

Corporate Update

Cleveland Mining Company Ltd (“Cleveland”) (ASX: CDG) is pleased to provide an update on the status of the re-financing activities being undertaken by the Company.

The Company made significant progress in late 2016 preparing to re-finance the outstanding debt held by Platinum Partners LLC (“Platinum”). The re-financing was not concluded in 2016 as was hoped for, largely because the prospective financiers who were, and in many cases remain, interested in providing the finance required, were not prepared to finalise a package and deal with the Executives of Platinum; due to the widespread rumours surrounding Platinum’s conduct and management. Interested financiers adopted this approach primarily because they believed that any deal made with current Platinum Management would then be under the threat of being unwound by a Trustee/Liquidator of the funds managed by Platinum once appointed.

On December 19th 2016, the Senior Management of Platinum were arrested in New York and taken into custody, accused of a range of serious financial crimes. Although these accusations have not been trialled in court, and Cleveland will make no comment regarding the indictment, the Company is now comfortable that the application made to the court as a consequence of the indictment will lead to the swift appointment of an external controller (Trustee) to the various funds operated by Platinum. This view is shared by the various potential financiers that the Company has been and continues to work with. Further information regarding the charges against Platinum management is readily available in the public domain.

The arrests and associated public allegations, have now provided much of the clarity required for the Company to progress with the re-financing (including re-capitalisation of the operations and funding of the acquisition of our Joint Venture Partner’s equity in the Crixas Gold Projects in Central Brazil). It has also triggered the commencement of legal action by the Company against Platinum for what the Company believes to be a pattern of behaviour that has resulted in the Company, our staff, our contractors and all our stakeholders being kept in a state of significant financial duress.

Corporate Information

Total shares: 338.4 million
Options on issue: 22.8 million

ASX Code: CDG

Contact

Investor & Media Enquiries
info@clevelandmining.com.au

Board of Directors

Alex Sundich - Non-Executive Chairman
David Mendelawitz – Managing Director
Rick Stroud – Non-Executive Director
Glenn Simpson – Non-Executive Director

Head Office

Suite 1., 41 Walters Drive Osborne Park WA 6017
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F: +61 (08) 6389 6099
W: www.clevelandmining.com.au

The Company has formed the view that the conduct of Platinum has been such that the losses suffered by the Company as a consequence exceed the amount owing by the Company to Platinum. The Company has instructed its solicitors to begin administrative proceedings in the Australian courts to seek to have Platinum's Australian registered securities extinguished on the basis that there is no longer any debt to secure. This process is at an early stage and further updates will be provided as it progresses.

Cleveland currently has Senior Executives in North America working to bring its financing activities towards a positive and timely conclusion.

Cleveland's Managing Director Mr David Mendelawitz said "This has been a long and difficult process for our investors, contractors, Joint Venture partners, staff and their families. The behaviour of Platinum has either stopped, slowed or complicated the Company's efforts to re-finance this debt and raise external capital to progress our gold mining operations in Brazil. This inevitably led to a spiral of inefficiencies, costs and value loss to Cleveland.

"Despite these unfortunate events, Cleveland has developed a valuable gold mining operation in Brazil, including a processing plant, gold resources and significant exploration targets. We are now continuing the process of re-financing the Company with a clearer understanding of our position with Platinum. Our aim is to clear up this situation, including any issues caused by the delays in the Company's re-financing, as quickly as possible. We are looking forward to getting back to developing our projects with our focus where it should be, on mining and drilling out our gold projects in Brazil. In the meantime, we appreciate the understanding and ongoing support of our shareholders."

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Further Information:

Investors:

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

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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