

# Cline Mining Corporation

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## NEWS RELEASE

September 29, 2004

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**Sudbury, Ontario, September 29, 2004 – Cline Mining Corporation** (the "*Company*") announces that it is in the process of preparing an application to the TSX Venture Exchange with respect to meeting the Exchange's requirements for graduation to Tier 1 or Tier 2, which application includes, but is not limited to, the preparation of a 43-101 report by Norwest Corporation on the Company's Lossan coal property.

At this time, the Company is pleased to report that, subject to regulatory approval, it has entered into an agreement with Salman Partners (the "*Agent*") to undertake a best efforts brokered private placement of up to 10,000,000 unit subscription receipts at a price of \$0.40 per unit subscription receipt and up to 4,000,000 flow-through share subscription receipts at a price of \$0.50 per flow-through share subscription receipt for aggregate gross proceeds of \$6,000,000 (the "*Offering*").

The proceeds from the Offering will be held in escrow pending graduation of the Company to Tier 1 or Tier 2 of the TSX Venture Exchange at which time each unit subscription receipt will automatically be converted into a unit and each flow-through share subscription receipt will automatically be converted into a flow-through share, at no additional cost to the holder of the respective subscription receipts. In the event the Company does not graduate to the TSX Venture Exchange within 120 days of the closing of the Offering, then the proceeds plus applicable interest will be used by the Company to repurchase the subscription receipts for the applicable issue price thereof.

Each unit will consist of one common share of the Company and one-half of a share purchase warrant. One whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.50 per share for a period of 18 months from the closing date.

The Company has agreed to pay the Agent a fee of 8.5% of the gross proceeds of the Offering, payable out of the non-flow-through escrowed proceeds upon release of the escrowed proceeds. The Agent will also be entitled to receive broker's warrants exercisable in the aggregate for a number of common share equal to 10% of the total number of securities sold pursuant to the Offering. The broker warrants will be exercisable at a price of \$0.50 per share for a period of 18 months from the date of issue.

All securities issued with respect to the private placement will be subject to a hold period of four months from the closing date in accordance with the policies of the TSX Venture Exchange and applicable Canadian securities laws and such other further restrictions as may apply under foreign securities laws, if applicable. The private placement is subject to the requisite filings with the TSX Venture Exchange and applicable securities laws.

Proceeds of the Offering will be used to fund exploration activities on the Company's coal properties and for general working capital.

The Company has 26,523,925 common shares issued as of the date of this news release.

The above mentioned transaction will be subject to the approval of the requisite regulatory bodies.

### **Cline Mining Corporation**

"Ken Bates"  
**President**

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