

9th JULY, 2008

CHURCHILL MINING PLC
(“Churchill” or “the Company”)

DRILLING UPDATE FOR THE EAST KUTAI COAL PROJECT, INDONESIA

Highlights:

- **Latest drilling and exploration programme defines a coal-bearing sequence up to 16.5 km along strike**
- **Initial 250Mt JORC compliant resource reported previously covers less than 6kms of the potential 16.5km strike length**
- **Further promising indications of coal resource quality with very low sulphur and low ash content**
- **Drilling completed to date covers 3,489 hectares and represents less than 10% of total coal target area**
- **Infill drilling programme at the potential first mine pit has commenced to advance the operation into production stage**
- **Second pit drilling target being identified**

Churchill Mining (AIM:CHL) is pleased to announce an update on its ongoing drilling programme at the East Kutai Coal Project in Indonesia.

The drilling so far has defined a coal-bearing sequence of approximately 11.5 kilometres along strike from the north-northwest to the south-southeast of the property covering approximately 3,489 hectares of the first target block (RTM), concession area, which represents the area of less than 10% of the four main coal target tenements.

A further 5 kilometres of strike potential of the present coal seams are indicated by the geological mapping and will be tested before the concession boundary is reached. Additional outcrops have been mapped within the RTP concession area to the south of the RTM concession area.

Ongoing drilling to the south of RTM, continues to outline areas of thick coal seams with recent individual intercepts of up to 25m with additional coal outcrops in a new promising area with the potential to host Churchill's second mine pit . A number of previous holes in the same area have intercepted this seam, with coal intercepts ranging between 18-21m.

Mapping to date has successfully located 304 coal outcrops. Depending upon their location in the structure, the coal seams range in dip from a relatively flat 2 to 10 degrees. The area chosen for initial JORC compliant drilling is defined by coal seams dipping up to a gentle 10 degrees and generally striking north-northwest to south-southeast from the western areas of the RP block extending southwards for 16.5 kilometres through the RTM concession and into the RTP concession (June 08 Drilling Update Map). However, the initial 250 Mt JORC coal resource centres only on less than 6 kms along strike.

A major regional anticline, trending north-northwest and located immediately east of the current exploration area, is the main structural element in the area and the coal-bearing sediments are located on the western flank of this anticline formed within a gentle syncline structure that is occasionally warped.

The coal in the area is described as sub-bituminous with a very low sulphur content (<0.20%) and ash generally less than 5%. This type of coal is ideally suited to the new generation of power stations being built in rapidly developing economies such as India and China..

The coal that Churchill is expected to produce is now also finding strong demand in other markets, including Europe, where the low sulphur coals are being sought after for its lower environmental impact, suggesting growing demand for this type of coal in the future.

Drilling to date has totaled 12,970m, comprising 5,234m of open hole drilling and 7,735m of coring in 87 drill holes. All drill holes are drilled vertical and depths range between 24m-164m.

At present state, drilling remains reasonably wide-spaced at between 400-500m in most areas, with infill drilling starting in the first mine pit target.

Infill drilling is also being conducted in areas where the company is expanding the measured resource category by additional topographic surveys and selected infill drilling programme.

The company currently has three drill rigs on site with a fourth rig to be shortly deployed to increase the rate of the current exploration programme. The drill holes are geophysically logged at completion of the drilling to ensure the intercepts of coal are of acceptable recovery for the inclusion in the resource model. Analyses of the coal are completed at the Intertek Laboratory in Samarinda, an internationally accredited laboratory.

Churchill's Managing Director, Paul G Mazak. commented:

"The latest round of drilling has added to the potential of the coal deposits within the East Kutai Coal Project concession areas. The discovery of a coal seam of up to 25 metres in thickness stretching over 11.5 kilometres along strike, demonstrates the scale of the coal deposits within the concession area. There is a further resource upside of up to 6 kilometres strike length to drill within the RTM tenement and we are only just about to commence detailed drilling on the newly acquired western blocks."

Churchill's EKCP retains SMG Consultants to model and analyse drilling and exploration data and further resource updates are expected during Q3/08.

ENDS

In accordance with the AIM Guidelines, Mr Brett Gunter, of PT GMT Services, is the qualified person that has reviewed the technical information contained in this release.

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Notes to editors

Churchill Mining Plc listed on AIM in April 2005.

East Kutai Coal Project

In May 2007 Churchill announced a sales agreement had been entered into to purchase a 75% interest in the East Kutai Coal Project from PT Techno Coal Utama. Churchill has now extended the size of the project by 200 square kilometres by acquiring a 75% interest in the abutting tenements to the west of EKCP from the Investmine Group of Indonesia. Exploration and resource drilling continue along with scoping and pre-feasibility work.

This initial JORC Resource Statement defining 250 Mt of coal resources more than doubled the amount of coal expected by the end of Q1 2008 and a review of the target coal resource is being completed to see if the goal of 500Mt of coal by the end of 2008 should be increased.

Drilling now continues to define the 1st potential mining area at the project.

Sendawar – CBM

The Sendawar CBM project in Kalimantan, Indonesia, covers more than 800 square kilometres of prospective ground and lies in close proximity to two operating open-cut coal mines. The project is located approximately 50km from the Mahakam River.

During Churchill's coal exploration programme, data collected during geophysical and resistivity work, along with data collected from previous oil and gas exploration in the area, indicated that the area was highly prospective for Coal Bed Methane. Churchill (70% of the CBM project) along with its Indonesian partner RMU (30%) were granted Indonesia's first CBM JEA license in September 2007. The CBM project has the potential to host Gas-in-Place of 5.6 trillion cubic feet. Churchill is currently conducting further studies on the CBM project before starting detailed field work.

South Woodie Woodie

Given the increased prospectivity of South Woodie Woodie and Churchill's increasing focus on its Indonesian coal and coal bed methane projects, the Company sold 80% of the project to Australian company Spitfire Resources Limited ("Spitfire").

Spitfire, which listed on the ASX on the 12th December 2007, has the option to purchase the remaining equity in the project but must spend AUD\$1.5 million on exploration. Aside from its large shareholding in Spitfire, Churchill also retains a price-indexed mining royalty over the South Woodie Woodie project.

The South Woodie Woodie project covers approximately 490 square kilometres (with a further 899 square kilometres under application) in the East Pilbara region of Western Australia, and sits approximately 400km southeast of Port Hedland in the highly prospective Pilbara manganese province. Spitfire has identified multiple drill targets and shall begin its new drill programme shortly.

In March 08 Spitfire announced that it had secured the strategic support of the diversified Norwegian-based industrial, trading and metals & alloys group, **Tinfos AS** ("Tinfos"), as its new major shareholder via a share placement.

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