CLINE MINING – UPDATE ON TSX REGULATORY MATTERS

Toronto, Ontario, Canada, January 9, 2013. Cline Mining Corporation ("Cline" or the "Company") (TSX:CMK) is providing this update on certain Toronto Stock Exchange ("TSX") regulatory matters in connection with Cline's proposed financial restructuring (the "Restructuring") that was announced by Cline on December 27, 2012.

Amendment to Exercise Price of Warrants and Issuance of New Warrants

The proposed Restructuring includes an amendment to the exercise price of 10 million outstanding warrants (the "Existing Warrants") of Cline held by certain holders of bonds of Cline and the issuance of 1,400,000 new warrants (the "New Warrants") to the bondholders. The exercise price of the Existing Warrants will be changed from CDN$1.15 to CDN$0.09 per common share, which was 100% of the weighted average trading price of Cline's common shares on the TSX for the five trading days preceding December 24, 2012, the date of the agreement providing for the Restructuring. The New Warrants will have the same exercise price as the Existing Warrants (as amended) and have a three-year term.

The TSX has accepted notice of the proposed amendment to the exercise price of the Existing Warrants and the issuance of the New Warrants, subject to certain standard conditions.

Financial Hardship Exemption Application

The Restructuring will include a recapitalization (the "Marret Plan") unless, by February 28, 2013, Cline has received a letter of intent for a transaction that meets specified criteria as described in the December 27, 2012 news release and, among other things, such transaction closes by April 30, 2013.

Under the Marret Plan, among other things, the bondholders will exchange US$25,000,000 principal amount of outstanding bonds of Cline for 2.091 billion common shares of Cline, being an effective exchange price of approximately US$0.012 per share. In addition, the holders of Cline common shares, other than common shares acquired by the bondholders under the Marret Plan (the "Current Shareholders"), will receive rights to subscribe for up to an aggregate of 1.711 billion common shares of Cline at a subscription price of CDN$0.0205 per share for gross proceeds of CDN$35,000,000. A record date for determining the shareholders entitled to receive the rights will be established after it is certain that the Marret Plan will proceed. The bondholders will backstop the entire rights offering for a fee of US$3,500,000 which may, at the option of Cline, be satisfied by the issuance of bonds which the bondholders would exchange for common shares of Cline at the rights offering subscription price. The bondholders will have nomination rights in respect of a majority of the members of the board of directors of Cline. After giving effect to the rights offering, and assuming the backstop fee is paid in the form of bonds that are exchanged for common shares, Cline will have approximately 4.182 billion common shares issued and outstanding. Neither Marret Asset Management Inc., which acts on behalf of the bondholders, nor the bondholders are currently insiders of Cline.

Also under the Marret Plan, Cline will issue warrants to the Current Shareholders on a *pro rata* basis. The warrants will entitle the holders to acquire common shares for no consideration for a period of three years. The common shares issuable on exercise of the warrants will, in the aggregate, represent 5% of the *pro forma* outstanding common shares after completion of the Marret Plan. The warrants will not be exercisable except (i) when the 20-day volume-weighted average trading price of the common shares reaches or exceeds CDN$0.0615 per share, or (ii) immediately preceding a transaction that would constitute a change of control of Cline (including by way of a merger, plan of arrangement or similar transaction) at a price (or value) per common share equal to or greater than CDN$0.0615. In either of these two events, the warrants will be deemed to be exercised and automatically converted into common shares. A record date for determining the shareholders entitled to receive the warrants will be established after it is certain that the Marret Plan will proceed.

The Marret Plan would ordinarily require shareholder approval under the requirements of the TSX because: (i) it would result in the issuance of common shares to the bondholders in excess of 25% of the number of currently outstanding common shares of the Company – the number of common shares potentially issuable to the bondholders, including the stand-by underwriting fee and assuming no current shareholders of Cline exercise their rights, will, subject to currency fluctuations, be approximately 3,972,731,700, representing approximately 1,900% of the number of currently outstanding common shares of the Company; (ii) the common shares issued under the Marret Plan will be issued at a significant discount from CDN$0.09, the weighted average trading price of the common shares for the five trading days preceding the date of the agreement providing for the Restructuring; (iii) the issuance will materially affect control of Cline – assuming that all rights are exercised by the current common shareholders of Cline, and subject to currency fluctuations, those shareholders will own approximately 46% of the outstanding common shares of Cline and the bondholders will own approximately 54%. If no rights are exercised by the Current Shareholders, those shareholders will own approximately 5% of the outstanding common shares and the bondholders will own approximately 95%; and (iv) the warrants that may be issued to the Current Shareholders will not have an exercise price.

The Company has applied for an exemption from the shareholder approval requirement on the basis of financial hardship, given that the immediacy of Cline's need to address its financial difficulties through the Restructuring does not afford it sufficient time to hold a meeting of shareholders.

Cline's management and Board of Directors expects the Restructuring to provide the necessary funding to address Cline's financial difficulties, including the sustaining of the Company for approximately three years of operations under care and maintenance or providing the Company with the ability to resume and increase production if sales contracts are in place to warrant the recommencement of production, and to fulfill the Company's obligations under the trust indenture for the bonds.

TSX Delisting Review

The TSX has announced that the Company has been placed under remedial delisting review in connection with the Company's application for an exemption from the TSX shareholder approval requirement on the basis of financial hardship. Delisting review is normal practice under TSX policies when a company requests the financial hardship exemption. The Company has been granted 60 days from January 3, 2013 to meet the continued listing requirements of the TSX.

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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