



**11 May 2006**

**CHURCHILL MINING PLC**  
("Churchill" or "the Company")

## **Sendawar Coal Project, Indonesia – Update**

The directors of Churchill Mining Plc (AIM: CHL) are pleased to announce that general survey exploration work has begun at its Sendawar coal project in Kalimantan, Indonesia.

### **Highlights:**

- Regional exploration office established at the Sendawar Project
- First field team of geologists at site
- Initial test drilling to begin at the end of July

The Company's first field crew is now at site and has commenced mapping coal outcrops discovered on the north eastern part of its tenement position. This survey team will be joined by two other teams in coming weeks. These teams will report to and be run out of a newly-established Company office in Sendawar, the local capital and largest population centre close to the Project.

The Company has also begun community relations work as pre-planning begins for initial test core and open-hole drilling. Churchill plans to start initial test drilling at the end of July and will shortly tender out a contract for the first phases of this programme. The Company has also started the process of hiring skilled and local labour to support the programme.

Churchill's Sendawar project covers more than 1,000 square kilometres of prospective coal ground and lies in close proximity to two operating open-cut mines: Thai miner Banpu's newly-commissioned Trubaindo operation, which will be shortly producing at a rate of approximately 6 million tonnes per annum ("tpa"); and the privately-owned Gunung Bayan mine which has been operating since 1998 and produces approximately 3.4 million tpa. Coal from these mines is transported by barge via the Mahakam River to the port of Samarinda. The Sendawar project is located approximately 50km from the Mahakam River.

Churchill's short term strategy is to delineate a small reserve on the Project so that it can begin trial mining with a view to producing early term cash-flow. Any such revenues from this mining programme will then be redirected back into the Project to work towards defining a large resource base that will support a multi-million tonne mining operation, such as those established by its nearby neighbours.

## **ENDS**

### **Enquiries:**

#### **Churchill Mining PLC**

Paul G Mazak / James T Hamilton

+61 (0) 89 388 0377

[paul.mazak@churchillmining.com](mailto:paul.mazak@churchillmining.com)

[james.hamilton@churchillmining.com](mailto:james.hamilton@churchillmining.com)

#### **Corporate Synergy Plc**

Olly Cairns

+44 (0) 20 7448 4400

#### **Parkgreen Communications**

Brendan McNamara

+44 (0) 20 7493 3713

### ***Notes to editors***

#### **Background to Indonesia and Sendawar**

Indonesia has approximately 7 billion tonnes of measured coal reserves and 33 billion tonnes of measured and indicated resources (source: Barlow Jonker). The majority of coal produced in Indonesia comes from Kalimantan.

Typically, coal mining operations in Kalimantan are either located near the sea or along major river systems. The Sendawar project is located within close proximity to the Mahakam river via which coal is shipped to the port of Samarinda. Coal barges used on the Mahakam most commonly range in size from 6,000-8,000 tonnes but more recently larger sizes of 10,000-12,000 tonnes have been employed. The barges are used to deliver coal to larger vessels unable to load in shallow coastal waters.

Indonesian coal production and export sales have surged in recent years. In 2004 total coal production grew by 14.2% year-on-year to 136.2 million tonnes (source: Barlow Jonker).

Tight supply in world thermal coal markets coupled with China's flat coal export performance continues to benefit Indonesian producers.

#### **Churchill's South Woodie Woodie Manganese Project**

South Woodie Woodie has three granted exploration licences. These licences cover a total area of approximately 490 km<sup>2</sup>, in the highly prospective East Pilbara Craton of Western Australia, an area renowned for its proliferation of manganese deposits.

During 2006, the Company intends to begin a campaign of airborne and ground geophysics to look at mineral bearing structures "under cover" in its Licence area.