

**15 June 2007**

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

**Coal Off-take Heads Of Agreement Signed With Indonesian Power Utility  
PT Ridlatama Bangun Mandiri (PT RBM)**

**Highlights:**

- *PT RBM to build two power stations 15 kilometres from Churchill's East Kutai coal project in Kalimantan.*
- *Churchill signs coal off-take HOA with PT RBM for 30 years.*
- *Churchill to deliver coal at an initial rate of 840,000 tonnes per annum starting 2010.*

Churchill Mining Plc (AIM: CHL) has signed a Heads of Agreement ("HOA") with Indonesian power utility company PT Ridlatama Bangun Mandiri (PT RBM) to supply thermal coal for 30 years to feed two 30 megawatt power stations that PT RBM is building in Kalimantan, Indonesia.

PT RBM is an independent power producer owned 55% by PT Indonesia Power (a wholly owned subsidiary of Indonesia's state owned electricity utility, PLN) with the remainder owned by private investors. PT RBM was recently granted licence approval to build the power stations and construction will start at the beginning of 2008. The plants are expected to be on-stream by mid-2010.

These first-stage plants will be built at a cost of approximately US\$60 million at Muara-Marah, a provincial town located approximately 15 kilometres east of Churchill's East Kutai coal discovery. The location for the plants was chosen because of East Kutai's rapidly expanding population base and its growing energy needs.

Under the HOA, which will convert into a final coal-purchase agreement once a JORC compliant mining reserve of a minimum of 30 million tonnes has been defined, Churchill will supply approximately 840,000 tonnes of coal per annum for 30 years based upon a 5% discount to the prevailing market price.

Testwork on coal discovered by Churchill at its East Kutai project to date has found it to have an average calorific value of 5260 kilocalories per kilogram. Investigations made by Churchill show that similar type coals are trading for approximately US\$28 per tonne.

Churchill Mining's joint managing director, Paul Mazak, said the HOA was a major step forward in the Company's plan to secure early-stage cash flow. "We are viewing the relationship with PT Ridlatama Bangun Mandari as a first step. We are aware that they are looking to building other power stations in Kalimantan, certainly much bigger than these first two plants, and discussions are ongoing on how Churchill can be involved."

**ENDS**

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**Notes to editors**

Churchill Mining Plc listed on AIM in April 2005. Its principle operations are the South Woodie Woodie manganese project in Australia and the Sendawar and East Kutai coal projects in Indonesia.

**South Woodie Woodie**

The South Woodie Woodie project covers approximately 490 square kilometres in the East Pilbara region of Western Australia. Owned via Churchill Mining's wholly-owned subsidiary, Planet Mining Pty Ltd, the project sits approximately 400km southeast of Port Hedland in the highly prospective Pilbara manganese province. Churchill owns the project 100%. To date much of the project area has never been explored due to the presence of surface cover. Churchill has conducted a versatile time-domain electromagnetic (VTEM) geophysics survey to define targets for drilling. VTEM is a leading heli-borne technology that can detect conductive mineralisation and related structures to depths of 400m below surface.

**Sendawar**

The Sendawar project in Kalimantan, Indonesia, covers more than 1,000 square kilometres of prospective ground and lies in close proximity to two operating open-cut mines: Thai miner Banpu's newly commissioned Trubaindo operation, which will shortly be producing at a rate of approximately six 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.

**East Kutai**

Churchill announced on 15 February 2007 that it had signed an Exclusivity Agreement with PT Techno Coal Utama to enable it to conduct due diligence work on the thermal coal project. In May 2007 Churchill announced a sales agreement which will see it purchase a 75% interest in the Project.