

Premier Gold Mine, Brazil – Expansion, Production and Exploration Update

Expanded plant now operating well with major improvements in plant availability and recoveries already achieved and gold production ramping up quickly as grade improves

Highlights

- Production re-commenced and ramping up following Q2 suspension to complete key plant upgrades.
- Flotation plant successfully commissioned with initial 28tph target throughput rate sustained.
- Existing ball mill throughput rate currently being run at 28tph in hard fresh ore, and 33tph when blended with oxide ore. Transition to higher throughput of 50tph in “open circuit” configuration will occur in line with optimisation of new flotation plant.
- New crushing plant continuing to perform well after demonstrating up to 200tph capacity in oxide material and +110tph in hard sulphide material.
- Overall plant mechanical availability has increased from <50% to >92%.
- Gold recovery has increased to 70-80%, depending on the ore type, with a peak recovery of 84% achieved. Targeted recovery level of 85% still expected once the immediate optimisation program is completed.
- Ore scheduled to be mined over the foreseeable future is predicted to average 2.6gpt, up from the previous prediction of 2gpt, representing a range of 1.1kg of gold per day at 28tph throughput, 70% recovery and 92% availability, through to 2.4kg per day at 50tph, 85% recovery and 92% availability.
- Work continues on the final key component of the expansion to 100tph, being the renovation and installation of a 1.25MW ball mill (current mill is 474kW).
- Drilling currently underway on initial ore-body extensional holes and first-pass testing of Premier East and the highly prospective Vanuza prospect.

Cleveland Mining Company Ltd (ASX: CDG) is pleased to report on a number of positive recent developments at its **Premier JV Gold Mine** in central Brazil, where gold production has resumed following the completion of several key aspects of its expansion and upgrade program.

Corporate Information

Total shares: 243.1 million
Listed options: 11.4 million
Unlisted options: 26.2 million

Contact

Investor & Media Enquiries
info@clevelandmining.com.au

Board of Directors

Russell Scrimshaw - Non-Executive Chairman
David Mendelawitz – Managing Director
Rick Stroud – Non-Executive Director
Wayne Zekulich – Non-Executive Director

Head Office

Suite 3, Level 1, 254 Rokeby Rd, Subiaco WA 6008
T: +61 (08) 6389 6000
F: +61 (08) 6389 6099
W: www.clevelandmining.com.au

All key components of the Company's plan to ramp-up the Premier processing plant to 100tph (tonnes per hour) capacity have now been installed and commissioned, except for the newly renovated ball mill. The new flotation circuit has been successfully commissioned and is operating well, with its initial targeted throughput rate of 28tph sustained.

The flotation circuit will require additional tankage to expand its ultimate capacity of 100tph and reach the final targeted recovery when processing sulphide material, although this is a relatively low capital, short lead-time project that will be undertaken in line with the ramp-up of mining to meet the 100tph throughput rate following the successful commissioning of the new ball mill.

Cost-benefit analysis of the expansion of the flotation circuit demonstrates a payback period of 1-2 weeks, depending on head-grades at the time of installation.

Gold recovery from the combined gravity and flotation circuits has peaked at 84%, and averaged 70-80%, depending on the ore type. This is expected to continue to increase to the targeted level of 85% following a planned optimisation program which will be undertaken in the near term.

The overall mechanical availability of the plant for the period since operations recommenced has increased from a previous low of less than 50% to more than 92%. The Company's production plans are currently based on 83% availability.

Ore feed grades to the mill were below expectations during the initial period immediately following the resumption of processing operations. This was due to some short-term survey and grade control issues in the open pit which have been quickly addressed. Mining is currently underway in areas of the open pit where ore grades are in line with the Company's production plan.

The Company has also transitioned from a construction-focused site manager to an operationally-focused manager who is directly overseeing ongoing survey control and grade control activities. The process plant is now treating ore of grades between 1.8 and 3.9 grams per tonne (gpt), which is in line with short term expectations.

Ore scheduled to be mined over the foreseeable future is predicted to average 2.6gpt, up from the previous prediction of 2gpt, representing a range of 1.1kg of gold per day at 28tph throughput, 70% recovery and 92% availability, through to 2.4kg per day at 50tph, 85% recovery and 92% availability.

Cleveland is also pleased to advise that an RC drilling rig has arrived on site to complement the two existing grade control rigs. This rig is initially assisting in advancing grade control drilling within the Premier open pit in preparation for the progressive ramp-up in the mining rate to 100tph of ore following the commissioning of the new ball mill.

This rig will also be utilised in the short term to drill some of the key resource extension holes previously outlined by the Company at Premier East, followed by initial exploration holes over the highly prospective Vanuza prospect to the south of the Premier open pit operations.

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Cleveland's Managing Director David Mendelawitz said the completion of key components of the plant expansion and the recommencement of mining and processing operations marked important first steps in the Company's turnaround strategy for the Premier gold mine.

"We are very pleased to see major improvements in several key operational metrics very early on, including dramatic improvements in mechanical availability, volume and grade of exposed ore and recovery of gold from sulphide ore," he said. "While there is still plenty of work ahead of us, these are positive first steps and we will continue to execute our growth plan in a very focused, diligent and measured way."

ENDS

Further Information:

Investors:

David Mendelawitz, Managing Director
Cleveland Mining Company Limited (ASX: CDG)
Tel: +61-8 6389 6000 Tel: +61-8 9388 1474

Media:

Nicholas Read / Paul Armstrong
Read Corporate

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 Goias 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 new iron projects in Brazil. The company has 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

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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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