD	5,123,131	2.11
6.	PINE STREET PTY LTD	4,280,000	1.76
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,059,311	1.67
8.	MR GLENN ANTHONY SIMPSON + MRS KERRY LOUISE SIMPSON	3,510,000	1.44
9.	B MENDELAWITZ PTY LTD	3,298,487	1.36
10.	MR JONATHAN CODY FARYNA	2,768,525	1.14
11.	PERRIHALL PTY LT	2,410,017	0.99
12.	DHRG PTY LTD	2,366,500	0.97
13.	PINE STREET PTY LIMITED	2,360,022	0.97
14.	MR BRADY PETER SCANLON	2,280,000	0.94
15.	MR GLENN ANTHONY SIMPSON + MRS KERRY LOUISE SIMPSON	2,100,000	0.86
16.	TROPICAZA PTY LTD	1,948,362	0.80
17.	SCRIMSHAW NOMINEES PTY LTD	1,735,277	0.71
18.	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,600,760	0.66
19.	NIVESA PTY LTD	1,450,000	0.60
20.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	1,400,404	0.58
		113,540,243	46.70

6. Twenty largest listed optionholders

The twenty largest listed option holders hold 67.08% of the issued capital of the Company as at 30 September 2015.

No	Shareholder	Number of shares	Percentage of issued capital
1.	GEORDIE PTY LTD	1,000,000	8.80
2.	WROXBY PTY LTD	1,000,000	8.80
3.	PAN AUSTRALIAN NOMINEES PTY LIMITED	800,000	7.04
4.	MRS REBECCA MADDOCK	656,000	5.77
5.	KURRABA INVESTMENTS PTY LTD	500,000	4.40
6.	JERSIA PTY LTD	490,000	4.31
7.	STASH CORP PTY LTD	450,000	3.96
8.	HORIZON CORPORATION LIMITED	400,000	3.52
9.	AUSTRALIAN GLOBAL CAPITAL PTY LTD	300,000	2.64
10.	MR ROBERT LESLIE FOWLER + MRS MARILYN JOYCE FOWLER	300,000	2.64
11.	PINE STREET PTY LTD	300,000	2.64
12.	TIMIAMA NOMINEES PTY LTD	300,000	2.64
13.	MR HAROLD MUNRO CORBOULD	200,000	1.76
14.	MRS KRISTIN EILEEN FRANCO	200,000	1.76
15.	MR MARK JAMES DOUST + MRS DIANNE MARGARET DOUST	150,000	1.32
16.	MR ANTHONY DUNCAN MCRAE	147,500	1.30
17.	STASH CORP PTY LTD	130,000	1.14
18.	MRS TONI MATHIESON FRANK	100,000	0.88
19.	MR ADRIAN CHRISTOPHER GRIFFIN	100,000	0.88
20.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	100,000	0.88
		7,623,500	67.08

Tenement Holdings
as at 30 September 2015

Date Paid	Supplier	Discrimination	Due Date	Value:	Invoice
Mineração	DNPM	TAH - Jan 2015 - **nº 858.115_2008** - ***Macapá Project***	31/07/13	R$ 49,741.38	858.115_2008
Mineração	DNPM	TAH - Jan 2015 - **nº 860.360_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 2,176.49	860.360/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.614_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 7,398.44	860.614/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.676_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 5,893.31	860.676/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.677_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 8,486.37	860.677/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.678_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 9,679.72	860.678/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.679_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 9,453.82	860.679/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.680_2010** - ***Montividiu do Norte Project***	30/01/15	R$ 9,822.03	860.680/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 861.880_2010** - ***Mara Rosa Project***	30/01/15	R$ 6,256.45	861.880/2010
Mineração	DNPM	TAH - Jan 2015 - **nº 860.474_2011** - ***Mara Rosa Project***	30/01/15	R$ 9,855.65	860.474/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.475_2011** - ***Mara Rosa Project***	30/01/15	R$ 9,115.97	860.475/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.476_2011** - ***Mara Rosa Project***	30/01/15	R$ 5,236.10	860.476/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.477_2011** - ***Mara Rosa Project***	30/01/15	R$ 9,743.32	860.477/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.479_2011** - ***Mara Rosa Project***	30/01/15	R$ 9,721.68	860.479/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.480_2011** - ***Mara Rosa Project***	30/01/15	R$ 8,313.20	860.480/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.481_2011** - ***Mara Rosa Project***	30/01/15	R$ 9,647.09	860.481/2011
Mineração	DNPM	TAH - Jan 2015 - **nº 860.570_2011** - ***Mara Rosa Project***	30/01/15	R$ 9,724.29	860.570/2011
Premier	DNPM	TAH - Jan 2015 - **nº 804.385_1975** - ***Cleveland Premier Mineração***	30/01/15	R$ 11,336.00	804.385-1975
Premier	DNPM	TAH - Jan 2015 - **nº 861.128_2009** - ***Cleveland Premier Mineração***	31/07/15	R$ 3,812.46	861.128_2009
Premier	DNPM	TAH - Jan 2015 - **nº 862.739_2011** - ***Cleveland Premier Mineração***	31/07/15	R$ 633.73	862.739_2011
Premier	DNPM	TAH - Jan 2015 - **nº 862.740_2011** - ***Cleveland Premier Mineração***	31/07/15	R$ 221.93	862.740_2011
Bahia Iron	DNPM	TAH - Jul 2015 - **nº 833.478_2012** - DNPM _ ***Bahmex Bahia Mineral***	31/07/15	R$ 5,220.03	833.478_2012
Minas Iron	DNPM	TAH - Jul 2015 - **nº 830.872_2011** - DNPM _ ***MG Iron Consultoria***	31/07/15	R$ 7,513.65	830.872_2011
Minas Iron	DNPM	TAH - Jul 2015 - **nº 830.604_2013** - DNPM _ ***MG Iron Consultoria***	31/07/15	R$ 4,718.20	830.604_2013
Minas Iron	DNPM	TAH - Jul 2015 - **nº 830.608_2013** - DNPM _ ***MG Iron Consultoria***	31/07/15	R$ 5,155.45	830.608_2013

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