

## Drilling Commencing at O Capitaó, Lavra Project

*Targeting shallow, high grade exploration target abutting defined Resources*

### Highlights

- Reverse circulation (RC) drilling commencing at Lavra project to potentially define an exploration target of 9 – 33koz between the two “trial pits” as defined by current Resources
- Drilling program to a maximum depth of 20m, with target zone commencing at 5m depth
- Any mineralised material defined would be available to haul to Premier Process plant, once the mining permit is finalised.

Cleveland Mining Company Ltd (ASX: CDG) is pleased to announce that it is commencing a short, though potentially significant, drilling program at the Company’s O Capitão, Lavra project. The project is part of the Cleveland Premier Joint Venture and the target area is adjacent to the site of the planned high grade Lavra open pit project, where mining is set to commence upon the granting of the appropriate licence. The licence is expected to be granted in the immediate term.

The target area, though limited in lateral extent, has the potential to add significant revenue to the Lavra Project if it is confirmed to be an extension of the high gold grade that has been defined in the two adjacent areas.

Cleveland Mining’s Managing Director Mr David Mendelawitz said “We have been looking forward to both the commencement of mining and upgrading of the exploration targets at Lavra for a number of years. The area has demonstrated its capacity to host high grade, shallow mineralisation as demonstrated by the artisanal mining that has occurred on the site and further supported by only limited exploration by Cleveland over the past 6 years.”

Mr Mendelawitz highlighted “Although the potential for 9 – 33 thousand ounces may not sound significant, less than \$AU50,000 worth of drilling has the potential to add in the range of \$AU14 – 52 million in revenue at the current gold price. The Company owned Premier process plant is also in close proximity and the mining costs are low due to both where we operate and the shallow, high grade nature of the potential mineralisation. We are looking forward to these results.”

#### Corporate Information

Total shares: 338.4 million  
Options on issue: 22.8 million

ASX Code: CDG

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#### Board of Directors

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## Background:

Lavra, is a gold project located in Goias State, Brazil where the price of gold in the local currency (Real) is currently trading at near historic highs. Brazil has low mining costs, due to the large skilled labour pool, devaluation of the currency and abundance of hydro-electricity.

Lavra shares the same greenstone belt and mineral corridor as AngloGold Ashanti's Serra Grande gold deposits (+7 million Ozs Au identified and circa 4 million Ozs Au mined) and is approximately 10km northwest from the company owned Premier gold milling plant. The plant is accessible along excellent roads suitable for ore haulage. So far, only approximately 10% of the prospective geology has been explored at Lavra. Consequently, there remains significant upside for the discovery of additional Resources within the remaining 90% of the project.

Work to date has defined an Inferred Resource of **134 kt @ 11.14 g/t Au for 48 kOz**, where the Resource remains open in all directions and has yet to be tested to any significant depth. This has clearly justified further investigation of potential at Lavra, hence the impetus to collect and mill bulk samples from the defined Resource.

An area known as the Saddle Area, located between the proposed bulk sampling pits (Inferred Resources), was excluded from the Resource estimation and not optimised for bulk sampling simply through lack of information. Drilling the Saddle Area has the potential to further define and refine the Exploration Target of 47 to 94 kt @ 6 to 11 g/t Au for approximately 9 to 33 kOz.

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## Location & Geology:

Lavra is a gold project located in Goias State, Brazil.

Figure 1, Lavra is a gold project located in Brazil



The project is located on highly prospective tenure, with a history of both rewarding artisanal mining and a high rate of success in the limited modern exploration undertaken so far. The project is approximately 10km northwest from the company owned milling facilities at Premier and is accessible via well maintained roads quite suitable for ore haulage.

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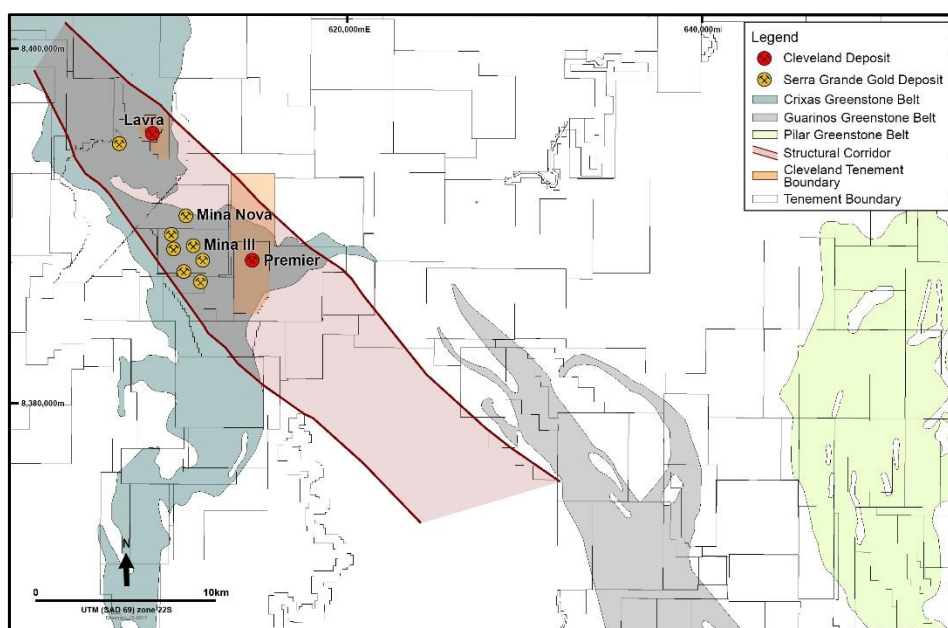
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Figure 2, Lavra, 10km from the Premier Processing Plant



Lavra shares the same greenstone belt and mineral corridor as AngloGold Ashanti's giant Serra Grande gold deposits (7 million Ozs Au identified and circa 4 million Ozs Au mined) as shown on Figure 3.

Figure 3, Lavra, location and geology.

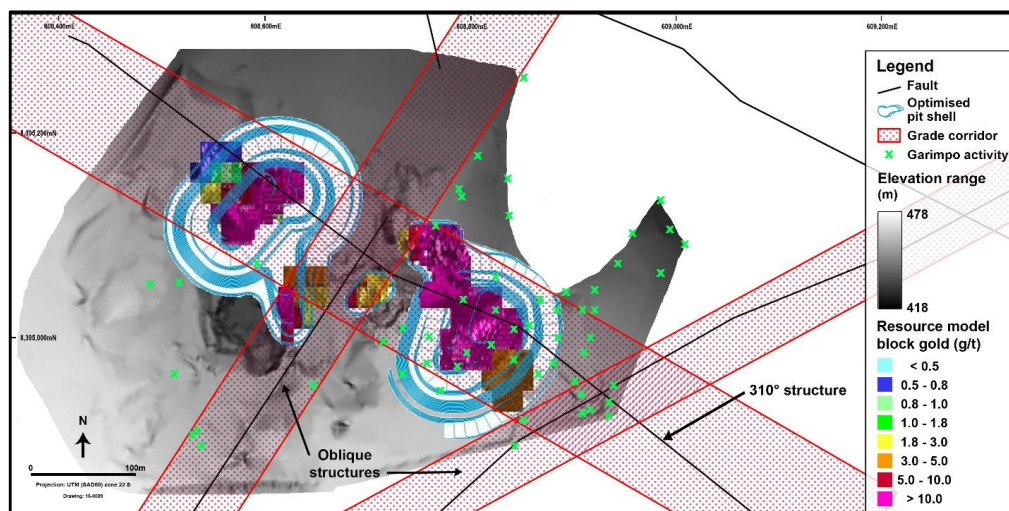




Lavra is covered by granted tenement 862.740/2011 that is 100% owned by Cleveland Premier JV. Regulatory permission for the conversion of the tenement into a mining lease is in progress but existing tenure is quite sufficient to permit bulk sampling to the order of 44,000t which the company intends to commence imminently.

Gold mineralisation at Lavra is located on a 310° oriented structural corridor near the juncture of cross-cutting oblique structures.

**Figure 4, Lavra mineralised corridors with Resource blocks and proposed pits.**



Mineralisation is associated with quartz - sulphide veins and various percentages of pyrrhotite, arsenopyrite, chalcopyrite, galena and sphalerite. Visible gold is observed within the quartz - sulphide veins.

**Figure 5, Lavra quartz – sulphide veining**



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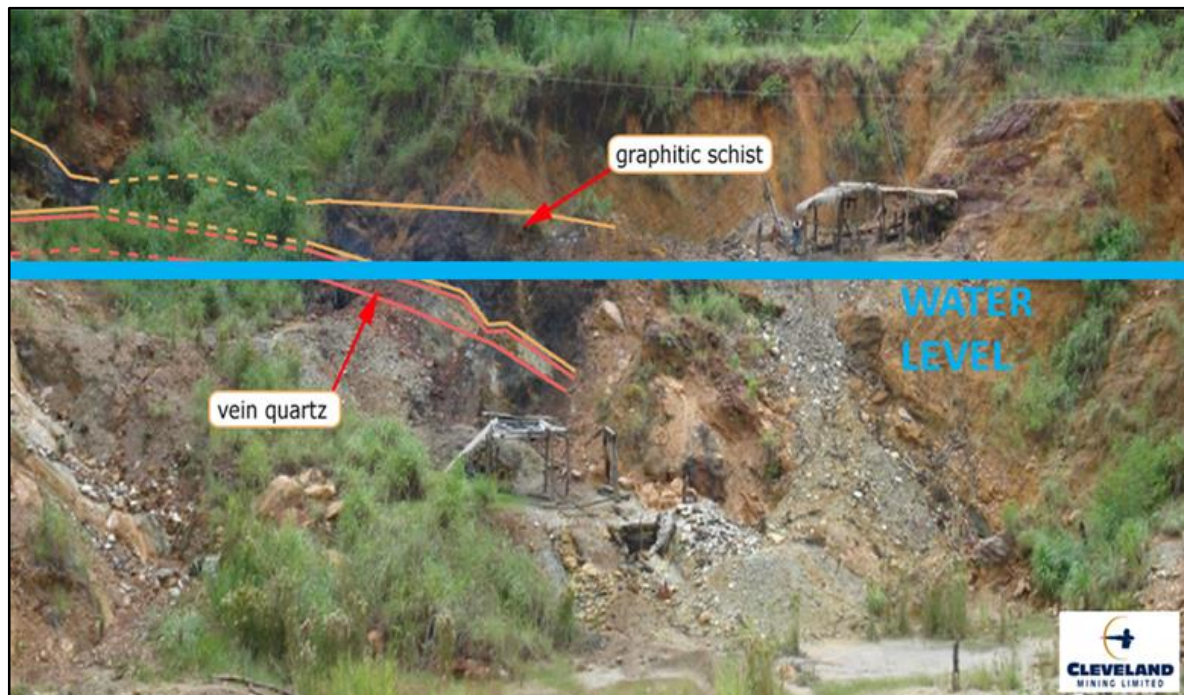
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## History:

Until recently there has been confused ownership of Lavra, and this, together with garimpeiro (Brazilian artisanal miners) activities, has stopped major companies from modernising the project. Cleveland has overcome these barriers and will shortly commence mining and processing ore into gold Dore through its Premier milling facility.

Artisanal mining at Lavra continued into the 1980s at which time approximately 6,000 garimpeiros extracted circa 300,000 ounces of gold by hand according to local accounts. Garimpeiro mining ceased when the town they had established was abandoned as a result of an outbreak of yellow fever. Workings were flooded with the departure of garimpeiros. Garimpo mining (diggings by garimpeiros) is now illegal in Brazil.

**Figure 6, Garimpeiros previously at work but now departed and workings flooded.**



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## Exploration Summary:

Modern work conducted at Lavra by Cleveland Mining and preceding tenement holders includes geological mapping, sampling, drilling, desktop studies, Resource modelling and estimation and bulk sampling pit optimisation.

A JORC compliant Resource has been defined.

Lavra gold intersections include those reported in Table 1.

**Table 1, Lavra significant gold intersections**

Significant Intercepts								Cleveland Mining Company Ltd
Grid:	UTM SAD69, Z22South							
Prospect:	Lavra							
Project:	CGP							
Hole Number	Northing	Easting	m RL	Grid Az	Dip	Hole Depth	Intercept	
CGPDH00002	8395140.154	608567.203	446.9	148.58	-59.17	130.54	2.3m @ 28.01 ppm Au from 1m	
CGPDHMI02	8395370	608875	436	0	-90	128.3	3m @ 1.05 ppm Au from 76.15m	
CGPDHMI06	8395365	608925	430	0	-90	102.55	2.9m @ 14.88 ppm Au from 40.95m	
CGPGR00005	8395050	608643	442	180	-71	5	2m @ 5.88 ppm Au from 3m	
CGPGRL02	8395085	608770	443	0	-90	3	3m @ 19.83 ppm Au from 0m	
CGPGRL03	8395085	608765	441	0	-90	2	2m @ 13.93 ppm Au from 0m	
CGPGRL06	8395084	608730	445	0	-90	4	4m @ 2.65 ppm Au from 0m	
CGPGRL13	8395030	608615	439	0	-90	2	2m @ 23.97 ppm Au from 0m	
Notes: Minimum Intersection Length = 2m, Interval Top Cut = 99,999,999.00 ppm Au, Interval Bottom Cut = 1.00 ppm Au, Maximum Internal Dilution = 2m, Reporting Assays Greater than 100.00 ppm Au								

Mapping and sampling of garimpo workings has been completed, returning encouraging channel samples as portrayed on

**Figure 7, Channel sampling of garimpo workings.**

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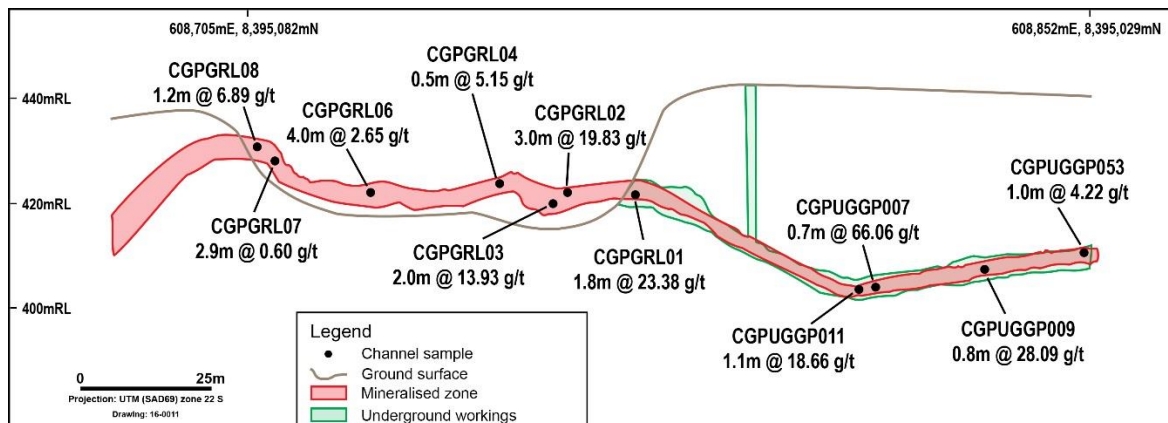
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## Resources & Mining:

An Inferred Resource (1 g/t lower cut-off, 20 g/t Au top-cut) of **134 kt @ 11.14 g/t Au for 48 kOz** has been defined by company geologists. The Resource remains open in all directions. Bulk sampling pits have been optimised over the Resource.

The benefits of bulk sampling at Lavra is that it should:

- generate immediate high grade mill feed,
- permit the unequivocal assessment of the extent of artisanal workings,
- assist with the expansion of the Lavra Resource, and
- provide the Premier mill with Lavra specific ore batches as a means to optimise milling of Lavra ore.

The Lavra Resource remains inferred at this stage largely because historical underground voids are unmapped and their extent unknown. We anticipate exposure resulting from the mining of the bulk sampling pits will aid mapping of garimpos, enhancing the certainty of the Resource estimation, and its potential for expansion.

As already mentioned, Resource expansion is expected in the light of bulk sampling pit exposure and further drilling. For example, there is potential mineralisation contained in the Saddle Area between the optimised pits as shown in Figure 8 by the broken green line.

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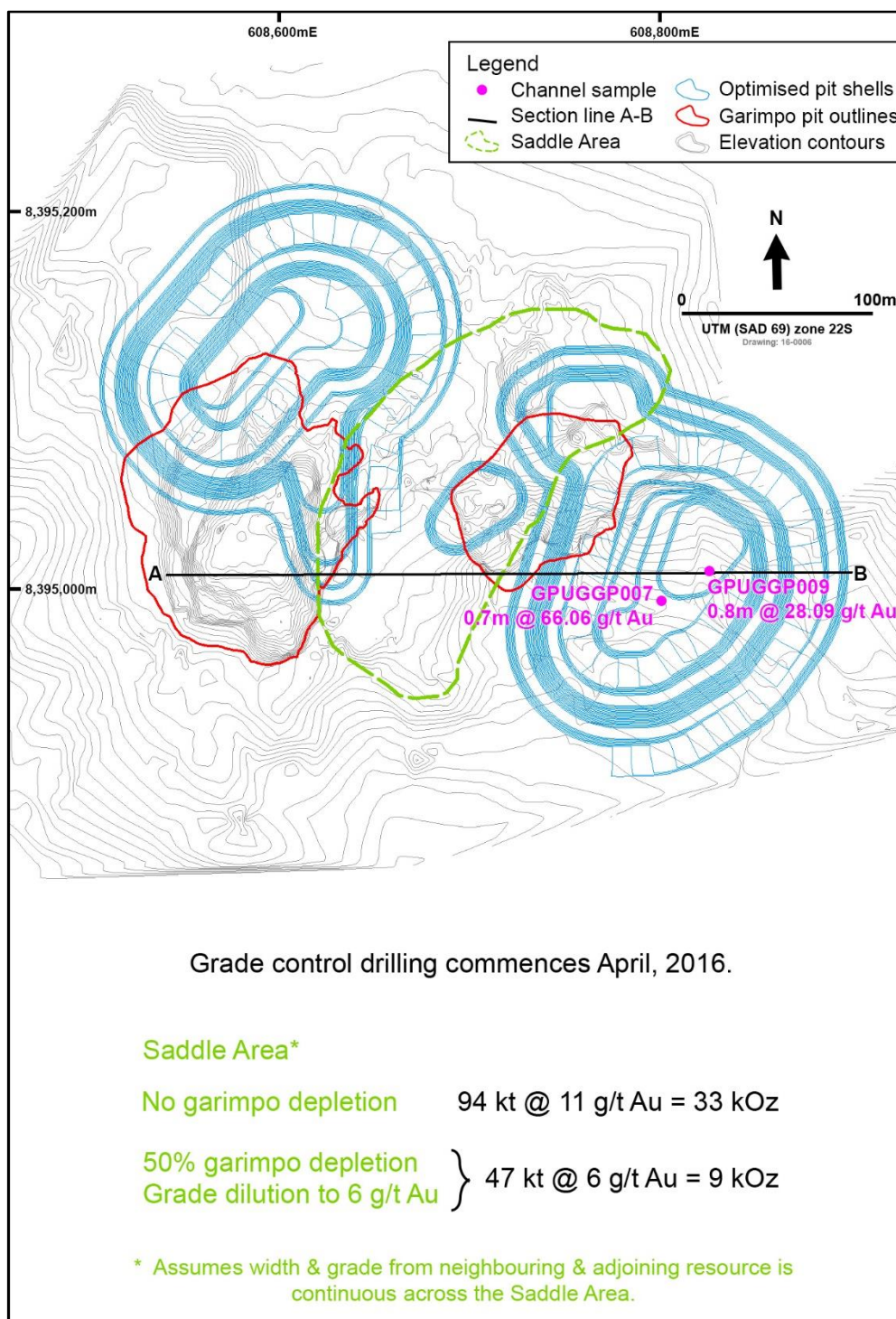
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Figure 8, Outlines of Lavra bulk sampling pits and the Saddle Area.

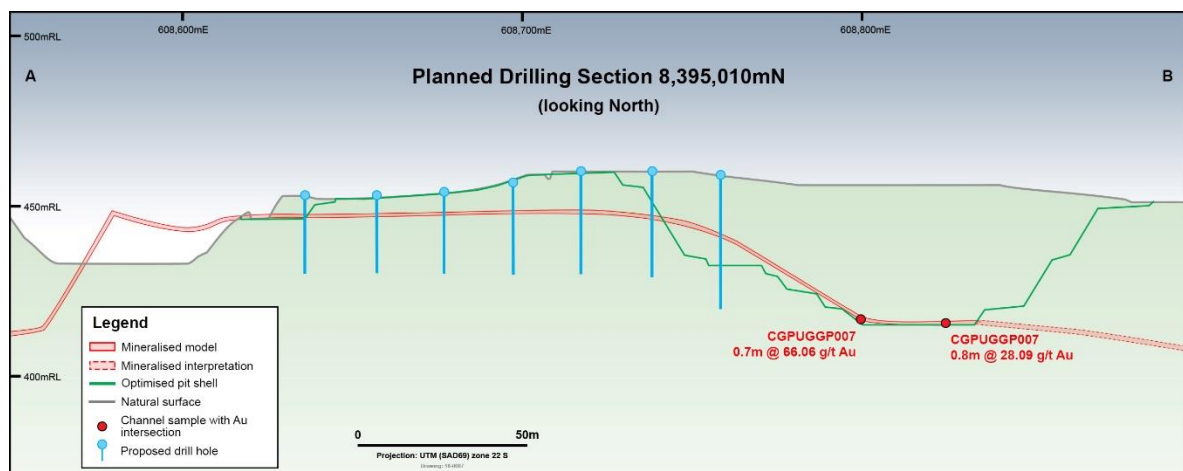


The Saddle Area was excluded from the Resource estimation and bulk sampling pit optimisation due to a lack of information, but it is here that mapping and modelling indicates mineralisation is closest to ground surface thus offering the most favourable strip ratio. Assuming mineralisation remains intact and not affected by garimpos, and that grade and width of mineralisation across the Saddle Area is consistent with the grade and width of the adjoining Resource, then 94 kt @ 11 g/t Au for 33 kOz could be envisaged. In the more likely case that some mineralisation has been depleted by garimpeiros, even to the unlikely extent of half depletion together with grade dilution to 6 g/t Au, then 47 kt @ 6 g/t gold for approximately 9 kOz could remain and would still retaining a favourable strip ratio.

There has so far been insufficient exploration over the Saddle Area to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. However, the company anticipates planned drilling, and mapping from the neighbouring bulk sample exposures will provide sufficient information for Resource estimation.

Figure 9 depicts a section that cuts between the optimised pits through where mineralisation is modelled to come within 10m of ground surface, referred to as the Saddle Area.

**Figure 9, Section 8395010 mN, near surface mineralisation between pits.**



At the western edge of the section is a garimpo pit, the focus of historic artisanal mining, and on the eastern side, some 200m across section, is the next reliable assay data: CGPUGGP007 that returned **0.7m @ 66.06 g/t Au** and CGPUGGP009, returning **0.8m @ 28.09 g/t Au**. **Error! Reference source not found.** Figure 8 shows the position of the section in plan view.

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Also note that systematic, modern exploration covers only about 10% of prospective Lavra geology so there still remains a lot of upside for additional Resource discoveries across much of the project.

### **Way Forward:**

Resource drilling into the Saddle Area is scheduled to commence tonight, some of which is displayed on Figure 9 by the blue drill hole traces.

Drilling will initially target the Saddle Area with the objective of extending a JORC compliant Resource and reserve, with mining to follow to exploit the anticipated shallow, high grade, gold mineralisation.

**Figure 10, Old Lavra pit**



**ENDS**

### **Further Information:**

#### **Investors:**

David Mendelawitz, Managing Director  
Cleveland Mining Company Limited (ASX: CDG)

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## About Cleveland Mining Company Ltd

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

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

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

- Mining and production are underway at Cleveland's Premier 50/50 Gold Mine JV in Goiás State in central Brazil. The Company is working to add throughput from the O Capitão project, which is less than 10km from the Premier Mine.
- The companies have signed binding Option Agreements with the Brazilian private company Bahmex covering multiple iron projects.

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

## Forward-looking Statements

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

## Competent Person's Statement

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

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