

*Expanding production, growing resources  
and unlocking value*

## **EMERGING LOW-COST GOLD PRODUCER IN BRAZIL**

January 2016 SPP Investor Presentation



ASX: CDG

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

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

# Investment Highlights

*An emerging low-cost gold producer in Brazil*



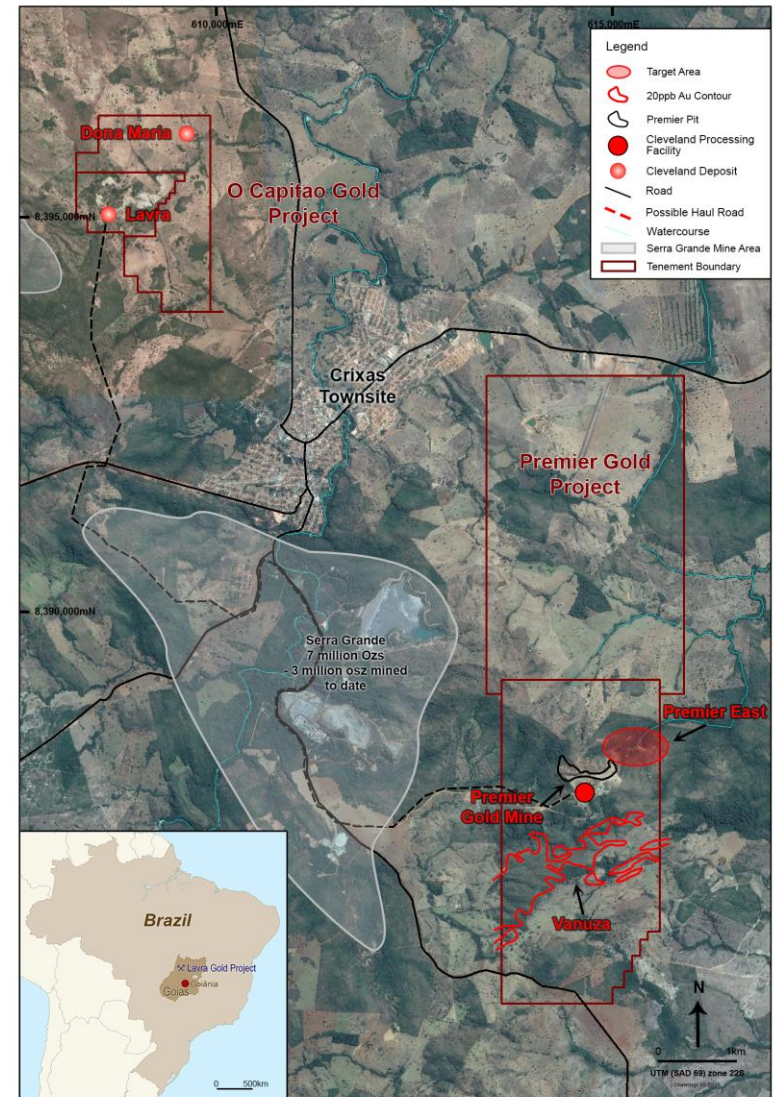
## Gold Production and Growth – Brazil

- Premier Gold Mine JV (CDG 50% moving to 100%)
- Currently producing with plant expansion near completion
- Commencement of second mine targeted for early 2016
- Outstanding expansion potential
- Low operating costs with significant exchange rate advantages
- Located in an address with significant production pedigree

## Experienced Management with Proven Track Record

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

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





# Corporate Overview

Strong Board and Management with track record of building successful companies



ASX Code	CDG
Shares on Issue pre raise	~243.1M
Shares on issue post raise	~283.1M
Shares on issue if SPP fully subscribed	~295.6M
Options on Issue	~22.8M*
Market Cap post raise @ 4c	A\$12.0M
1-year Range	A\$0.03 – \$0.07
Debt Corporate and JV project debt	~US\$15M
Funds owed to CDG#	~A\$12M

## Major Shareholders

Mrs Sarah L. Mendelawitz	17.24%
Mr Wang Zhe	4.94%
Finook Pty Ltd	4.29%
Mr Gavin William Clark	2.68%

\* 5m options granted to Platinum at 5c. 2.5m options at 14c. All other options exercise price above 21.5c

#Owed to Cleveland by Premier JV partner (Edifica) to be re-paid from Edifica's profit distributions post repayment of Platinum Convertible note. Debt owed by Edifica to Cleveland will be extinguished if Cleveland exercise its option to acquire 100% of the project

## Board of Directors

### Alex Sundich Non-Executive Chairman

- Ex-Goldman Sachs and Credit Suisse First Boston Investment Banker
- Non-Executive Director of Petrel Energy Ltd

### David Mendelawitz Managing Director

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

### Rick Stroud Non-Executive Director

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

### Glenn Simpson Non-Executive Director

- Chartered Accountant with +30 year experience in accounting, insurance and corporate advisory
- Long association with Mining Industry

# Exposure to the Brazilian Real Gold Price

A Compelling Advantage



5 Year Spot Gold in Brazilian Reals vs US Dollars



5 Year Spot Gold in Australian Dollars vs US Dollars



- Brazilian Real (\$R) has weakened by 60% from its 2011 peak of 0.64\$US : 1\$R in to circa 0.25\$US : 1\$R in Dec 2015
- Compared with the Australian Dollar (\$AU) which in the same period has dropped 33% from 1.07\$US : 1\$AU down to 0.72\$US : 1\$AU.
- In September 2015 Brazilian Real Gold price peaked at \$R4694 per ounce.
- Historically the Brazilian Real Gold price has closely tracked the US Dollar Gold price, though has broken away in 2014

# Crixás Gold Hub – World-Class Address

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



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



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





# Premier Gold Mine – Overview

*The cornerstone of our growth strategy in Brazil*



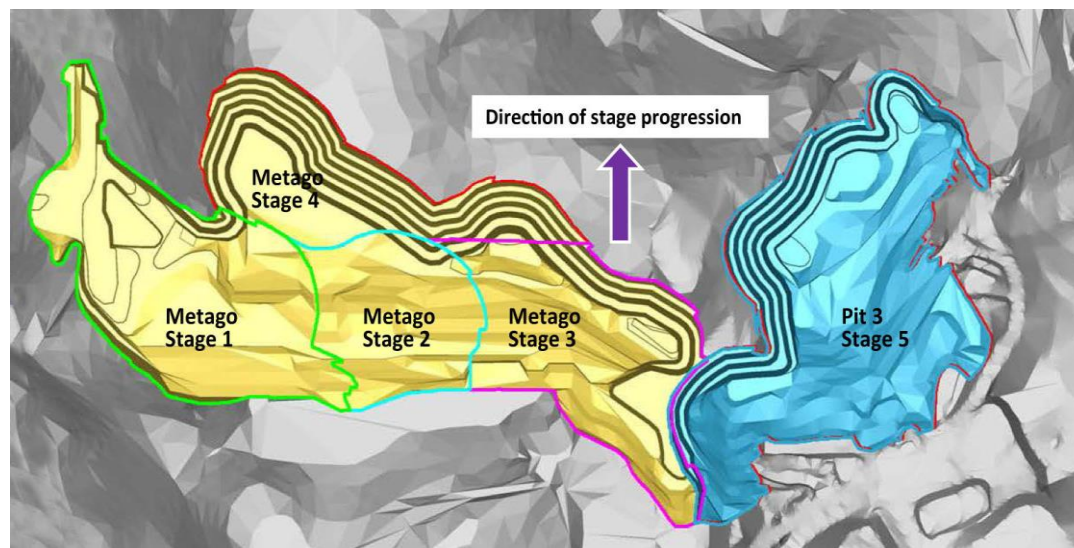
- Less than 3% of the identified mineralised structures drill tested to date, with 180,000 ounces defined so far
- 50/50 Joint Venture with Edifica Participações – agreement for Cleveland to move to 100% equity through a series of 3 payments of \$US4m, each paid 12 months apart, plus a 5% royalty
- Mining underway on foundation resource
- Circa \$1 per tonne mining cost
- Production growth with target to move from 40tph to 100tph processing capacity via short lead-time expansion project – almost complete
- Multi-million ounce prospectivity demonstrated through correlations to Premier and Serra Grande (Anglogold Ashanti)
- Further exploration planned at Premier and O Capitão targeting initially 250koz, then approx. 600koz
- Excellent location close to infrastructure
- Trial Mining at O Capitão, Lavra producing up to 20,000 ounces over a 4 month period targeted for commencement early 2016



# Premier – Initial Resource

*Foundation resource with outstanding growth potential*

- Foundation Indicated & Inferred Resource of 1.27Mt @ 1.82g/t Au for 74,400oz representing less than 3% of target unit
- Underpins production start-up
- Early access to high-grade mineralisation
- Orebody is outcropping and shallow dipping
- Mineralisation open along strike and down dip
- Host unit repeats below and an order of magnitude thicker



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

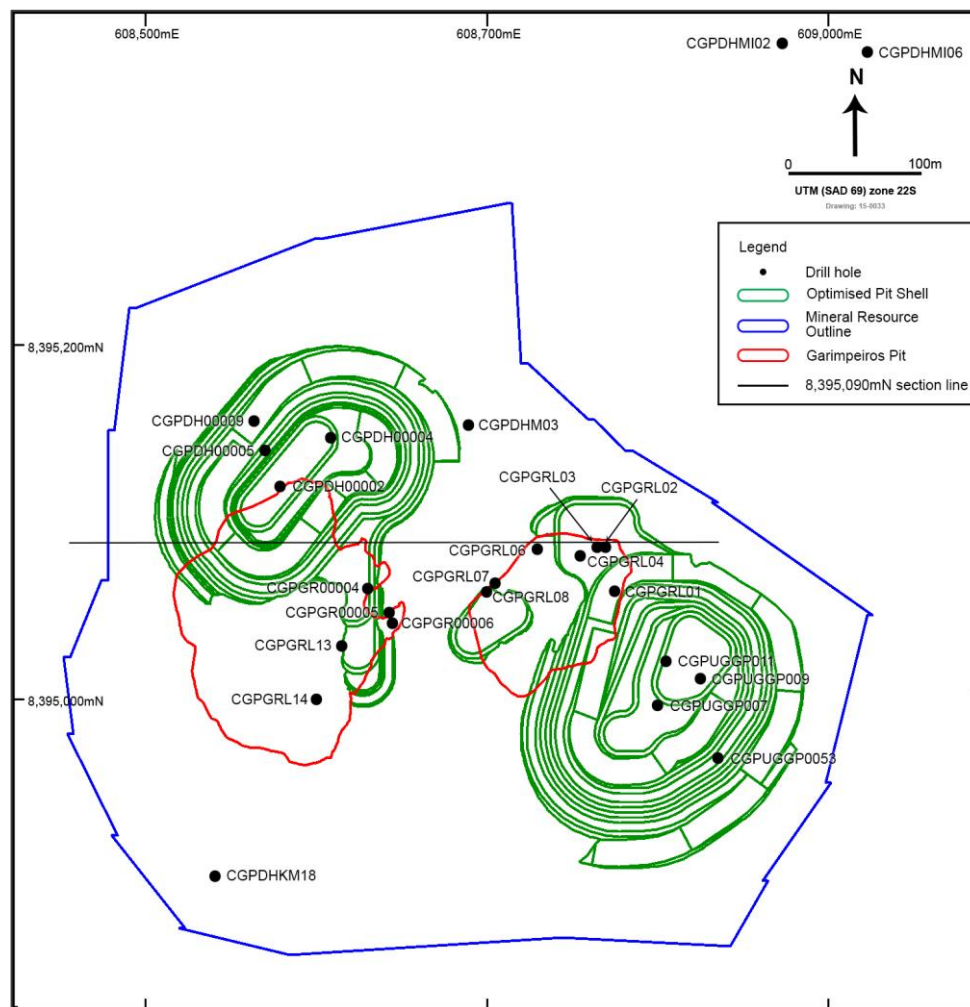


# O Capitão - Lavra

*The Next Area for Mining*



- Trial mining will commence on high grade, gold mineralisation, from within an initial Inferred Resource of 418 kt @ 5 g/t Au for 67 kOzs that remains open in all directions.
- The trial pits cover approximately 25% of the Mineral Resource area, which in turn covers approximately 10% of potentially mineralised structures and lithology found at Lavra.
- Pits have been optimised containing up to 44 kt at an average grade is 14.4 grams per tonne (gpt) gold; circa 20,000 ounces less depletion by historic artisanal mining.
- Cash costs are estimated to range from \$AU162 - \$203 per ounce, depending on the extent of artisanal depletion of mineralisation.

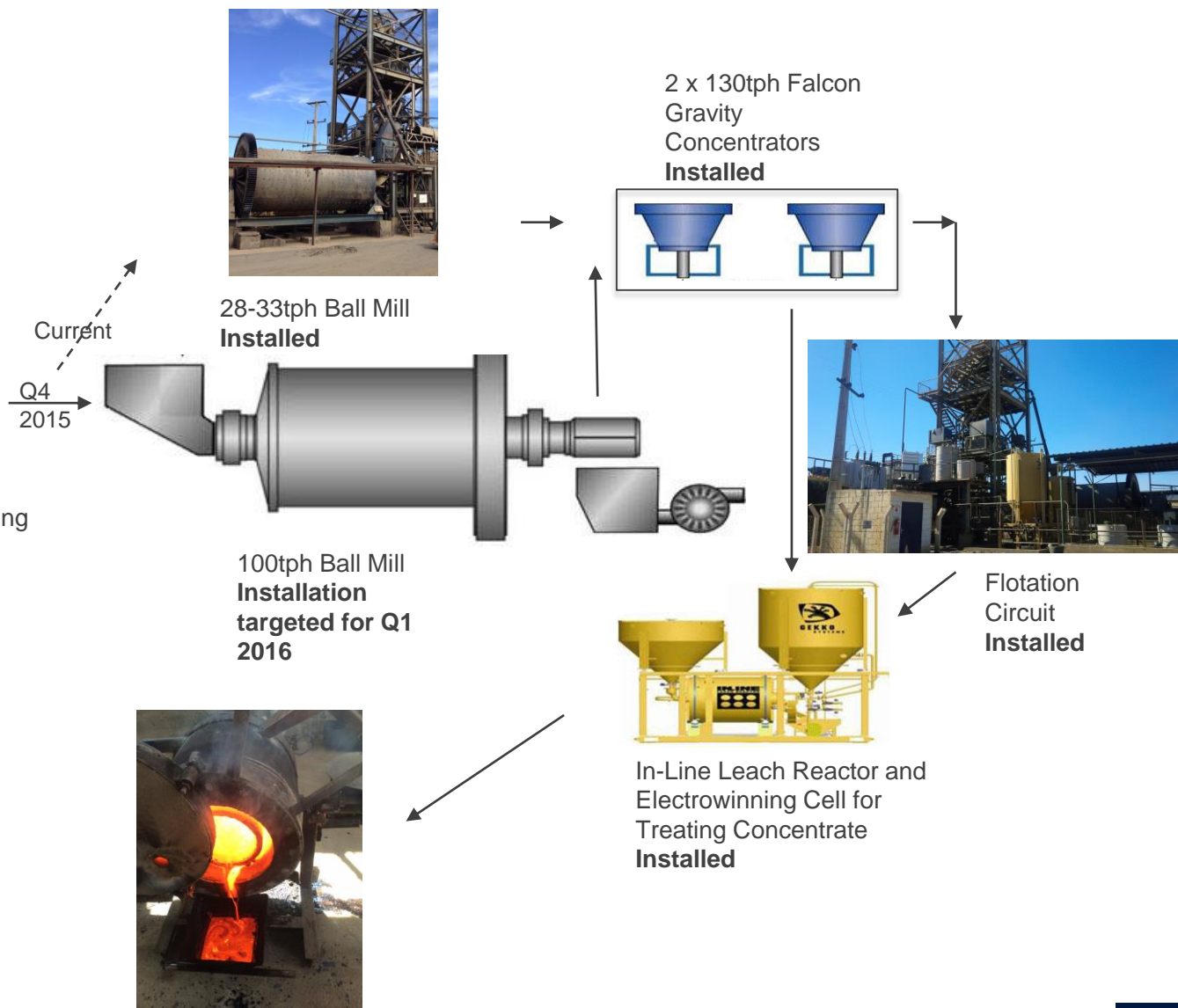


# Premier – Simple Flow Sheet

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



1-200tph Primary and secondary crushing circuit (Jaw + Cone + second Jaw)  
**Fully operational**



Gold Dore

## Plant Availability

- Increased from 2 year average of circa 42% mechanical availability to now consistently achieving targeted +80%.

## Gold recovery

- Increased from <50% in sulphide ore and circa 65% in oxide ore to now achieving average circa 74% in sulphide ore and circa 80% in oxide ore. Further improvements anticipated with modifications to new flotation circuit to achieve up to targeted 85% average recovery.

## Throughput

- Crushing throughput has increase from circa 40tph primary/ 28tph secondary to now achieving +100tph primary and secondary
- Ball mill remains the constraint at 28tph sulphide/ 33tph oxide. This will increase with the installation of the new mill.



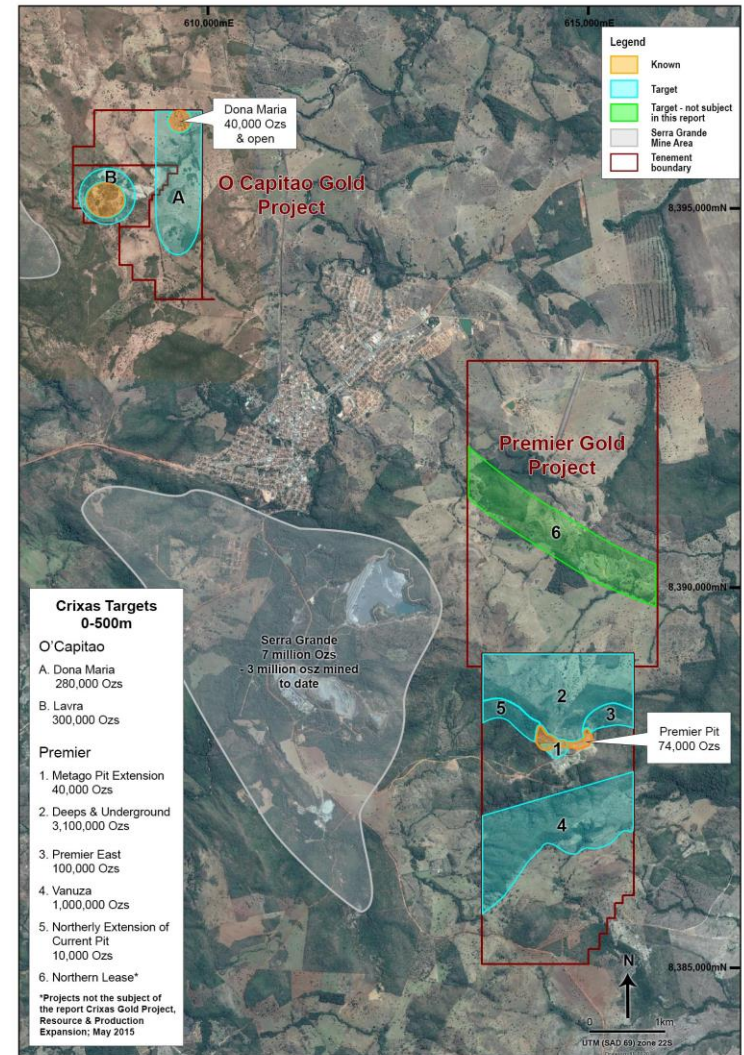


# Premier and O Capitão Overview

Potential of 4 – 5 Mines



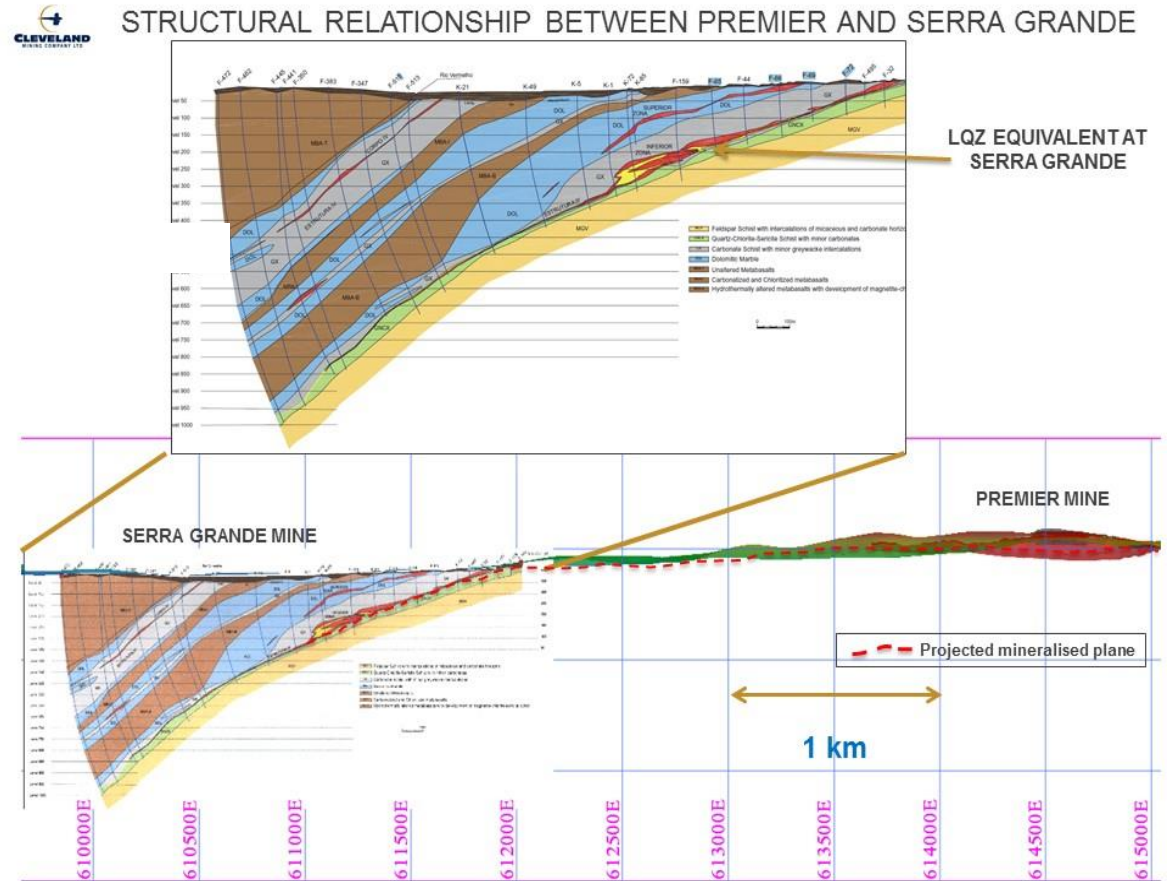
- Premier ore milling facilities being expanded to 100tph capacity to underpin a production rate of ~40,000oz per annum by mid 2016
- Following the current expansion, sustained feed for further increases in production will be underwritten by enhanced resources and mineralization from the following projects:
- *Premier - Metago, North Pit, Premier East and Vanusa*
- *O Capitão - Lavra and Dona Maria.*
- All Projects within 10 km of Premier mill, serviced by good roads connected to the existing process plant.



# Premier Overview

Significant Potential

- Mineralization including the LQZ has been modelled and is the **same structure that hosts Serra Grande deposits.**
- Serra Grande: +7 Mozs gold identified; +3.5 Mozs mined to date located on neighbouring tenement.
- 2.7% of LQZ contained within the Premier mining tenement has been exploited to date for at least 84 kozs of gold (**not all historic production was reported**).
- >97% of the LQZ remains;** significant potential to contribute economic potential.





# Premier East

*Strike Extension of Current Resource*

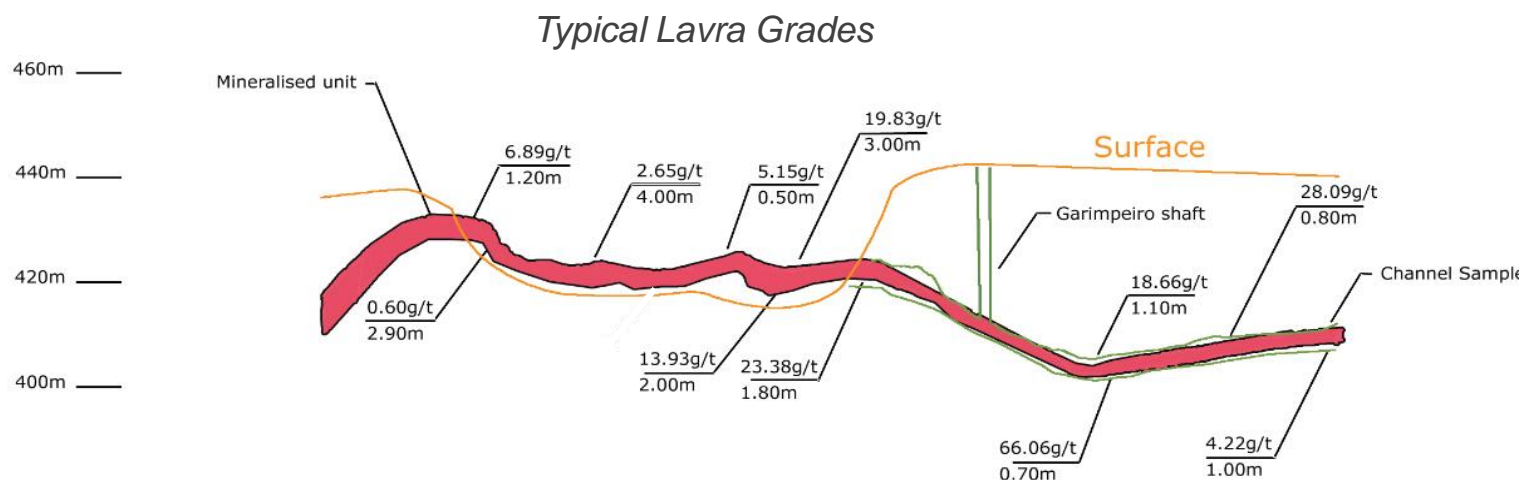
- Eastern strike of the Premier Mine host lithologies; 900m to tenement boundary.
- Rock chips have returned assays within the range of 10.45 g/t to 41.70 g/t.
- Channel gold intersections include 2.65m @ 7.25 ppm and 1.2m @ 8.49.
- Over 97% of LQZ intact upon the Premier mining lease, partly predicated on the LQZ striking through Premier East.





## Lavra

- Trial pits are scheduled to run for 4 months in anticipation of on-going mining at increased rates pending the performance of the trial.
- Trial mining is expected to require no further processing infrastructure, as it will utilise capacity available at the Premier processing plant this quarter after the completion of the current capital works.
- Mining can commence on granting of the initial Utilisation Guide (Trial Mining Permit), which is targeted for early 2016

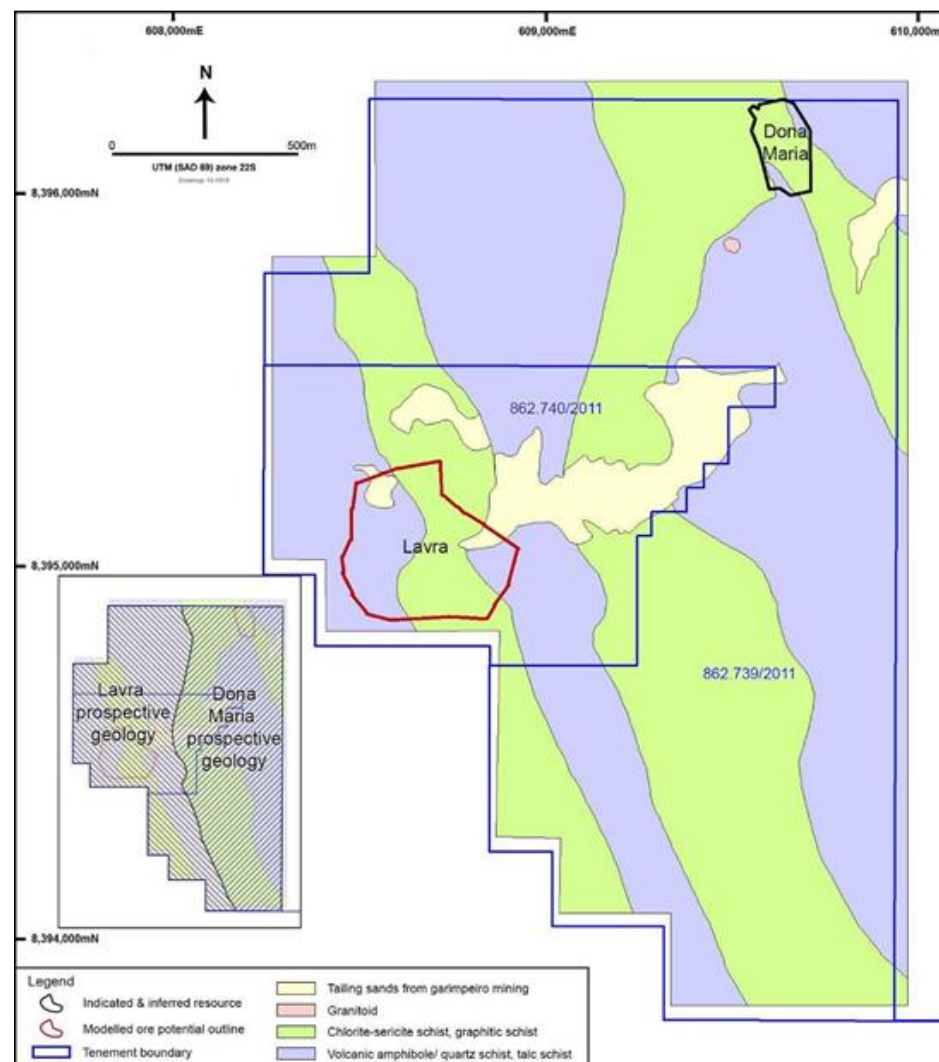


# O Capitão - Dona Maria

Potentially the 3rd Mine

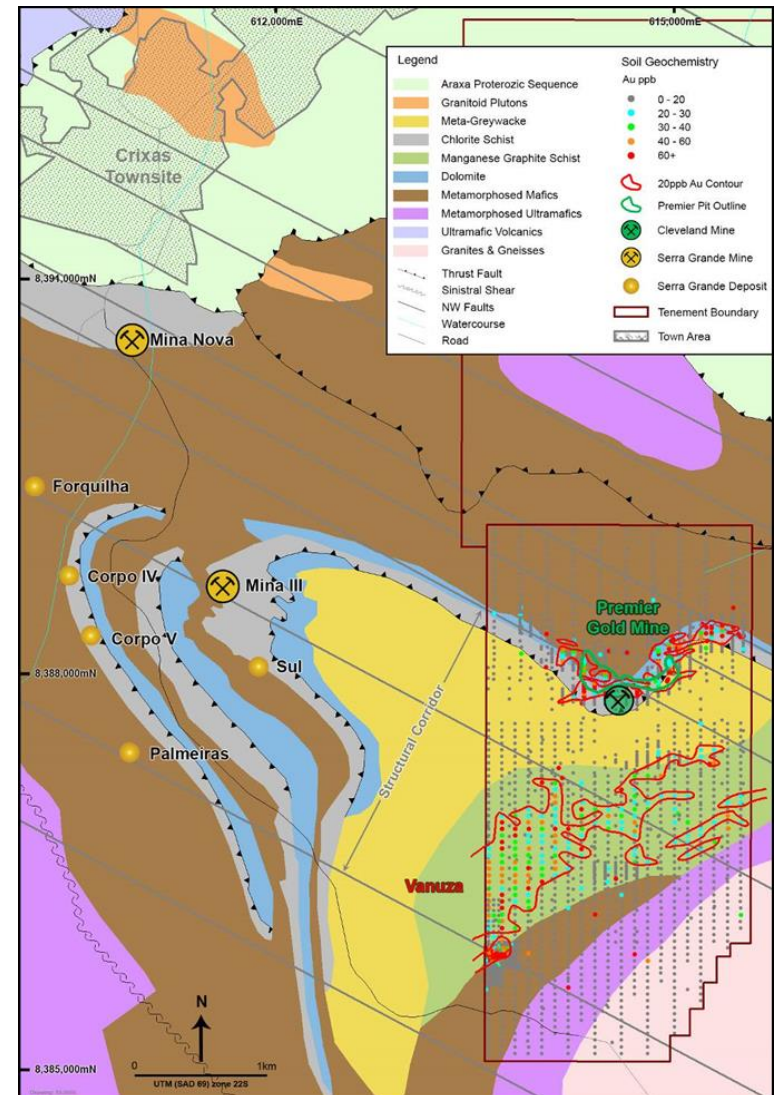
## Dona Maria

- JORC compliant Indicated and Inferred Resource of **1.2Mt @ 1.04g/t for 41 kOzs of gold** that remains open in all directions.
- Selective mining targeting 2 discrete units each of approximately 3m thickness can allow Dona Maria to be mined at 1.4gpt (upper unit) and 2.2gpt (lower unit)
- Approximately **96%** of prospective Dona Maria geology **remains to be systematically tested**.
- Progressively testing the prospect by auger geochemistry so far returning results of up to **5.70 g/t Au**. Most of the prospect has yet to be test.
- There is polymetallic mineralization offering the potential for silver and base metal credits.
- A small trial pit is currently being planned, along with further extensional drilling



## Vanuza

- Extensive zone of primary gold mineralization over 2.2km strike and 600m width located within 1.5km south of Premier mill.
- Same structure that hosts some of Serra Grande deposits on a neighbouring tenement.
- Vanuza gold-in-soil anomaly twice the area of original Premier Mine anomaly with a similar tenor.
- Extensive primary gold mineralization and exhibits similar ore potential to that of the Premier Gold Mine.
- Coincident silver, copper, molybdenum, zinc, arsenic and cobalt soil anomalism suggesting a primary poly-metallic source.



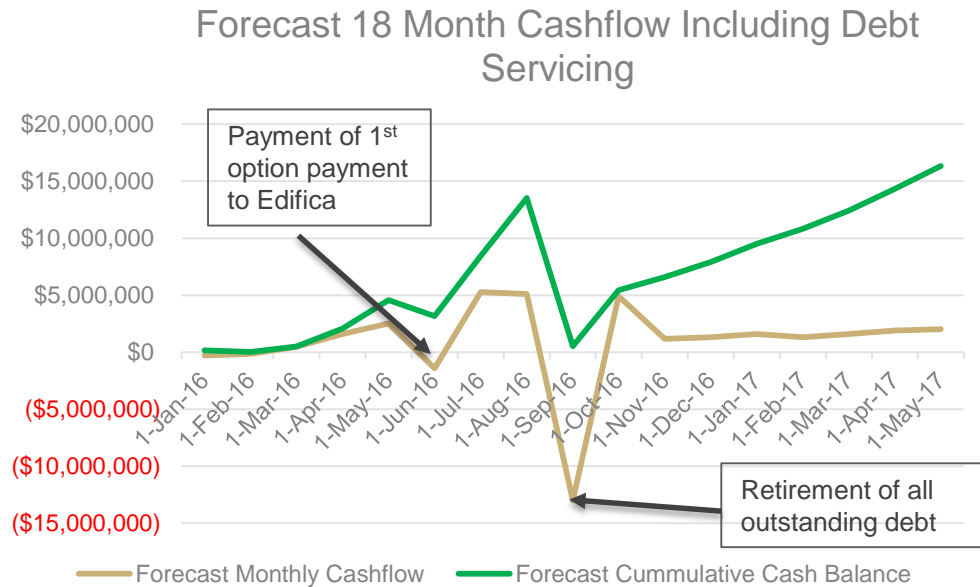


# Debt vs Forecast Cash-flow Overview

*Low Debt Level Compared to Asset Value and Near-term Forecast Earnings*



- Total corporate and JV project debt of circa **\$US15m V's forecast 2016 attributable pre-tax free cash-flows of \$AU40m**
- **Interest standstill in place until April 2016 through forbearance agreement with secured debt providers**
- **No secured debt due before bullet payment in September 2016**
- Based on base case production profile at Premier and Lavra **all debt scheduled to be extinguished out of cash flows by September 2016**



Cash-flow forecast based on maximum combined throughput from Premier and Lavra of 2000 tonnes per day (tpd) reached in June 2016 and maximum recovery of 80%

Management target throughput and recovery are 2200 tpd and 85% recovery respectively

# Option to Acquire 100% of Project

*Fair Short-term Value, Excellent Long-term Advantage*



- Cleveland currently has 50% of the Premier/ O Capitão project
- To date, Cleveland have funded the project, with the agreement that 50% of all funds contributed to date will be repaid to Cleveland out of the Joint Venture partners share of the profit
- Cleveland have now secured an option to increase its equity in the project to 100% based on 3 staged payments of \$US4 million each payment being 12 months apart, plus a perpetual 5% royalty
- The first payment is expected to be made mid 2016.
- The attainment of 100% ownership will provide greater opportunity for financing/ re-financing options and enhance the economics of the project for Cleveland

## **Near Term Key Milestones**

- Installation of new ball mill to complete 100tph crushing and milling capacity (\$AU400k)
- Licensing and commencement of Lavra project (\$AU150k)
- Upgrading water supply to add reliability and increase capacity for 100tph operations (circa \$AU250k)
- Upgrading flotation plant capacity for 100tph capacity (staged development. Initial \$150k, then \$300k in 2016)
- Further drilling to extend the mine life (ongoing \$)
- Exercise option to acquire 100% of the project (\$US4m)

## **What are the key risks?**

- Licensing lead time (Lavra)
- Depletion from historic artisanal mining depletion at Lavra
- Resource expansion success
- Material falls in gold price
- Unpredicted weather events, such as droughts witnessed in 2014/15
- Plant availability not reaching forecast levels



- One of only a few listed junior mining companies currently producing gold in Brazil
- Production continuing to ramp-up from Premier Gold Mine, with expansion plan underway to target 150% increase in daily production which will lead to cash costs of circa A\$400 per ounce
- Second mine - O Capitão Lavra Trial Mine - targeted for commencement early 2016 with forecast cash costs less than A\$200 per ounce
- Step-out drilling program planned at Premier and O Capitão to expand resource targeting 250koz to support 6 years mine life at 40koz pa
- Base case forecasts will result in all debt being paid from cash-flows by September 2016
- **Multi-million ounce prospectivity**
- **Very low cost base**
- Board and management team with a strong track record of major project and company development



# Resources

Over 180,000 JORC indicated and inferred ounces defined at Premier and Dona Maria



<b>Premier Gold Mine – JORC Resources</b>	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
<b>O Capitão Dona Maria Project – JORC Resources</b>	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
<b>O Capitão Lavra Project – JORC Resources</b>	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
<b>Combined Resource Inventory</b>	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

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

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



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## Competent Person's Statement

The information in this report that relates to Exploration Results is based on information reviewed by David Mendelawitz, who is a Fellow of the AusIMM. Mr Mendelawitz has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mendelawitz consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Mendelawitz is employed by Cleveland Mining Company Ltd.