

## Company Update

Cleveland Mining Company Ltd (“Cleveland”) (ASX: CDG) is pleased to provide an update on the Company’s status and certain corporate activities that have either been undertaken or influenced the Company recently.

### Financing

Cleveland has been seeking to re-finance its debts and strengthen its balance sheet for an extended period. Over this period, the Company has found significant appetite from potential investors on suitable terms, though all funding offers or expressions of interest have been subject to the removal of the Secured Debt position held by Platinum Partners LLC (Platinum).

On April 12<sup>th</sup> 2017 the Company announced that it had agreed, though not executed, a restructure of the Platinum debt instrument with the receiver of Platinum, Bart Schwartz from Guidepost Solutions. This agreement was mostly negotiated by a listed Canadian financier. Whilst the Company believed that the agreed terms were excessive at the time, the Company was prepared to accept them as it meant that, when combined with the expected refinancing, the Company would be in a position to move forward.

Unfortunately, prior to completing the refinancing, Guidepost Solutions resigned from acting as Platinum’s Receiver. In the first week of July a new liquidator, Ms. Melanie Cyganowski, from Otterbourg P.C, was appointed to replace Bart Schwartz.

Cleveland has been working to convince Ms. Cyganowski that it is in both party’s best interest to agree a rapid and lower value resolution to the outstanding debt situation. Unfortunately, the new Receiver has been unable to move any faster than the last. In August 2017, the Company negotiated, what it believed to be, a fair settlement for all parties and arranged a supporting, binding finance agreement

**Corporate Information**

Total shares: 398.4 million  
Options on issue: 15.5 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**

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(subject to the approval of the Platinum Receiver, and several other conditions precedent). This finance agreement would enable Cleveland to meet the proposed settlement terms, recommence site activities and other statutory requirements to enable the Company to be re-instated on the ASX. Much to the Company's disappointment, instead of either executing or providing further commentary on the settlement, the Receiver stopped all meaningful communication, leaving Cleveland unsure whether the Receiver intends to accept those terms or not. The Receiver has now publicly stated that she has insufficient and inadequate information pertaining to the portfolio of circa 100 investments that it received from the previous Receiver. This being the case, she has decided not to make any further decisions until this deficiency has been rectified and she is then able to understand how to move forward with confidence.

On Monday the 18<sup>th</sup> December the Company was contacted by Platinum's representatives to inform Cleveland that the Receiver had appointed FTI Consulting in Perth to assist in concluding an assessment of Cleveland's situation. Cleveland have engaged with FTI as requested and believe that an agreement is achievable.

### **Western Australian Project Management Services Agreement**

Due to the prolonged suspension of operations in Brazil, the Company has been working to source other income streams to cover overhead costs whilst endeavouring to finalise the above refinancing. The Company has entered into an agreement with a private mining company for Cleveland to provide project management services to oversee the construction of a mine process plant in Western Australia. This work does not begin until the private mining company secures financing for the project, and thus has remained uncertain. Cleveland has just been informed that the funding is expected to be finalised in the coming weeks.

Whilst the quantum of this contract is not sufficient to re-finance the Company, it provides sufficient working capital to allow the Company to pay basic overheads should re-financing continue to be drawn out. The project will not affect the Company's focus on its Brazilian activities once they are able to be resumed.

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**Macquarie Bank**

On June 19<sup>th</sup> 2017 the Company issued an announcement regarding a letter circulated to shareholders by M & K Lawyers in relation to the practices alleged to have been undertaken by Macquarie Bank - Private Wealth Division, which affected Cleveland shareholders. In parallel with the action commenced by M & K, Fairfax Media have run a number of detailed articles relating to some of the key matters under investigation by M & K. Whilst the Company has long held the belief that the rapid decline in its share price in 2012, which led to the collapse in market sentiment, was largely a result of the alleged actions taken by Macquarie and certain of its representatives. The Company has been focused on moving forward and working with what it has, rather than using scarce resources to look back and seek blame. That said, the information unearthed by the M & K investigation and the Fairfax Media reports have now compelled Cleveland to re-assess its position regarding this matter. The Company now believes that it has sufficient information to make a legal argument for compensation. It is currently working with its legal counsel to determine the appropriate next steps to pursue the matter further.

A side effect to both the M & K action and the Fairfax newspaper articles is that the Board has noticed that there has been a marked change in sentiment towards the Company by Australian equities investors, as they can appreciate that there is a credible reason why the Company's share price rapidly declined in 2012 and the financial restrictions that the Company has been working under ever since.

Additional to the media articles and potential civil action, the claims are being investigated by the Australian Securities and Investment Commission (ASIC). As part of the investigation into the alleged actions of Macquarie, the Company is also being thoroughly assessed by ASIC. Cleveland received a request to provide books (information) to ASIC, which required the Company to filter through approximately 100,000 emails, calendar records, Board minutes, contracts and other material so that it could provide ASIC with everything it required relating to a number of areas through the period that Macquarie represented Cleveland. The Company has willingly co-operated with ASIC and has always believed that there has been no wrongdoing by the Company. At this stage the ASIC review is still ongoing, and we await the outcome of the investigation and hope that this may assist us in any potential legal action.

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**ASX Listing Re-Instatement**

The Company remains focused on re-instatement of trading of its shares on the ASX, and believes that can happen in a timely manner, if Platinum agrees to terms that are capable of being funded.

Cleveland Mining's Managing Director Mr David Mendelawitz said *"Whilst I am well aware that shareholders and stakeholders have been very frustrated due to the prolonged suspension of the Company's shares and lack of information coming from the Company throughout the year, I am hoping that this announcement provides some context to the reasons why. The complex nature of all the above matters have in many ways been out of our control and due to both the commercial sensitivities involved and the reliance on others has put us in uncharted waters.*

*This said, we are now seeing a swing in sentiment following the changes that have been outlined, and we have reason to believe that it is still possible to put the difficult times behind us and get back to where we want to be focused, namely drilling and digging, and far away from these unwanted corporate distractions."*

*"Whilst 2017 has been a year that we will gladly put behind us, it has also been a year that is providing catalysts for resolution to material matters that have held the Company in limbo for the last few years. Cleveland's management and Board will continue to do everything they can to resolve the outstanding issues as quickly as circumstances will allow."*

**ENDS****Further Information:****Investors:**

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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. 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

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