Significant Iron Ore Intercepted In Bahia State, Brazil

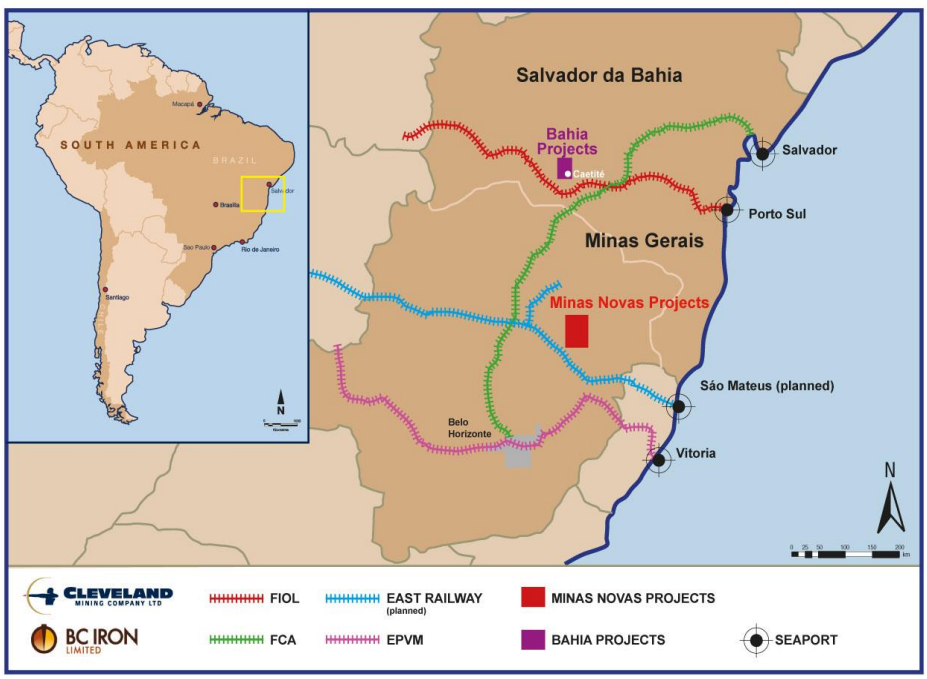
- ***First pass RC drilling completed on 5 prospects***
- ***Iron Mineralisation of various types and varying thickness intersected on all prospects tested by the Alliance managed drilling***
- ***Drilling on lead prospect (Caetite 2) intersected 30m thickness and 140m down-dip of iron mineralisation from surface - remaining open down dip.***
- ***6.5 km strike length of anomalous aero-magnetics at Caetite 2***
- ***Follow up hole 3 km along strike at Caetite 2 also intersected 33m thickness of mineralisation***
- ***Mineralisation intersected on each of the other 4 prospects drilled***

Cleveland Mining Company (ASX: CDG) is pleased to provide an update on the first pass drilling campaign which has now been completed on the Bahmex Iron Ore exploration projects in Bahia State, Brazil, as stage 1 of an earn-in process being undertaken by the Cleveland/ BC Iron (ASX: BCI) Alliance.

The drilling program has recorded significant intersects of iron ore within the main target zone at the Caetite 2 projects, and encouraging intersections on all other prospects.

Mineralised rock intersected is predominantly magnetite dominated itabirite and magnetite amphibolite. All samples have been assessed on site by a hand held magnetic susceptibility measuring device confirming very high levels of magnetite.

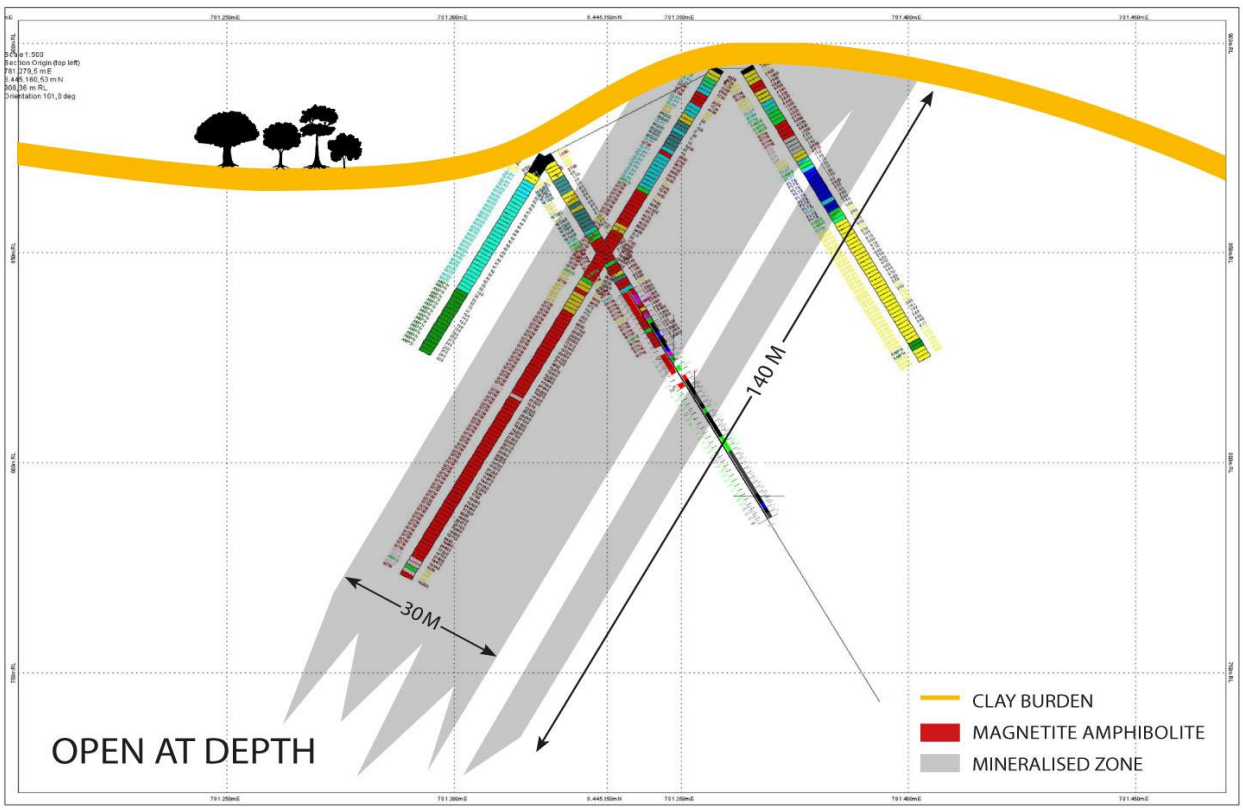
Cleveland Mining's Managing Director David Mendelawitz said *"This is an exciting result for the Alliance. We have started on the projects in Bahia, as opposed to the much larger projects in Minas Gerais, due to the Bahia projects close proximity to an open access railway currently being constructed and the extensive outcrop. The drilling clearly demonstrates that there is enough iron ore to justify further work on the projects."*



Prospect	Potential Strike (m)	Total Down-Hole (m)	True Width (m)	Dip (degrees)	Comment
Caetite 1	750	11	10	15	Possible repetition Itabirite
Caetite 2	6500	67	30	80	Open down dip, Amphibolite and Itabirite.
Caetite 3	1500	15	10	15	Open to east. Itabirite
Riacho South	3000			Surface samples only	Riacho South has significant outcrop Magnetite-chert
Riacho De Santana-	+400	31	30	15	
Silvestre	500	19	9	80	Two limbs 250m strike each Magnetite-chert

Caetite 2

Drilling at Caetite 2 was aimed at defining the thickness and down-dip extent of iron mineralisation previously sampled at surface. Trenching and drilling has tested 3.5kms of a 6.5 km strike length of anomalous aeromagnetics, within 7.3km strike length of tenements covering the prospective lithologies.



Cross section of Caetite 2 Anomaly

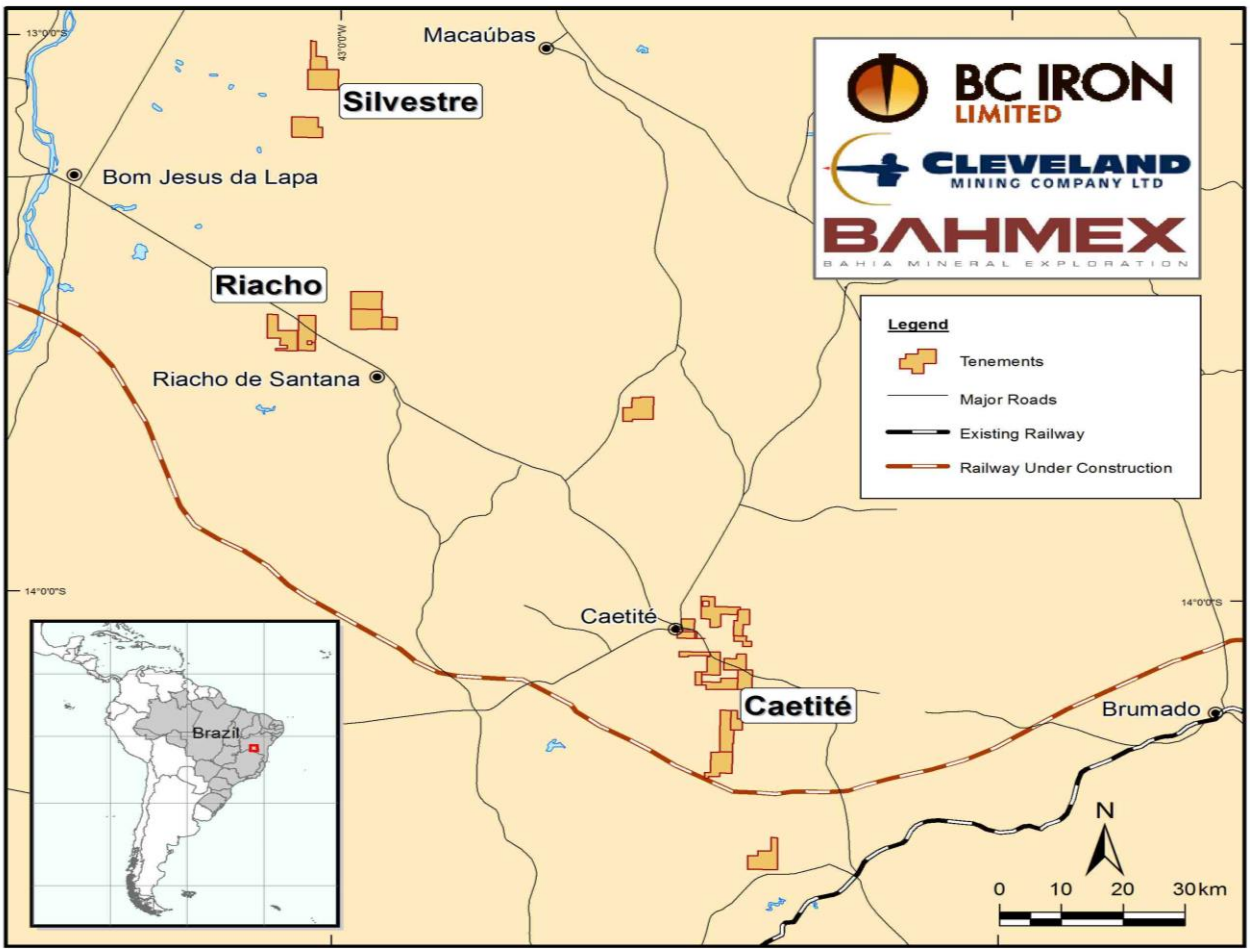
Two scissor-hole cross sections were drilled across the anomaly 3kms apart. Both sections revealed mineralised thickness of 30m. A down-dip hole intersected 140m of iron mineralisation, whereupon the drill rig reached the limit of its capabilities. The bottom of the hole was still in iron mineralisation.

The mineralised rock type at Caetite 2 is a magnetite amphibolite, differing from the other prospects which are itabirite dominated. Magnetic susceptibility readings were taken over each meter drilled, which confirmed high levels of magnetite throughout the unit. Prior surface rock chip sampling by the Alliance recorded iron grades averaging 36.1% Fe in the target rock, which is within the Alliances target range for this style of iron ore.

Samples have been sent for chemical analysis and metallurgical test-work to determine down-hole grades, processability and mass yields of iron from the rocks.

Overview and Follow up Work

Five (5) prospects of the 26 tenements held in the package in which the Alliance has the option to acquire, have been drill tested to determine prospectivity and thus areas for the Alliance to focus in follow up drilling programs. On an additional prospect (Riacho South), a 3 km strike of outcropping itabirite has been mapped and sampled for metallurgical test work and is planned to be drilled at a future date. Drilling on a seventh prospect (Caetite 4) will also be planned for some stage in the future.



Of the five prospects drilled, all apart from Silvestre justify further work which has now begun, including metallurgical test-work, mine-gate point of sale studies and design of further drilling programs to delineate JORC resources.

Four of the prospects (Caetite 1 – 4) are positioned around the town of Caetite, approximately 25km from the open access FIOL railway, currently being constructed to service a Cape size port planned for construction approximately 400km to the east of the projects. The fifth and sixth prospects to be followed up (Riacho da Santana and Riacho South) are approximately 80km by road to the north of the Caetite prospects.

Assays results from the RC drill samples are expected to start being received by the Company this week.

The Alliance have commissioned a high-level study to aid in determining the viability of an initial trial mine selling at mine gate should metallurgical results on each prospect support . This study, along with an expanded study incorporating the new rail and proposed port, will determine the short and medium term resource targets.

The Company will provide updates on the assay results and metallurgical test-work from Bahia drilling periodically as they are compiled. Detailed overviews of each prospect will be added to the Company website as soon as possible.

Completion of stage 1 of the earn-in process grants the Alliance with the option to pay the vendors, Bahmex, US$ 2m for a 10% interest in the Bahia tenements. Further earn-in milestones allow the Alliance to earn up to 80% of the projects.

The Alliance is now planning to mobilise the RC drill rig from Bahia, to the larger Minas Novas project, in Minas Gerais State, approximately 600km south of the Caetite prospects. Cleveland will provide an overview of this program and prospects shortly.

- Ends -

Further Information
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About Cleveland Mining Company Ltd

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

The Company's management team have 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.
- Cleveland has formed a strategic alliance with ASX-listed company BC Iron Ltd (ASX: BCI) to co-acquire and co-develop new iron projects in Brazil as joint venture partners. The companies recently signed binding Option Agreements for three Brazilian 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.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Reverse circulation drilling with a face sampling hammer was used and samples collected at one metre intervals via a cyclone/riffle splitter system mounted on the rig. Bulk sample weights were recorded for each metre, which included the split sample weight. • The primary magnetite rich samples weighed ~5kg, this was then re-split using a standalone two way splitter with primary and secondary samples taken at one metre intervals. When duplicate samples were required, the secondary sample was used and a replacement secondary sample split from the bulk residue using the stand-alone two way riffle splitter. • All one-metre samples were weighed in their entirety using a beam balance at the rig and weights were recorded by the contractor. The weight of the primary sample was recorded by the laboratory prior to sample preparation. • The beam balance at the rig was calibrated using a known standard i.e. a 20 litre bucket of water. • The riffle splitter was cleaned at metre intervals. The cyclone was cleaned at the end of each hole. Wet samples were noted and generally drilling ceased when wet sampled prevailed. • Magnetic susceptibility measurements were taken at one metre intervals and averaged, using a Fugro RT_1 instrument. These magnetic susceptibility measurements were used as guide to determine which samples were analysed. Those above 1000 x10-5 SI units were analysed plus several metres of footwall and hanging wall sample. • Samples were analyse by ACME at the Vespasiano Laboratory in Belo Horizonte, Brazil using method PKA-XRF01-03, with one in fifty check samples sent to an umpire laboratory, Bureau Veritas, Perth, Australia. • The secondary and remaining primary samples in calico bags not sent to the laboratory were placed inside the labelled bulk plastic bags, tied up and placed in a bag farm for future reference.

Criteria	JORC Code explanation	Commentary
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Servitec provided a track mounted Explorpac RC drill rig, with a design capacity for ~150m deep holes, using a 5.5 inch face sampling hammer and a trailer mounted Ingersoll Rand compressor with 350psi.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The metre intervals drilled were marked on the three metre rods with chalk as drilling progressed. • A riffle splitter system was used mounted beneath a rig mounted cyclone and all samples were split at one metre intervals. The entire sample was weighed by the sampling crew using a beam balance and weights recorded. These weights were then used to ascertain sample loss or over drill on a metre basis, with rock type and density taken into consideration. The iron formation samples generally weighed ~40kg each. • Care was taken to clear the drill's sampling circuit for each metre interval, prior to resumption of drilling of the next metre. All sample was expelled from the drill sampling circuit prior to rod changes. • Minimal sample was lost during the RC drilling process. Fines vented through the exhaust port of the cyclone and during the sampling process. The use of the riffle splitter minimised sampling bias and was considered a more effective sampling process than a cone splitter, which is prone to sample bias if not aligned vertically.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All samples were logged using a tablet and commercially designed logging system with inbuilt validation processes. All logging was completed at one metre intervals, with representative samples being stored in chip trays for future reference. These chip trays were also photographed as a digital reference of material logged. • RC samples were logged hole by hole by a geologist and re-logged on completion of each drill section line to ensure continuity of nomenclature. Logging codes were continuously refined to reflect rock types intersected at each prospect. Logging recorded magnetic susceptibility, lithology, colour, weathering, principal mineralogy, veining, alteration and structure where possible. Sections were drawn hole by hole and correlations made and interpreted. Project nomenclature codes and rock chip reference library was developed during the logging process so as to assist with the standardisation of logging nomenclature. • Magnetic susceptibility measurements were taken using a Fugro RT-1 meter, with readings standardised to x10-5 SI units. Readings were taken from the outside of the duplicate ~2kg plastic sample bag and results averaged. • A total of ~1514m of RC drilling has been completed for 24 holes, ~1514m of RC chips logged and photographed and 1514 averaged magnetic susceptibility readings recorded.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All samples were riffle split and the moisture content recorded. Drilling ceased when wet conditions prevailed for more than 3 metres. • Field sample duplicates were taken at 30m intervals for analysis and secondary samples were taken in labelled plastic bags of all samples for subsequent reference and storage. All bulk sample residues, secondary samples in labelled plastic bags and non-analysed primary samples in calico bags were stored within the bulk sample plastic bag and sealed. These were transported to a secure sample bag farm located at each prospect for future reference. • The magnetite samples generally weighed ~2.5kg and these were sent to ACME laboratories. • These were subsequently crushed, split and ~1kg pulverised. This sampling process is considered suitable for the grain size of the iron formation being sampled.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• ACME Laboratory at Vespasiano-Belo Horizonte, Brazil was engaged to complete the sample preparation and XRF iron ore analysis. ACME Vespasiano is a subsidiary of Bureau Veritas. • The sample preparation method used by ACME was R200-1000, which includes, • Crushing the entire sample to 80% passing 10mesh, splitting 1000gms and pulverising to 85% passing 200mesh. • Followed by XRF analysis method PKA-XRF01-03 for 15 analytes, which included; • Al2O3, BaO, CaO, CrO3, Fe2O3, K2O, MgO, MnO, Na2O, NiO, P2O5, SiO2, SrO, TiO2, V2O5 and LOI at 1000oC . • When requested, sulphur was analysed by method PKA_Leco1-02 • Numbered calico and plastic sample bags were used during the sampling process, with sample ticket numbers included in the bags. Analytical standards, blanks and duplicates were routinely inserted into the sample stream for every tenth sample submitted. These QAQC samples made up ~10% of the samples submitted for analysis. • Four analytical Standards were,supplied by ITAK and Geostats for both magnetite and hematite samples. The iron content ranged from ~35% to ~60% Fe. • Blank samples were of "marble" composition. • ***Analyses are awaited for all samples submitted to ACME***
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Two percent of the mineralised samples will be sent to an umpire laboratory to verify the primary analysis. • Metallurgy P/L Perth Western Australia was used for subsequent Davis Tube Recovery (DTR) determinations. • Primary Data was captured either electronically using a tablet with locked nomenclature or as hard copy or sent to Cleveland head office in Perth for entry into a primary digital database. The data was validated using Micromine validation software prior to export and subsequent use.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The exploration data was located using Garmin GPS map 62s, with an error range of +/-5m for co-ordinates. Collar RLs were taken from national topographic maps with 5m contours. This survey control was used for all drill collar, trench and geological observations. • The South American Datum 69 datum was used for all measurements.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The objective of this phase of drilling was to estimate the Target Potential for various prospects. Thus collar locations are widely spaced, testing outcrops of iron formations and discrete magnetic anomalies. • Reconnaissance mapping in the vicinity of proposed drill collars was completed so as to verify previously reported data and identify prospective outcrops for drilling. • Multiple RC holes were completed across specific target areas to establish continuity of geology and mineralisation. Drill lines were also mapped so as to give surface control to the cross sectional interpretation. • RC chip samples were taken as one metre samples, no compositing of samples was undertaken for the head assays. • Fourteen composite samples were submitted for DTR analysis, based on similar magnetic susceptibility measurements and rock type, up to a maximum of 10m.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• RC drilling isn't effective for determining structural attitudes. Hole CIPRC00002 intersected an open ended +100m interval of magnetite rich iron formation. There was the possibility that it drilled down dip due to lack of robust reliable outcrops in the area for structural control. As a consequence two scissor holes were drilled to determine the structural orientation of this intersection i.e. hole CIPRC00003 and 4. • Hole CIPRC00004 indicated a true width of ~30m for the CIPRC00002 intersection.
Sample security	• *The measures taken to ensure sample security.*	• Samples sent for analysis were sealed in labelled poly-weave bags, which were in-turn enclosed in a bulk-a-bag when delivered by Cleveland personnel to the transport company for delivery to ACME in Belo Horizonte. Acme confirmed what samples were received on delivery.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Company Directors and Technical advisors for both Cleveland and BC Iron inspected the drilling program at Riacho, Caetite (C2 and C3) and Minas Novas.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary

Criteria	JORC Code explanation	Commentary
General tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The tenements are held by a wholly-owned subsidiary of Bahmex and a 50/50 CDG/BCI company can earn up to an 80% interest by funding exploration and evaluation activity and making vendor payments. • The Caetite, Riacho and Silvestre Projects are located in the southern portion of the State of Bahia, 600km east of Belo Horizonte, in the municipalities of Caetite, Raicho de Santana and Bom Jesus da Lapa. • The Minas Novas Project is located in the north eastern region of the state of Minas Gerais, 450km northeast of Belo Horizonte. The project area consists of 54 tenement blocks. • Exploration Permits last for 3 years, with a 3 year extension possible by application, for all minerals. The following Exploration Permits granted to BAHMEX and subject to the BC Alliance include; • **Caetite Projects** *C1 Prospect* DNPM 872.328 /2007. Drilling located in this tenement. *C2 Prospect* DNPM 872.598/2012 Northern Tenement, drilling located on this tenement DNPM 870.934/2010 Southern Tenement no drilling, reconnaissance mapping *C3 Prospect* DNPM 871.113/2010 drilling located on this tenement DNPM 872.827/2012 No drilling, geophysical interpretations **Riacho Project** DNPM 872.146/2012 Northern tenement, drilling located on this tenement **Silvestre Project** DNPM 870.607/2009 drilling located on this tenement. • No native title interests, historical sites, wilderness or national parks cover the project areas or significant environmental restrictions exist over the project areas. • Standard government royalty apply to these tenements.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Coffey Mining completed site appraisals during 2012 at Silvestre, Riacho and Caetite and Minas Novas as a precursor to the reconnaissance RC drilling program. Target generation and drill collar locations were identified by subsequent field activities.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Iron ore is in the form of Banded Iron Formations (BIF), related to volcanic sedimentary sequences of Paleo Proterozoic and Archean age. BIF is associated with both carbonate metasediments and oxide clastic sediments. The carbonate BIF's are associated with marbles, chert and silicate rocks, whilst the BIF's in the oxide material are within micaceous schists and quartzites. • The volcanic host sequences for the BIF are located on a regional scale in the Riacho de Santana Unit, Licinio and Mosquito Formations. These rock sequences have been deformed on a regional scale, with localised parasitic folding containing thickened layers of BIF. The style of mineralisation explored for is Itabirite, a form of banded iron formation (BIF). Two types of Itabirite have been identified: • At Riacho, Silvestre, C1 and C3; A laminated fissile hematite-magnetite-silica Itabirite, intercalated with mica schist and micaceous quartzite; and, • At C2: A calc-silicate type, consisting of amphibole- magnetite associated with chert, marble and mica schist. Structural deformation includes folding and faulting which impact on the thickness and distribution of the mineralisation.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• The relationship between magnetic susceptibility and iron content remains to be determined, awaiting assay results from ACME laboratory. • Significant magnetic susceptibility readings above 1000 x10 -5 SI units associated with iron formation, include; **Caetite Prospects Significant Intercepts** <u>C1 Prospect</u> •CIPRC00008, 23-33m, 10m averaging 34,200 X 10-5 SI Units •CIPRC00009 NIL •CIPRC00010, 69 - 80m, 11m averaging 54,800 x 10-5 SI Units •CIPRC00011 NIL •CIPRC00012, 34 - 65m, 11m averaging 21,600 x 10-5 SI Units <u>C2 Prospect</u> • CIPRC00001 Nil • CIPRC00002, 47-58m, 11m averaging 9,800 x 10-5 SI Units ○ 68 - 135m, 67m averaging 17,800 X 10-5 SI Units • CIPRC00003 NIL •CIPRC00004, 23 - 54m, 31m averaging 13,700 X 10-5 SI Units •CIPRC00005, 36 - 69m, 33m averaging 2,700 x 10-5 Si Units •CIPRC00006, 53 - 62m, 9m averaging 2,200 x 10-5 SI Units •CIPRC00007 NIL <u>C3 Prospect</u> • CIPRC00013, 0-11m, 11m averaging 1,130 x 10-5 SI units ○ 31 to 37m, 6m averaging 7,700 x 10-5 SI units • CIPRC00014, 0-5m, 5m averaging 13,000 x 10-5 SI units ○ 12 to 14m, 2m averaging 4,500 x 10-5 SI units ○ 17 to 21m, 4m averaging 3,000 x 10-5 SI units • CIPRC00015, 0-3m, 3m averaging 13,000 x 10-5 SI Units • CIPRC00016, 0-3m, 3m TBA <u>C4 Prospect</u> CIPRC00017 not drilled TBA

Criteria	JORC Code explanation	Commentary

Riacho Prospect

•CIPRC00001, 0 - 14m, 14m averaging 3,200 x 10-5 Si Units

•CIPRC00002, 0 - 31m, 31m averaging 6,700 x 10-5 SI Units

•CIPRC00003, 0 - 8m, 8m averaging 11,800 x 10-5 SI Units

•CIPRC00004, 5 ,6 NIL

Silvestre Prospect

• SIPRC00001 NIL

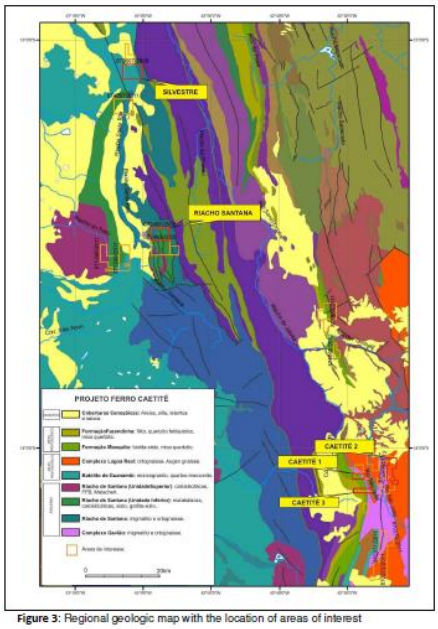
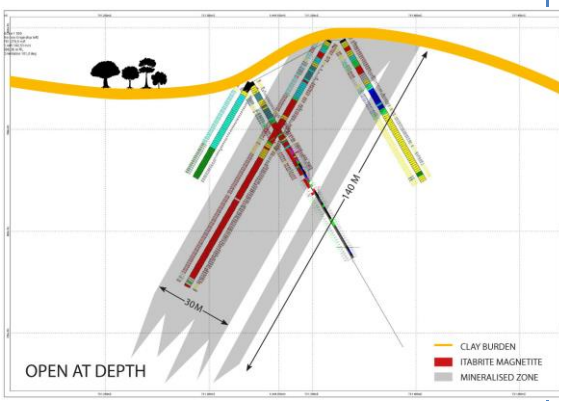
• SIPRC00002 0 - 19m, 19m averaging 3,200 x 10-5 SI Units

HoleID	Grid	East	North	RL	Dip	Azimuth	Depth
CIPRC 00001	SAD69 _23S	781363.00	8445137.00	894	-60	100	80
CIPRC 00002	SAD69 _23S	781357.00	8445140.00	894	-60	280	140
CIPRC 00003	SAD69 _23S	781322.00	8445156.00	869	-60	280	54
CIPRC 00004	SAD69 _23S	781332.00	8445157.00	833	-60	100	96
CIPRC 00005	SAD69 _22S	782134.00	8447202.00	957	-60	295	100
CIPRC 00006	SAD69 _23S	782078.00	8447231.00	959	-60	115	93
CIPRC 00007	SAD69 _23S	782165.00	8447184.00	957	-60	295	109
CIPRC 00008	SAD69 _23S	775092.00	8439560.00	765	-65	230	73
CIPRC 00009	SAD69 _23S	775331.00	8439468.00	740	-70	50	28
CIPRC 00010	SAD69 _23S	775252.00	8439405.00	759	-90	0	103
CIPRC 00011	SAD69 _23S	775094.00	8439311.00	788	-90	0	70
CIPRC 00012	SAD69 _23S	775272.00	8439271.00	774	-60	225	82
CIPRC 00013	SAD69 _23S	773923.00	8442573.00	827	-60	110	70
CIPRC 00014	SAD69 _23S	774095.00	8442534.00	805	-90	0	26
CIPRC 00015	SAD69 _23S	773686.00	8442373.00	844	-90	0	20
CIPRC 00016	SAD69 _23S	773860.00	8442634.00	831	-90	0	20
RIPRC 00001	SAD69 _24S	721607.00	8508071.00	615	-70	225	47

Criteria	JORC Code explanation	Commentary

RIPRC 00002	SAD69 _24S	721521.00	8507993.00	613	-70	225	54
RIPRC 00003	SAD69 _24S	721454.00	8507918.00	612	-70	225	28
RIPRC 00004	SAD69 _24S	721675.00	8508139.00	601	-70	225	34
RIPRC 00005	SAD69 _24S	720719.00	8509277.00	577	-60	20	51
RIPRC 00006	SAD69 _24S	720725.00	8509298.00	601	-60	30	54
SIPRC0 0001	SAD69 _24S	714373.00	8552602.00	496	-60	115	37
SIPRC0 0002	SAD69 _24S	714403.00	8552518.00	499	-60	80	45

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data aggregate has been undertaken except for the magnetic susceptibility measurements which have been used to highlight prospective iron formation, pending receipt of assays.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intercepts of iron formation and associated elevated magnetic susceptibility measurements are reported as down hole intervals. • Hole CIPRC00002 intersected 121m of iron formation. This was tested by a pair of scissor holes and hole CIPRC00004 returned a total of 46m of elevated magnetic susceptibility readings averaging 44m of 16,000 SI units x 10-5 between 23 and 67m down hole, which is considered to be a true width intersection.

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	 **Figure 3**: Regional geologic map with the location of areas of interest • Regional Geology Map with locations of interest.  Illustrative geological sections of the structural style of the BIF deposits in the Caetité area.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The Alliance is targeting iron mineralization with grades greater than 28% Fe. • The average iron content of 45 samples taken by Cleveland from the six project areas was 34% Fe (approximately 50% Fe_2O_3). The balance of the material content is predominantly silica, with only minor levels of Al and P observed. All drill results have been reported, though no assays have been received from ACME for any of the samples dispatched to date for the drilling of Silvestre, Riacho, C2, C3 and C4 prospects. Results expected from early May.

Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Preliminary metallurgical test-work conducted by Bahmex, but not yet confirmed by Cleveland indicates that the silica can be removed easily. These results are similar to "standard" iron ores in Brazil that are beneficiated into high quality, high demand products and represent one of the most commonly mined styles of iron ores globally.
		  • The regional aeromagnetics flown for the States of Bahia and Minas Gerais, covering C2, C3 and Minas Novas Projects have been modelled by Resource Potential (Perth) and priority targets identified for all projects. Ground magnetic traverses were also completed at C2, C3 and Minas Novas to confirm airborne magnetic anomalies. The C2 ground traverses confirmed the reliability of the aeromagnetic data and magnetic bodies were modelled, one of which was drilled by CIPRC00005 and oxidised BIF was intersected from ~40m.
		  • During February and March about 500 geological observations were recorded during reconnaissance mapping activities of the iron formations at Silvestre, Riacho, Caetite C1, C2, C3 Prospects and at Minas Novas. This mapping has optimised the location of reconnaissance drill collar locations

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The BIF has multiple kilometers of strike over the confirmed project areas. There are indications for continuity of deposits – not outcropping – under coverage of existing soils. • Extensive BIF outcrops and magnetic anomalies at C1 and C3 Prospects have been partially tested by the current 2,025m reconnaissance drilling program, as will selected targets at Minas Novas identified by the follow-up reconnaissance mapping program completed in March 2014, which confirmed the Coffey Geological assessment undertaken in 2012.