

ASX Release
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Cleveland Mining and BC Iron Alliance Sign MOUs for the Right to Acquire 80% of Three Iron Ore Projects

Highlights

- MOUs signed for the first projects for Iron Ore Alliance between Cleveland Mining and BC Iron
- High-potential exploration projects comprising more than 1200 km² of tenure
- Partnership with strong mid-tier mining company to de-risk path to production and ensure no impact on Cleveland's gold activities
- Potential for significant amount of iron ore with grades typical of Brazilian product
- Located proximate to planned open-access rail infrastructure leading to existing deep-water bulk and iron ore ports
- Staged earn-in style vend terms with no upfront cash payment
- Highly-regarded local vendors retaining minority ownership (20%)

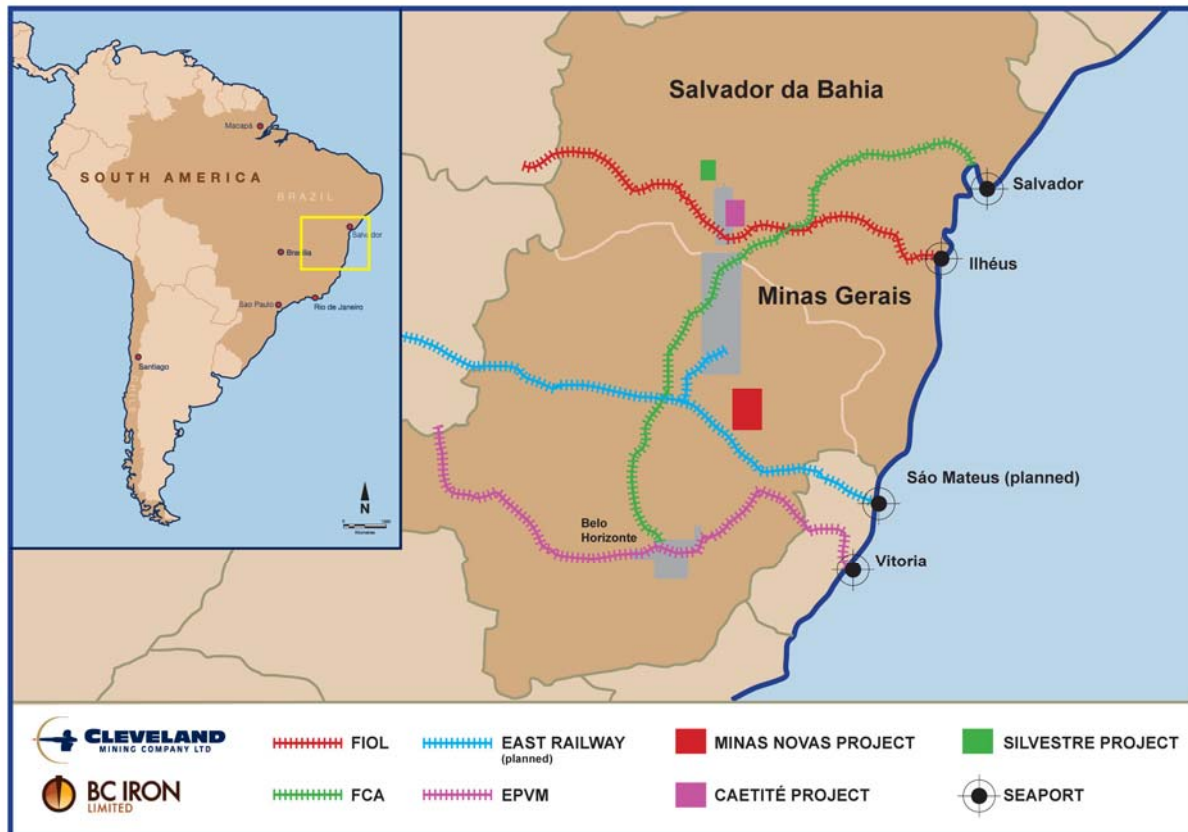
Cleveland Mining Company Ltd (ASX: CDG) has signed a Memorandum of Understanding (MOU) to earn the right to acquire 80% of three iron ore exploration projects in the Brazilian states of Salvador da Bahia and Mina Gerais by way of staged 'earn ins'.

The proposed acquisitions will form the initial projects for the Strategic Alliance (The Alliance) between Cleveland Mining and BC Iron Ltd (ASX:BCI), which was formed in August of 2012.

The Projects

The Alliance has investigated more than 50 South American iron ore projects, ranging from exploration stage to producing mines. The three projects under MOU were selected for further work based on outcropping iron mineralisation, geology, geophysical signatures, community attitudes to mining and options for port and rail logistics.

The Alliance is targeting itabirite iron mineralisation ranging from 30% to 45% Fe that could be upgraded to a higher grade product. This is typical of Brazilian iron ores, which are easily and cheaply processed and highly sort-after by the international steel industry.



The Salvador da Bahia (Caetite and Silvestre) and Minas Gerais (Minas Novas) projects cover 194 km² and 1,070 km² respectively. All are within reach of rail infrastructure that is either under construction (Bahia) or proposed (Minas Gerais). These rail lines will connect to open access ports that are already capable of loading Cape-sized vessels with iron ore.

The Alliance believes that, based on the geophysics and initial surface observations, the project areas have the potential to host a significant amount of mineralised material. The planned open-access infrastructure reduces the minimum sized deposit required to justify a mine.

Proposed Agreement

Under the terms of the proposed agreement The Alliance has the right to earn up to 80% of the projects against a schedule of milestones. A modest first payment would not be made until after first pass due diligence, which would include further field work and a drilling program of up to 2000 metres for each state that returns satisfactory results. The three projects will be treated as two discrete project areas, divided by state and subject to separate agreements. Full commercial details will be publicised on the finalisation of the Option to Purchase Contract.

The private Brazilian group that currently owns the projects has expressed an interest in maintaining ownership of up to 20% of the projects. This group brings significant local experience and important relationships from Bahia and Minas Gerais.

The MOU allows the Alliance to enter into a period of exclusivity, whilst a Binding Option to Purchase Contract is formalised, along with any remaining due diligence.

Further details about the projects will be uploaded to Cleveland's Website.

- Ends -

Further Information

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About Cleveland Mining Company

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.

The Company has two project hubs in Brazil in areas with excellent mining credentials:

- 1) The Crixás Hub in Goiás State in central Brazil is gold-focused
- 2) The Amapá Hub in Amapá State in northern Brazil is iron-focused

Mining and production are underway at Cleveland's Premier Gold Mine JV in the Crixás Hub and the Company is working on a potentially major iron ore project named Ferradura its Amapá Hub.

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.

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.