CLINE MINING ANNOUNCES FILING OF THIRD QUARTER 2012 FINANCIAL STATEMENTS AND ITS MANAGEMENT DISCUSSION AND ANALYSIS; PROVIDES OPERATIONAL UPDATE FOR NEW ELK MINE

Toronto, Ontario, Canada October 15, 2012. Cline Mining Corporation ("Cline Mining" or the "Company") (TSX:CMK) announced today the filing of its third quarter unaudited Financial Statements ("Financials") in conjunction with its Management Discussion and Analysis ("MD&A") for the interim period ended August 31, 2012 ("third quarter 2012"). The following highlights portions of the Financials and MD&A. A complete copy of the Company's Financials for the period, together with the MD&A, can be accessed under the Company's profile on www.sedar.com.

In addition to announcing the filing of their third quarter 2012 Financials and MD&A, the Company is providing an update on the following:

- The operational strategy at the New Elk Mine; and
- A review of industry trends and Company outlook.

The Company has three major objectives: to sell the Company's stockpile of metallurgical coal, to secure long-term sales contracts, and to restart production at the New Elk Mine at the earliest opportune time.

Ken Bates, President, Chief Executive Officer & Director of Cline Mining commented: "Current market conditions for coal producers continue to be challenging. Demand continues to be weak in the metallurgical coal market with prices declining across the board. The benchmark industry contract price settlement for the fourth quarter this year starting October 1 declined US$55 per tonne from the previous quarter settlement of US$225 per tonne. We are taking a longer-term view of the metallurgical coal market as our industry faces this current cyclical downturn in demand, focusing on China and India. Cline's New Elk Mine is a major metallurgical coal mine with a large resource base of over 618 million short tons of metallurgical coking coal in place. During the short-term, the Company must navigate this difficult market by conserving its cash resources, raising additional ongoing working capital and aggressively pursuing long-term coal contracts with the world's steel mills."

Third Quarter 2012 Financial Results

The Company's loss of $1,925,330 and comprehensive loss of $8,380,785 for third quarter 2012 compares with a loss of $2,256,586 and comprehensive loss of $4,638,058 for third quarter 2011. For the nine-month period ending August 31, 2012 the loss of $7,791,398 ($0.04 per share) compares with a loss of $10,430,997 ($0.06 per share) for the nine-month period ending August 31, 2011. Comprehensive loss of $16,655,189 for the nine-month period ending August 2012 compares with $12,357,469 for the nine-month period ending August 2011.

Cash flow from operations for third quarter 2012 and nine-month period ending August 2012 of $144,935 and $3,298,813 respectively compare with $691,667 and $2,603,616 for the corresponding periods last year. Cash flows from operations are consistent with the corresponding periods last year when excluding the effect of foreign exchange. Please refer to the third quarter 2012 MD&A for further discussion in this regard.

The Company's cash and cash equivalents position at August 31, 2012 was $7.6 million and the working capital position at August 31, 2012 was $2.2 million, compared to $58.6 million and $48.4 million respectively at November 30, 2011. The Company's current cash position is approximately $5.8 million as at October 15, 2012. The Company incurred operational and development costs (inclusive of translation adjustment and impairment) of $7,836,683 during the third quarter 2012, bringing mineral properties under development at August 31, 2012 to $263,076,641, compared with $172,402,775 at November 30, 2011 (December 1, 2010: $66,179,284).

The Company has not recognized any revenues from the sale of coal and is working to secure long-term off-take arrangements with senior industry players.

In addition to its working capital requirements, the Company must secure sufficient funding to continue developing and expanding the New Elk Mine and keep its mineral claims and title in good standing. The Company is currently working on securing additional capital to meet these needs and several initiatives are underway in this regard. There is however no guarantee that the Company's financing efforts will be successful or sufficient to fund existing commitments.

Third quarter 2012 financial highlights are found in the table below:

	3rd Quarter Ended August 31, 2012	**2nd Quarter Ended May 31, 2012**	**3rd Quarter Ended August 31, 2011**
	C$	C$	C$
Cash and cash equivalents	7,605,837	29,000,416	57,353,320
Total assets	282,172,951	296,530,236	208,433,672
Total liabilities	48,311,708	54,288,208	5,886,289
Total net equity	233,861,243	242,242,028	202,547,383

Temporary Mine Stoppage

The Company currently retains a workforce maintaining the mine and its assets in preparation for a rapid restart of coal mining immediately when the economic landscape permits.

In the Company's September 17, 2012 release, the Company stated that it expected to formalize its production plan at the time it resumes production. Key aspects of the New Elk Mine review include:

Rationalization of Production with Mine Plan Review

The technical mine planning review process for operations of the New Elk Mine, conducted by New Elk Coal Company LLC ("New Elk") Chief Operating Officer, David Stone, was completed on schedule in September 2012. The main focus of the review and subsequent mine plan was on the development of the Central Zone of the mining lease which provides optimum utilization of the already present infrastructure coupled with the highest short-term production output possible without sterilizing any of the existing resource. The Northern and Southern areas of the lease provide an exceptional upside case and will be fully developed once the action plan for the Central Zone is complete and pending future production scheduling. These areas in supplement to the Central Zone facilitate the ability to perform low capital brownfields expansion.

As part of the review process the entire New Elk Mine resource has been zoned geologically and short- and long-term production areas were identified and included in the plan, providing conservative and achievable outputs. The Company has identified the coal seams in the Central Zone that provide the most cost effective restart option in the short-term. These seams include the Allen Seam and the Blue seam. The mine review assumes four operating development units plus an additional unit permanently set up as a spare; the longwall operation being added to the productive capacity of the mine as the coal market cycle recovers. The coal resource is to be extracted 'top down'. All production and revenue assumptions will assume a conservative and optimally staggered restart. The Company is initially working within the parameters of using existing equipment on site, which includes 10 continuous miners and 15 shuttle cars.

Dave Stone, Chief Operating Officer of New Elk commented "At this time we are completing the detailed reimplementation plan to enact the review's outcomes. The operation can re-commence production in a structured and sustainable way rapidly upon the securing of an appropriate off-take and long-term sales contracts."

Rationalization of Costs

Rationalization of costs is key to the phased reimplementation plan of the New Elk Mine. The mine review contemplates cost efficiency with the standardization of supply, consolidation of labour contracts, scheduled maintenance and overhauls coupled with a unit cost reduction through volume maximization and the staged closing of old workings.

Industry Trends

Consistent and continuing uncertainties over the European debt crisis, economic activity and signs of a Chinese economic slowdown are placing ongoing downward pressure on coal demand and prices. Recent reports suggest stockpiles at Chinese seaports remain high as growth in Chinese steel production grew marginally by 1% in the first half of 2012, as compared to the same period in 2011, a growth rate which lags behind its 5-year CAGR of 10%. Leading Japanese companies have recently settled the quarterly benchmark coking coal price at $170/t for Peak Downs/Saraji material and $165/t for Goonyella. This represents a $55/t reduction in price from the previous quarterly benchmark. Japan continues to be the largest importer of coking coal with an estimated intake in excess of 47 million tons followed by China with imports of coking coal estimated at 34 million tons year-to-date. While steel production in Asia has increased compared with 2011 they are still working down high coking coal inventories, which translates into a very weak spot market.

The Euro-zone sovereign debt crisis has cultivated a frail demand environment. Historically, Germany has been the bellwether of European steel production and according to the World Steel Association Report, crude steel output from Germany nudged down to 3.6 million metric tonnes in July, down 5.0% over the last six months, or 2.1% lower than a year ago. This reduction has been reflective of the overall macro landscape as steel production within the European Union inched down 4.9% year-over-year to 14.2 million metric tonnes.

Looking at Asia, emerging steel-making countries like India seem poised for a strong fourth quarter and beyond as the capacity from both public and private steel plants are set to increase from expansion and modernization initiatives. As projected by the Indian Ministry of Steel, capacity is set to grow to approximately 200 million metric tonnes by 2020. The Company shares the view that the market has reached its lowest level and will strengthen going forward.

The current market outlook for coking coal remains bearish due to slow demand growth, but a recent $158 billion stimulus package announced by China in early September can act as a catalyst for a metallurgical coal rebound. The package focuses on the infrastructure sector, and aims to boost the slowing domestic demand for steel. According to the Australian Bureau of Resource and Energy (BREE), China’s steel consumption in 2013 is forecasted to reach 643 million metric tonnes, a 2.0% increase relative to 2011 levels. Steel consumption in the EU is forecasted to remain stagnant through 2013 relative to 2012, due to contraction in economic growth for the European Union. The World Bank’s economic growth projection of 6.0% for India in 2013, will spur an increased appetite for steel through rising demand for infrastructure.

BREE expects China to import the bulk of hard coking coal as flat domestic production schedules will force imports to increase by 15%, totalling 48 million metric tonnes in 2013. Consistent with the unchanged steel production forecast, imports of coal from the European Union during 2013 will be similar to their 2012 levels. India’s imports are believed to increase by 9% to total 23 million metric tonnes by 2013.

Outlook

Coal production levels at the New Elk Mine are currently being driven by lack of sales rather than the internal production capacity. This has led to a temporary suspension of production activities in order to optimize working capital and coal inventories and match them with the sales profile. At the present time the supply side of the metallurgical coal market exceeds demand for new entry coals, resulting in weaker coal pricing. Market forces must guide the productive capacity at the New Elk Mine during weaknesses in the demand cycle, and the Company’s expectation of sales and production is presently governed principally by demand factors, rather than productive capacity. It is not possible to predict the timing, extent or turnaround of the economic and recessionary pressures currently affecting the coal market but we believe the market will rebound over time and that the coal asset at New Elk is being positioned for long term supply growth.

About Cline

Cline has metallurgical coal property interests in British Columbia and in Colorado, U.S.A. with NI 43-101 independent Technical Reports. Cline Mining Corporation is focused on the exploration and development of metallurgical steel making coals in Canada and the U.S., and on its iron ore property in Madagascar and its Cline Lake gold property in northern Ontario, Canada.

Forward-Looking Statements

This press release contains forward-looking statements (including "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995) relating to, among other things, the operations of the Company, the environment in which it operates and the Company's future financial and operating performance. Generally, forward-looking statements can be identified by the use of words such as "plans", *"expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".* Such statements are based on assumptions, estimates, forecasts and projections made in light of the trends, conditions and expected developments that are considered to be relevant and reasonable in the circumstances at the date that such statements are made. Forward-looking statements are not guarantees of future performance and such information is inherently subject to known and unknown risks, uncertainties and other factors that are difficult to predict and may be beyond the control of the Company. A number of factors and assumptions may cause actual results, level of activity, performance or outcomes of the Company to be materially different from those expressed or implied by such forward-looking statements including, without limitation, the future price of coal, industry market trends and predictions, the estimation of mineral reserves and resources, capital, operating and exploration expenditures, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and regulatory matters and other risks set forth in other public filings of the Company. Consequently, undue reliance should not be placed on such forward-looking statements. In addition, all forward-looking statements in this press release are given as of the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, save and except as may be required by applicable securities laws.

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