

17 October 2007

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

**Drilling Update - East Kutai Coal Project, Kalimantan, Indonesia**

**Highlights:**

- **3,891 metres of drilling completed to date**
- **Drilling intercepting up to 9 coal seams per hole**
- **First coal volume calculations expected in January 2008**

Exploration and drilling continues successfully at Churchill's East Kutai Coal Project (EKCP) – Kalimantan, Indonesia.

Total metres drilled since the commencement of the programme is 3,891m. To date, 36 holes have been drilled with the most recent bore holes, having a spacing of between 750m and 1000m between centres. Current target seams for a JORC compliant resource are all dipping at less than 10 degrees and drilling rates will increase when infill block-drilling begins.

To date over 250 coal outcrops have been mapped on the EKCP with coal thicknesses ranging up to more than 20 metres in outcrop. Mapping will continue as the drilling proceeds to assist in seam correlations and define further extensions to the coal-bearing stratigraphy.

(go to <http://www.churchillmining.com/pdf/map.pdf> for exploration map)

The average coal quality parameters to date are as follows (on an ADB basis):

Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value
(%)	(%)	(%)	(%)	(%)	(Kcal/kg)
16.55	4.50	43.50	35.00	0.17	5,300

The Company believes that based on current project findings, it does not appear that the coal will require drying before it can be exported.

Churchill expects the first coal volume calculations in January 2008 and will provide a more detailed report to the market at that time.

All exploration camps and facilities are in place and the Company now has a field team of over 100 personnel, including; drilling contractor staff, 12 geologists, community liaison and local development officers, logistical support and locally sourced non-skilled personnel working on the project.

In May 2007, Churchill entered into a formal sales agreement with PT Techno Coal Utama Prima, to buy 75% of the project. Churchill has now fully completed the transaction and has taken control of the EKCP for the initial payment of US\$250,000 and a final payment of US\$750,000, which included the tenement expansion for the areas known as Block RTM and Block RTP.

No Churchill shares were issued as part of the consideration for the EKCP.

The Company maintains an active sourcing programme for coal exploration and mining opportunities in both Indonesia and elsewhere and will continue to examine more projects throughout 2008.

## **ENDS**

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*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.*

### **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**

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 plans to list on the ASX, will have the option to purchase the remaining equity in the project after spending AUD\$1.5 million on exploration. *(See announcement 4 October 2007)*

The South Woodie Woodie project covers approximately 490 square kilometres in the East Pilbara region of Western Australia, and sits approximately 400km southeast of Port Hedland in the highly prospective Pilbara manganese province.

Churchill has recently completed a heliborne versatile time-domain electromagnetic geophysics programme and interpretive work, and a follow up dipole-dipole IP survey which identified multiple drill targets.

### **Sendawar – CBM and Coal**

The Sendawar Coal and 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% of the CBM project) applied for and 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 TCF. Churchill is currently conducting further studies on the CBM project before starting detailed field work.

### **East Kutai Coal Project**

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 had been entered into to purchase a 75% interest in the Project, which has now been finalised. Exploration and resource drilling continue at the project.