



## **Cline New Elk Coal Mine Update**

**Toronto, Ontario, Canada, December 30, 2011** – Cline Mining Corporation (TSX: CMK) (“Cline” or the “Company”) presents the following update on its development, operation, production and ongoing plans regarding its New Elk Coal Mine in Las Animas County, southern Colorado.

New Elk continues to implement its first phase mine plan referenced in the Company’s May 27, 2011 Technical Report (as defined below) and is now bringing its New Elk metallurgical coal mine into full commercial production of high quality metallurgical coke making coal at a rate of 3.0 million tons of saleable coal annually during its initial 20 year mine project plan period. This production rate is expected to be attained during the first half of 2012. Saleable coal production during calendar year 2012 is now projected at 2.5 million tons with production in the years 2013 and thereafter at the rate of 3.0 million tons annually. The projection is of course subject to any unforeseen, unexpected and unanticipated delays or events, including the receipt of normal ongoing regulatory permits and approvals, that could affect production or alter time lines.

Development of the staging area in the Apache Seam North was completed on November 10, 2011, permitting excavation and construction of three new parallel Slopes down 260 linear feet at a 15% grade (8.5 degrees) and 33 vertical feet of rock interval to intersect the Allen Seam. The Allen Seam was intersected on December 14, 2011 and development commenced to accommodate the first two Continuous Mining Units and form the first coal mining Super-Section in the Seam. The first Super-Section in the Allen Seam will be added by January 15, 2012 and planned coal mining from the Allen Seam will thereafter commence. Two additional Continuous Mining Units will be added in Allen in March 2012 and form the second Super-Section in the Seam. Each Super-Section will produce about 600,000 tons of saleable coal annually. The Allen Seam in this area is 5.5 feet thick, and contains the high quality metallurgical coal previously mined successfully in the old Allen Mine.

Development of the surface staging area for accessing the Blue Seam was completed on August 2, 2011, permitting excavation and construction of three new parallel Slopes down 500 linear feet at a 10% grade (5.7 degrees) and 50 vertical feet, which intersected and entered the Blue Seam. The Blue Seam was intersected by all of the three slopes by November 15, 2011. The Blue Seam is about 6 feet thick in this area and contains very clean hard coking coal with excellent quality specifications. Regulatory approvals are in place to allow the ventilation and initial coal mining to proceed through the first week of January. The remaining Blue Seam Regulatory approval to allow regular ongoing mining operation according to the mining plan is also expected by the first week of January. Due to unavoidable regulatory delays, the development of the first 7-entry room and pillar mining layout in the Blue Seam was delayed but will be mobilized as soon as regulatory

approval has been received. At that time, two Continuous Mining Units will be introduced into the Blue Seam forming one Super-Section and commence mining. However, as a consequence of the regulatory delays, our production is forecasted at 2.5 million tons of saleable coal in 2012 and 3.0 million tons of saleable coal in each year thereafter, as previously mentioned. In accordance with the Mining Plan, the second Super-Section is to be added into the Blue Seam in February 2012 and the third in April 2012, at which stage we will have all ten Continuous Mining Units employed underground between the Allen and Blue Seams, comprising five Super-Sections in all with a nominal clean coal production capacity of about 3.0 million tons of saleable coal annually. The Allen, Blue and Maxwell Seams are scheduled to provide all of the 3.0 million tons of coal annually under the first phase Mine Plan. The first phase Mine Plan provides for the production and sale of a total of 56 million tons of coal during the first 20 years.

Production to the end of December this year is expected to be about 30,000 tons of saleable coal, the result of mining exclusively in the Apache Seam up to the present time in a combined development and coal production mode. Priority and emphasis in 2011 has necessarily been given not to the maximization of coal production, but to development, partly in rock, and engage the prime long term, coal mining seams as soon as possible to introduce our ten Continuous Mining Units to produce 3.0 million tons of coal annually going forward. This objective, to intercept and enter both Blue and Allen mining seams has been achieved and, as reported, we are now entering into our long term 20 year coal production plan. Delays in timely development to planned coal production have been a factor and impacted the achievement of 2011 planned mine production, most of which was scheduled to occur at the end of this year.

The Company's New Elk Mine property is estimated to contain 191.2 million tons Measured and 197.3 million tons of Indicated in-place low-sulfur, high-volatile, B bituminous coking coal, excluding in-seam partings and including only coal exceeding 3.0 feet in thickness, as described and detailed in NI 43-101 Technical Report New Elk Mine Property Las Animas County, Colorado USA dated May 27, 2011 prepared by Leo Gilbride, P.E. and Timothy A. Ross, P.E. of Agapito Associates, Inc. (herein referred to as the "May 27, 2011 Technical Report") (reproduced under the Company's profile at [www.sedar.com](http://www.sedar.com)). None of the resources are classified as reserves because neither a preliminary feasibility nor a feasibility study has been completed on the project.

The Company has commissioned the preparation of an independent National Instrument 43-101 ("NI 43-101") compliant engineering report for the expansion of the New Elk Coal Mine from its present first phase mine plan of 3.0 million tons of saleable coal annually to a projected 7.2 million tons of saleable coal annually including a feasibility study on the full expanded mine. The mine expansion will be by way of installing a long wall operation in addition and supplementary to the present room and pillar method. In preparation for the engineering report and feasibility study 12 new exploration holes have been drilled in 2011 in addition to the 16 holes drilled in 2010. The engineering report and feasibility study are expected to be delivered to the Company during the first half of 2012. Until the feasibility study is completed there is no certainty the proposed operations will be economically feasible.

Dennis Z. Mraz, P.Eng., Chief Operating Officer of Cline, is a Qualified Person within the meaning of NI 43-101 and is responsible for the technical content of this press release.

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

## CLINE MINING CORPORATION

Ken Bates, President and Chief Executive Officer

### Forward-Looking Information

This news release may contain 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), including without limitation, the magnitude or quality of mineral deposits, the economic assessment and estimates regarding the mine life and production forecasts of the New Elk Coal Mine. The timing of drilling and work recommended by the 2011 Technical Report is based on current internal expectations, which may prove to be incorrect. Other risk factors are discussed under "Risk Factors" in Cline's Annual Information Form for its 2010 financial year end, and include management's ability to anticipate and manage risk factors. Such forward-looking statements necessarily involve known and unknown risks and uncertainties that are common to mineral exploration companies. These risks and uncertainties include, among other things, the Company's need for additional funding to continue its exploration efforts, changes in general economic, market and business conditions, and competition for, among other things, capital and skilled personnel. These statements are not a guarantee of future performance and undue reliance should not be placed on them. The Company undertakes no obligation to update or revise any forward-looking statements except as required by applicable laws. Copies of the Company's public filings under applicable Canadian securities laws are available at [www.sedar.com](http://www.sedar.com). The Company further cautions that information contained on, or accessible through, such website is current only as of the date of filing such information and may be superseded by subsequent events or filings.

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