

## Orientation Drilling in Minas Novas Project Intersects Significant Itabirite Style Iron Mineralisation in All Holes

- **First pass drill campaign completed at Minas Novas Project**
- **All six holes intersecting 42m to 135m of itabirite iron mineralisation from near surface, with mineralisation in three holes open at depth**
- **Initial drill plan covers c.14km of +60km of strike defined by aeromagnetic survey**
- **Assays and metallurgical test-work to be fast tracked**
- **If metallurgical results are favourable, then area under control of Cleveland / BCI Alliance (circa 1,100km<sup>2</sup>) could develop into a significant new iron ore jurisdiction**

Cleveland Mining Company Ltd (ASX: CDG) is pleased to announce that the first six holes drilled into the CDG / BC Iron Ltd (ASX: BCI) Alliance Minas Novas iron ore project in Minas Gerais State, Brazil have all intersected down-hole lengths of between 42 metres (m) and 135m of itabirite style iron mineralisation within 5m from the surface. Mineralisation in three of the holes has not been closed at depth. The project area is separate to the Bahia projects from which first pass drilling and metallurgical results were recently announced.

The 6 holes are significant because they were drilled over approximately 14km of strike and represent the first holes drilled into a series of very large magnetic anomalies, in an area that has historically not been recognised as hosting iron ore. The holes correlate well with nearby outcropping itabirite and massive hematite. The potential strike of the mineralisation, defined by the magnetic survey, of between 60 and 100km, could provide sufficient potential to create a new jurisdiction for iron ore should metallurgical properties of the material prove favourable.

The Reverse Circulation (RC) drilling returned the hematite itabirite samples as a heavy dark red hematite rich powder as would be expected from friable hematite rich itabirites. The magnetite-rich zone commonly seen below the hematite itabirite is grey to dark grey, highly magnetic and very dense. This aligns well with magnetite itabirite seen in outcrop on the project.

#### Corporate Information

Total shares: 241.3 million  
Listed options: 11.4 million  
Unlisted options: 34.7 million

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#### Board of Directors

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## Aeromagnetics Image of Minas Novas

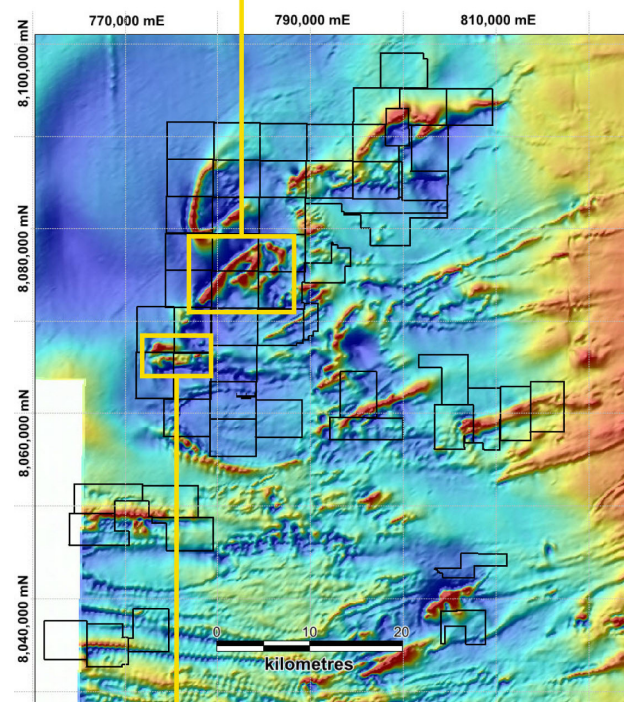
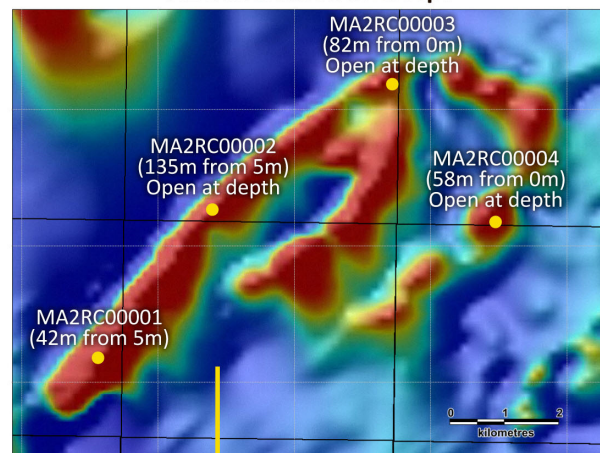
Total combined strike length of aeromagnetic anomalies (seen in image as red) covered by the project tenements is approximately 80km.

Further in-fill ground based geophysics and mapping may increase or decrease this length, hence the range provided of 60-100km.

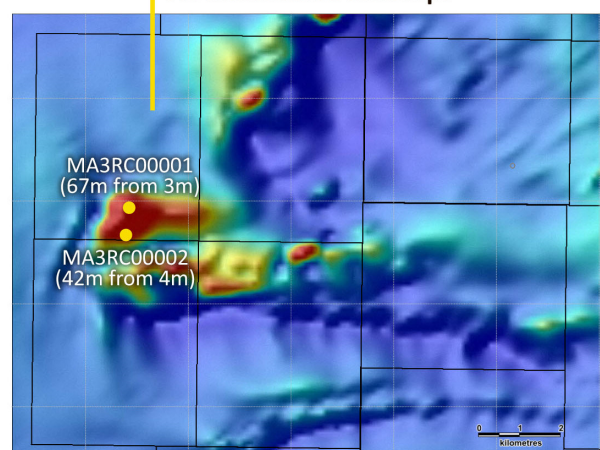
\*Zoomed images of Anomaly 2 and 3, including drill-hole locations and mineralized intersects

\*\*Black boxes illustrate Alliance tenements

**A2 Mineralised Intercept**



**A3 Mineralised Intercept**



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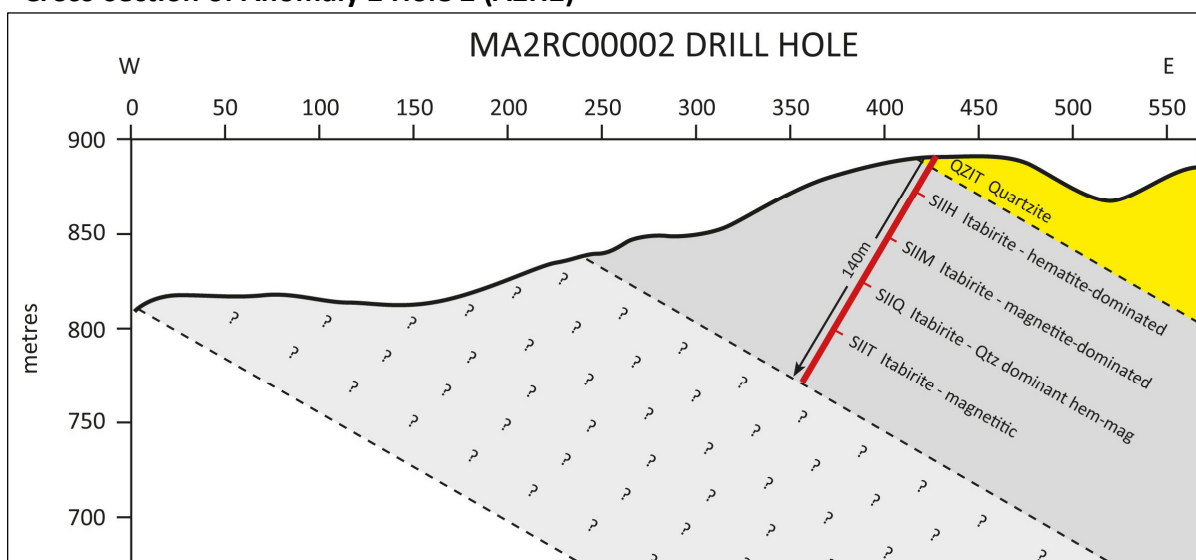
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### Summary of Mineralised Intersections

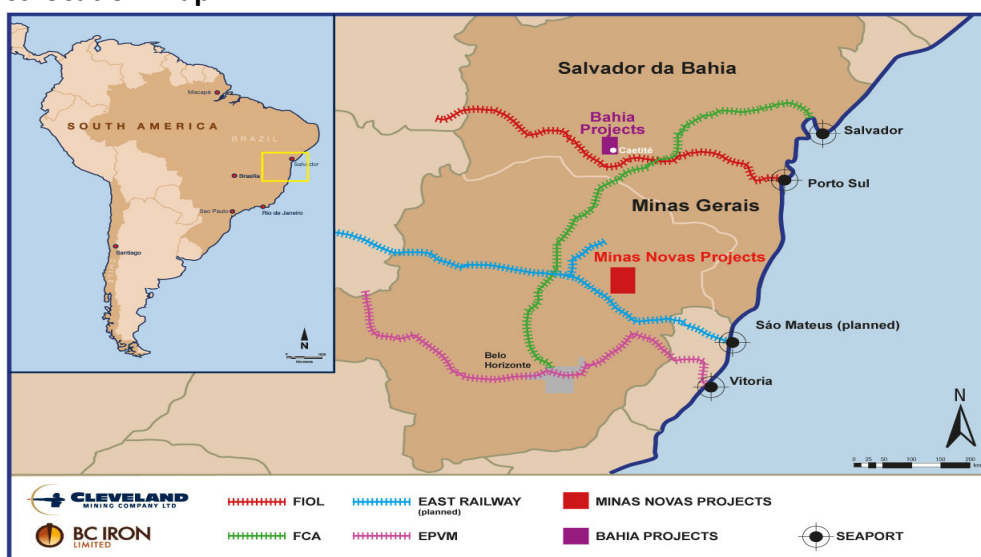
Minas Novas Orientation Drilling			Mineralised Intersection			
Hole Id	Anomaly	Depth	From (m)	To (m)	Thickness (m)	Comments
MA2RC00001	2	50	5	47	42	-
MA2RC00002	2	140	5	140	135	Open at Depth
MA2RC00003	2	82	0	82	82	Open at Depth
MA2RC00004	2	58	0	58	58	Open at Depth
MA3RC00002	3	64	4	46	42	-
MA3RC00001	3	70	3	70	67	-

(Full details tabled in announcement appendix)

### Cross-section of Anomaly 2 Hole 2 (A2H2)



### Project location Map



As shown in the map above, the Minas Gerais State Government is planning to build an open access railway to within 40km of the project area. Rail optimization studies are currently being conducted. While the region is currently serviced by haul roads for the local timber industry, the existence of a future rail solution does enhance the resource development potential of the region.

Cleveland Mining's Managing Director David Mendelawitz said, "This is an excellent outcome. The geophysical signature associated with these first holes looks the same as the rest of the geophysical anomalies that have been identified across the project area. Clearly six holes without assays and met test work is not enough to confirm the economic potential of mining within the area, and we do expect to see variation in the grade across the unit, however the discovery of as much 100km of strike of a thick unit of what appears to be friable itabirite under our control provides a lot of potential to work with.

"Cleveland's Management has enough experience in Brazil and the global iron ore industry to know that discoveries such as these are both rare and potentially significant. To have large scale potential in a state that has a steel manufacturing industry and is only around 300km from the coast, in a region that has a supportive Government planning to build an open access railway line to a new port, creates a great starting point to develop a new iron ore province.

"Overlay this with Brazil's profile as a low cost mining centre with an extensive labour pool of skilled mining professionals, particularly within the iron ore sector, and we may have the ingredients for a significant new iron ore business.

"Whilst many analysts are currently concerned about the iron ore price, we remain unperturbed as we have deliberately established the Company in a low cost jurisdiction because history shows that prices will always fluctuate, though those producers in the lowest quartile cost bracket will remain profitable. Brazilian iron ore projects have a long history of demonstrating their potential to operate in this bracket."

Further drilling will be designed over the next few weeks. Assays and metallurgical test-work will be fast tracked to determine the quality of the iron mineralisation.

The Minas Novas project comprises of approximately 1,100km<sup>2</sup> of tenements. The Alliance has an option to acquire 80% of the project by way of a staged earn in.

- 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 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 Capitaio 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 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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## JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The beam balance at the rig was calibrated using a known standard i.e. a 20 litre bucket of water.</li> <li>• The riffle splitter was cleaned at every rod length (3 metres) intervals. The cyclone was cleaned at the end of each hole. Wet samples were not noted.</li> <li>• Samples were analysed 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.</li> <li>• The secondary and remaining primary samples were collected plastic bags, placed inside labelled bulk plastic bags, tied up and stored in a sample farm for future reference.</li> </ul>

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Criteria	JORC Code explanation	Commentary
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• <i>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).</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The metre intervals drilled were marked on the three metre rods with chalk as drilling progressed.</li> <li>• 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 itabirite samples generally weighed ~40kg each.</li> <li>• 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.</li> <li>• 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.</li> </ul>

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Criteria	JORC Code explanation	Commentary
<i>Logging</i>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 intensity as indicated by a hand magnet, 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.</li> <li>• A total of ~464m of RC drilling has been completed for 6 holes, ~464m of RC chips logged and photographed</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• 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.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• All samples were riffle split.</li> <li>• 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.</li> <li>• Samples generally weighed ~2.5kg and these were sent to ACME laboratories.</li> <li>• These were subsequently crushed, split and ~1kg pulverised. This sampling process is considered suitable for the grain size of the iron formation being sampled.</li> </ul>

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Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The sample preparation method used by ACME was R200-1000, which includes:               <ul style="list-style-type: none"> <li>Crushing the entire sample to 80% passing 10mesh, splitting 1000gms and pulverising to 85% passing 200mesh;</li> <li>Followed by XRF analysis method PKA-XRF01-03 for 15 analytes, which included:                   <ul style="list-style-type: none"> <li>Al<sub>2</sub>O<sub>3</sub>, BaO, CaO, CrO<sub>3</sub>, Fe<sub>2</sub>O<sub>3</sub>, K<sub>2</sub>O, MgO, MnO, Na<sub>2</sub>O, NiO, P<sub>2</sub>O<sub>5</sub>, SiO<sub>2</sub>, SrO, TiO<sub>2</sub>, V<sub>2</sub>O<sub>5</sub> and LOI at 1000oC .</li> </ul> </li> <li>When requested, sulphur was analysed by method PKA_Leco1-02</li> <li>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.</li> <li>Four analytical Standards were, supplied by ITAK and Geostats for both magnetite and hematite samples. The iron content ranged from ~35% to ~60% Fe.</li> <li>Blank samples were of “marble” composition.</li> <li><b>Analyses are awaited for all samples submitted to ACME</b></li> </ul> </li> </ul>

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<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Two percent of the mineralised samples will be sent to an umpire laboratory to verify the primary analysis.</li> <li>• Metallurgy P/L Perth Western Australia will determine Davis Tube Recovery (DTR) Outcomes.</li> <li>• Primary Data was captured either electronically using a template 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.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The exploration data were 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.</li> <li>• The datum used was the South American Datum (SAD) 69, and projection UTM zone 23S.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Flight line spacing of the aeromagnetic survey was 500m, with readings taken every 8m along flight lines.</li> <li>• The data spacing is considered sufficient to establish geological continuity of magnetic rock horizons.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The orientation of the aeromagnetic survey flight lines were oriented NW-SE, with an azimuth of 155°-335°, which are perpendicular to the strike directions of the targets.</li> </ul>

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<i>Sample security</i>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>Rock samples were collected on the ground and then compared with the aeromagnetic images. A strong correlations was noted between the magnetic anomalies and the magnetic itabirite samples.</li> </ul>

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## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
General tenement and land tenure status	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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:            <b>831.410/2010; 831.411/2010; 831.412/2010;</b>  <b>831.413/2010; 831.414/2010; 831.415/2010;</b>  <b>831.416/2010; 831.417/2010; 831.418/2010;</b>  <b>831.419/2010; 831.420/2010; 831.421/2010;</b>  <b>831.422/2010; 831.423/2010; 831.424/2010;</b>  <b>831.425/2010; 831.426/2010; 831.427/2010;</b>  <b>831.428/2010; 831.429/2010; 831.430/2010;</b>  <b>831.431/2010; 831.432/2010; 831.433/2010;</b>  <b>831.434/2010; 831.435/2010; 831.436/2010;</b>  <b>831.437/2010; 831.438/2010; 831.439/2010;</b>  <b>833.534/2010; 833.535/2010; 833.537/2010;</b>  <b>833.538/2010; 833.539/2010; 830.813/2011;</b>  <b>830.867/2011; 830.868/2011; 830.869/2011;</b>  <b>830.870/2011; 830.871/2011; 830.872/2011;</b>  <b>830.873/2011; 830.874/2011; 830.875/2011;</b>  <b>830.876/2011; 830.877/2011; 830.878/2011;</b>  <b>830.879/2011; 830.880/2011; 830.881/2011;</b>  <b>830.882/2011; 830.883/2011; 831.549/2012;</b>  <b>833.478/2012;</b>  <b>830.604/2013; 830.608/2013</b> </li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Coffey Mining completed site appraisals during 2012 at Minas Novas as a precursor to the reconnaissance RC drilling program. Target generation and drill collar locations were identified by subsequent field activities.</li> </ul>

## Corporate Information

Total shares: 241.3 million  
 Listed options: 11.4 million  
 Unlisted options: 34.7 million

## Contact

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## Board of Directors

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 David Mendelawitz – Managing Director  
 Rod Campbell – Executive Director - Commercial  
 Rick Stroud – Non-Executive Director

## Head Office

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Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Iron mineralization is hosted in Banded Iron Formations (BIF - Itabirite) related to sedimentary sequences of Upper Proterozoic age. BIF is associated with psamitic and pelitic sediments.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>• <i>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:</i> <ul style="list-style-type: none"> <li>○ <i>easting and northing of the drill hole collar</i></li> <li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>○ <i>dip and azimuth of the hole</i></li> <li>○ <i>down hole length and interception depth</i></li> <li>○ <i>hole length.</i></li> </ul> </li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• See below</li> </ul>

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Data aggregation methods	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>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.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>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').</i></li> </ul>	<ul style="list-style-type: none"> <li>• All intercepts of iron formation are reported as down-hole intervals.</li> </ul>

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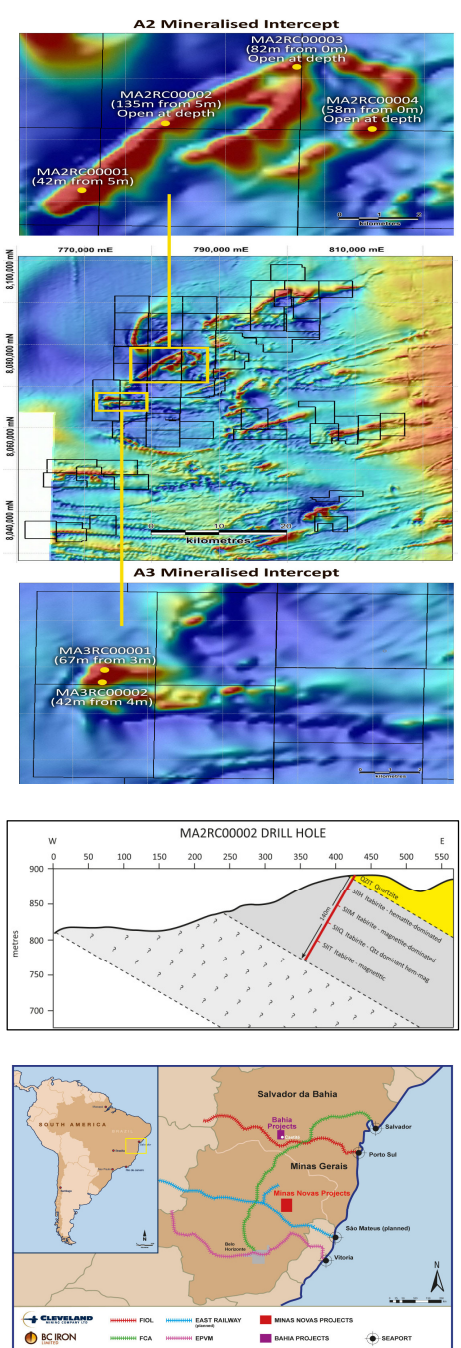
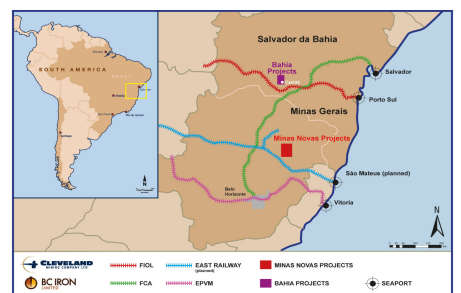
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Criteria	JORC Code explanation	Commentary
<p><i>Diagrams</i></p>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Location map showing tenements and magnetic survey images</li> </ul>  <p><b>A2 Mineralised Intercept</b></p> <p>MA2RC00003 (82m from 0m) Open at depth          MA2RC00002 (135m from 5m) Open at depth          MA2RC00004 (55m from 0m) Open at depth          MA2RC00001 (42m from 5m)</p> <p><b>A3 Mineralised Intercept</b></p> <p>MA3RC00001 (67m from 3m)          MA3RC00002 (42m from 4m)</p> <p><b>MA2RC00002 DRILL HOLE</b></p> <p>900 850 800 750 700</p> <p>W 0 50 100 150 200 250 300 350 400 450 500 550 E</p> <p>soil Quartzite          Silt, talciferous - hematite-formatted          Silt, talciferous - magnetite-formatted          Silt, talciferous - (Ox) hematite form-mag          Silt, talciferous - magnetic</p>  <p>Salvador da Bahia          Bahia Projects          Minas Gerais          Minas Novas Projects          São Mateus (planned)          Vitória</p> <p>LEGEND:          CLEVELAND: FOL, EAST RAILWAY, MINAS NOVAS PROJECTS          BC IRON: FCA, EPVM, BAHIA PROJECTS, SEAPORT</p>

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The release has attempted to provide a balanced view of the potential thickness of the target geology, by stating be relating generalised statements that cover a balance of all observations made in the field. Where a thickness of the unit is stated, the term “up to” provides an upper limit, whilst the text clearly states that the drilling is aimed to test the reliability of the surface observations.</li> <li>The objective of the drilling was to substantiate the nature of mineralization, not to quantify strike and thickness of mineralization.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The regional aeromagnetics flown for the State of Minas Gerais, covering the Minas Novas Projects have been modelled by Resource Potential (Perth) and priority targets identified for all projects. Ground magnetic traverses were also completed over limited traverses at Minas Novas to confirm airborne magnetic anomalies. The ground traverses confirmed the reliability of the aeromagnetic data. During February and March geological observations were recorded during reconnaissance mapping activities of the iron formations at Minas Novas. This mapping has optimised the location of reconnaissance drill collar locations</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>The BIF has multiple kilometres of strike over the confirmed project areas. There are indications for continuity of buried mineralization.</li> <li>There are extensive BIF outcrops and magnetic anomalies at Minas Novas identified by the follow-up reconnaissance mapping program completed in March 2014, confirming the Coffey Geological assessment undertaken in 2012.</li> </ul>

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Minas Novas Orientation Drilling								Mineralised Intersection			
Hole Id	Anomaly	North	East	RL	Az	Dip	Depth	From (m)	To (m)	Thickness (m)	Comments
MA2RC00001	2	8073269	778789	917	290	-60	50	5	47	42	Open at Depth
MA2RC00002	2	8075112	780363	895	290	-60	140	5	140	135	
MA2RC00003	2	8078199	784793	903	0	-90	82	0	82	82	
MA2RC00004	2	8075642	786161	909	0	-90	58	0	58	58	
MA3RC00002	3	8066596	773738	979	0	-90	64	4	46	42	
MA3RC00001	3	8067161	773580	967	0	-90	70	3	70	67	

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