



CLEVELAND FORMS STRATEGIC ALLIANCE WITH BC IRON

Corporate Information

ASX Code	CDG
Quoted shares	112.4 million
Total shares	158.7 million
Unlisted options (20c)	34.8 million

Board and Management

Chairman - Donald C. Bailey
Managing Director - David Mendelawitz
Finance Director - Aaron Finlay
Non-Exec Director - Jim Williams
Non-Exec Director – Russell Scrimshaw

Contact

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Highlights

- Strategic Alliance formed between Cleveland Mining and BC Iron to acquire and co-develop new iron ore projects in Brazil;
- BC Iron to take 5% cornerstone ownership of Cleveland Mining Company Ltd. at A\$0.642 per share;
- Strategic Alliance further strengthens Cleveland's operational capabilities and ability to finance large-scale projects in Brazil, whilst providing BC Iron with a pipeline of potential projects and the in-country experience required to develop them.

PERTH, AUSTRALIA, 20th August, 2012: Cleveland Mining Company Ltd. (ASX: CDG, "Cleveland" or "the Company") is pleased to announce that it has formed a strategic alliance with BC Iron Ltd. (ASX: BCI), a Western Australian Iron Ore producer operating the 5 million tonne per annum Nullagine Iron Ore Project as a 50/50 joint venture.

Under the terms of the strategic alliance, BC Iron will form a Joint Venture partnership with Cleveland aimed at acquiring and developing new iron ore projects in Brazil and, furthermore, will take a cornerstone ownership position in Cleveland.

Cornerstone Shareholding

BC Iron will take a 5% interest in Cleveland Mining Company Ltd. through the purchase of new ordinary shares in the Company at the price of A\$0.642 per share as part of a placement that is now in progress.

The number of shares that constitute BC Iron's 5% shareholding will be determined by the size of the placement, which is still to be finalized.

Joint Venture Partnership

Cleveland and BC Iron will seek to secure new iron ore projects in Brazil as Joint Venture partners. BC Iron represents an excellent partner for Cleveland on account of its track-record for exploration and operational success, along with its capacity to co-fund and co-develop large iron ore projects.

Until now, Cleveland has been unable to field certain project offers due to the need for its team to be focussed on its current project hubs.



The Strategic Alliance between Cleveland and BC Iron provides the means to investigate other iron ore projects, allowing the Company to reach its production milestones with greater speed and surety, whilst being able to develop other projects at the same time. In return, the Alliance provides BC Iron with an entry into the Brazilian iron ore space without the long lead time needed to 'come up to speed' in a new jurisdiction.

Projects in Cleveland's Amapá Hub, including the Ferradura Iron Project, will not form part of the Strategic Alliance between Cleveland Mining and BC Iron.

Premier Gold Mine and other Crixás Hub Gold Projects

The BC Iron investment in Cleveland will facilitate the Company to begin Stage 2 and Stage 3 development of the Premier Gold Mine, which involves the addition of a CIL plant and throughput from the O Capitão project, respectively.

Static commissioning of the Stage 1 plant at Premier Gold Mine has commenced, and the Company expects that, subject to smooth commissioning, gold production will begin soon.

Management Comments

The Managing Director of Cleveland Mining, David Mendelawitz said that the partnership between Cleveland Mining and BC Iron has great potential.

"BC Iron has successfully built a 5 million tonnes per annum Joint Venture operation with Fortescue Metals Group in the Pilbara in rapid time. They have the leadership, experience and financial strength that make for an excellent JV partner," said Mendelawitz.

"Cleveland is conducting a scoping study on the Ferradura project, in order to build its own 5 million tonnes per annum operation in Amapá state in Brazil. The collaboration with BC Iron will allow the Company to drive its growth plans beyond Ferradura without delay, whilst providing BC Iron with exposure to the amazing potential of Brazil."

"Most of Cleveland's Board and many of our managers have previously worked with the management of BC Iron and we look forward to resuming the relationship."

Managing Director of BC Iron, Mike Young, said that the Joint Venture would allow BC Iron to enter a new country and new market with key people and their intellectual property already in place.

"The nature of the transaction is entirely consistent with BC Iron's stated Business Development strategy," said Young.

"It's no secret that we've been to Brazil and we like what we've seen. Brazil has a vibrant iron ore industry, including a domestic market, a very skilled and able workforce, and the right geology that's very favourable for further discoveries. In fact, where I see a mature iron ore industry in Australia, in Brazil I see a growing industry in a growing country."



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About Cleveland Mining

Cleveland Mining is an Australian-managed, publicly-listed minerals company, squarely focused on developing projects to owner-operate. Cleveland has three distinct project hubs:

- 1) The Crixás Hub, Goiás State, central Brazil. Projects: The Premier Gold Mine JV, O Capitão, Baú, Guarinhos, Pantera – Gold-focused
- 2) The Amapá Hub, Amapá State, northern Brazil. Projects: Ferradura, Porto Grande and Lebre – Iron ore-focused
- 3) The Canela Hub, central Chile. An small portfolio of projects between La Serena and Santiago – Gold/Copper-focused

The Company's most advanced project is the Premier Gold Project, which is currently being commissioned for mining. Cleveland also has promising exploration results for projects in all three hubs.

Cleveland has a different approach to project selection, with project economics driving target selection. Geological prospects, local costs and infrastructure are rigorously scrutinised before entering into a project. Projects are chosen according to their potential to generate returns at the bottom of the economic cycle, with Cleveland only operating in areas backed by legislation and government that can provide stable and transparent operating environments.

About BC Iron Limited

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of Western Australia. The Company's core focus is the Nullagine Iron Ore Project, a 50/50 joint venture with Fortescue Metals Group Limited. The JV uses Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail its ore to Port Hedland from where it is shipped directly to customers overseas.

BC Iron has had outstanding success since listing in December 2006. Iron ore exports commenced in February 2011 and the JV exported ~3.55Mt of iron ore during FY2012. As of May 2012, the JV is operating at its nameplate production rate of 5Mtpa. The Company is now set to move into the next phase of development through measured consideration of business development opportunities both domestically and overseas.

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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. These forward looking statements 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 2004 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.