

Regulatory Announcement

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Company Churchill Mining plc
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Churchill Mining plc Spitfire Resources Limited Update

Churchill Mining plc draws shareholders' attention to the following announcement released by Spitfire Resources Limited ('Spitfire') on the ASX today. Churchill Mining plc (AIM:CHL) holds a 35.6% interest in Spitfire.

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SPITFIRE RESOURCES LIMITED SPITFIRE DIVERSIFIES WITH TASMANIAN COAL ACQUISITION

KEY POINTS

- **Conditional Agreement to acquire Black Rock Energy Pty Ltd including applications for the advanced Langloh Coal Project and a portfolio of prospective Tasmanian coal properties**
- **Existing 10Mt JORC compliant In Situ Inferred black coal resource located adjacent to a working open cut coal mine at Langloh as per the Competent Persons Statement in this announcement**
- **Acquisition terms comprise 10M Spitfire shares in Stage 1**
- **Stage 2 comprises 10M Spitfire shares or a A\$2M cash payment (at Spitfire's election) conditional on the delineation of a 25 Mt JORC In Situ Inferred resource across the projects**
- **Extensive historical drilling and sampling supports an initial Exploration Target range of an additional 35Mt* to 45Mt* of thermal coal within the tenement portfolio**
- **Excellent regional infrastructure and three deepwater port options**
- **Aggressive drilling planned to extend the existing JORC resource during 2009**

Australian exploration company, Spitfire Resources Limited (ASX Code: **SPI** - "Spitfire"), has moved to diversify its asset portfolio and commodity base after entering into an agreement to acquire Black Rock Energy Pty Ltd ("Black Rock"), a privately owned company whose assets include an advanced **thermal coal project** and a prospective portfolio of coal exploration properties located in the Derwent Valley, north-west of Hobart in Tasmania.

Spitfire is pleased to advise that it has reached conditional agreement with the shareholders of Black Rock, to acquire all of its issued capital. Black Rock's assets comprise applications for the advanced **Langloh Coal Project**, the Avoca Coal Project, the Ouse Coal Project and the Sandfly Coal Project, located in Tasmania.

The proposed acquisition provides Spitfire with an opportunity to significantly expand the existing JORC compliant 10 Mt In Situ Inferred thermal coal resource at Langloh within a 12 month timeframe as the basis for a potential niche thermal coal export business in Tasmania. It also provides an attractive pipeline of exploration opportunities in the region for additional thermal coal deposits.

The Langloh Project, which was drilled in the early 1980s, is favourably located with respect to infrastructure and has multiple deep-sea port options, the closest of which is Hobart 45kms to the south-east. Historical and recent analysis of the coal suggests that it is of medium calorific value, suitable for export markets in Asia.

The proposed acquisition is consistent with Spitfire's focus of developing a portfolio of assets in the carbon steel materials and energy sectors. The Company intends to progress the Langloh asset in parallel with its other core asset, the 80%-owned South Woodie Woodie Manganese Project in the East Pilbara region of Western Australia, where it recently commenced its maiden drilling program.

MATERIAL ACQUISITION TERMS

Spitfire has reached conditional agreement to acquire 100% of the issued shares in Black Rock for a consideration comprising:

Stage One:

Spitfire will issue 10,000,000 ordinary Spitfire shares to the vendor shareholders of Black Rock (Stage 1); for 100% interest in Black Rock conditional on :-

- The granting of the Exploration Licences for the Langloh and Avoca projects and confirmation of the applications for the Ouse and Sandfly projects;
- The completion of satisfactory due diligence to Spitfire's satisfaction within 30 days of the date of the share sale agreement; and
- Receipt by both Spitfire and Black Rock of all and any consents and regulatory approvals (including those required by the Corporations Act and/or ASX) in respect of the final transaction including shareholder approval for the issue of Spitfire shares to the Black Rock shareholders.

At the completion of Stage 1 Black Rock shareholders would be required to enter into voluntary escrow agreements with regard to 100% of the issued vendor shares for a period of 12 months from the date of issue of the Stage 1 shares.

Stage Two:

Spitfire will issue a further 10,000,000 ordinary Spitfire shares to the vendor shareholders of Black Rock (Stage 2) or make payment of \$2,000,000 in cash (or a mixture of both) at Spitfire's election upon:-

- The delineation, at any time within 2 years after the date of the share sale agreement, of a JORC In Situ Inferred coal resource of not less than 25 million tonnes of black bituminous coal either within one of the tenements or across all of the tenements combined.

PROJECT BACKGROUND

The assets that are subject to acquisition are the following tenement applications:

- The Langloh (Hamilton) Coal Project - EL 28/2008;
- The Avoca Coal Project - EL27/2008;
- The Ouse (Langloh North) Coal Project - EL38/2008; and
- The Sandfly (Kaoota) Coal Project - EL 39/2008

The Langloh Coal Project - EL 28/2008

The Langloh Coal Project comprises tenement applications covering an area of 103 square kilometers in the Derwent Valley region of Tasmania. The project area was extensively drilled and sampled by Capricorn Resources and Petrecon Australia between 1981 and 1982, with a total of 28 holes completed for 1,413 metres of drilling.

The drilling covered an area 7.25km long by 4.5km wide and delineated three seams averaging 3.6 metres in cumulative width. The seams lie within 45 metres of the surface and dip gently to the south-east. The deposit remains open both along strike and at depth. Mining One Pty Ltd has estimated an existing 10 million tonne JORC compliant In Situ Inferred black coal resource.

Historical analysis of the coal indicates that it is of medium calorific value (~5,600 kcal/kg) with low sulphur and phosphorus. The Langloh Project area adjoins a working open pit coal mine operated by The Cornwall Coal Company Pty Ltd (Cornwall Coal), owner of the Fingal Coal Mine (Tasmania's only other operating coal mine).

The Langloh Project is well served by infrastructure, with the project area transected by a major power line between Hobart and the West Coast. It lies approximately 15km from the Derwent Valley railway and 2km from the town of Hamilton.

The Project has three deepwater port options, all of which can accommodate large vessels and are served by rail links namely:

- Hobart, 45km from the site;
- Bell Bay, which can accommodate Panamax sized (40 - 60,000 tonnes) vessels; and
- Burnie, which has a spare ship loader.

The Avoca Coal Project - EL 27/2008

Coal has been mined in the area surrounding Avoca almost continually since 1923. The historically worked seams were of significant thickness up to 3.6m in places. Extensive exploration was conducted in the region by Western Mining Corporation (Tas) Pty Ltd in 1977, Shell Company of Australia in 1980 and by the Avoca Transport Company Pty Ltd in the late 80's. Western Mining Corporation stated that "Coal analysis has indicated some of the coal to possess Coking properties."

The Ouse Coal Project EL 38/2008

Ouse has been identified as being an area of significant exploration potential. The coal bearing stratigraphy at Ouse is believed to be similar to that of the Langloh area. In 1964 a six hole drill program to test the area's potential was recommended by the previous tenement holder but the drilling was not undertaken.

The Sandfly Coal Project EL 39/2008

The Sandfly (Kaoota) coal field consists of Triassic coal measures containing a number of seams up to two metres thick. Previous small scale mining has occurred at the project intermittently between 1881

and 1971. A total of 11 drill holes were drilled by the Department of Mines between 1895 and 1973, and a further five drill holes completed by Capricorn Mining Limited.

Exploration Potential

Based on recent modeling (non-JORC compliant) completed by Black Rock Energy in 2008 and the historical drilling and sampling information, Spitfire has determined an initial Exploration Target range for the combined Black Rock tenement portfolio of an additional 35 to 45 million tonnes* of bituminous thermal coal.

** Because the potential quantity and grade of the this Exploration Target is conceptual in nature, Spitfire notes in accordance with Section 18 of the JORC Code that there has been insufficient verification of previous exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

Tasmanian Mining Overview

Tasmania is highly regarded worldwide for its supportive approach to exploration and new mine development and was rated 1st in the world for the 'workability' of its environmental policy by the 2005 Fraser Institute Survey. Tasmania has numerous world-class deposits of gold, nickel, iron ore, lead-zinc-silver but currently has only two relatively small operating coal mines despite significant reserves known to exist within the state.

With its excellent infrastructure, skilled workforce and relatively high unemployment levels, Spitfire believes that Tasmania offers an attractive environment for the development of a niche thermal coal export operation.

SUMMARY AND OUTLOOK

The Langloh acquisition offers a unique opportunity to significantly increase the existing 10Mt JORC compliant coal resource relatively rapidly, with a drill program.

The Company intends to move promptly on completion of the acquisition to establish an Exploration Office and commence an extensive program of resource definition extension and exploration drilling during the fourth quarter of 2008, with the objective of expanding the current JORC compliant resource to 50 Mt across the Black Rock tenement portfolio during 2009.

Commenting on the acquisition, Spitfire's Managing Director, Mr. James Hamilton, said: "This represents an exciting opportunity for Spitfire to establish a presence in the coal export industry, currently one of the strongest performing sectors in the global mining industry."

Prices for high-quality thermal export coal from Australia have more than trebled in the past three years from around US\$40/tonne in 2005 to over US\$120/tonne currently. Significantly, some analysts are predicting that prices will remain strong at around the US\$100/tonne level through to the end of this decade and beyond, underpinned by surging energy demand in China, India and elsewhere in Asia.

"We believe the Black Rock acquisition offers a unique opportunity to diversify our commodity base, establish a significantly larger coal resource relatively rapidly and develop a niche coal export business in Tasmania," Mr. Hamilton said. "This will complement our ongoing exploration programs at the South Woodie Woodie Project in Western Australia, where we have a well-stocked pipeline of attractive exploration targets that will be systematically drilled in 2008 and 2009."

Competent Person's Statement

Information in this announcement that relates to a JORC compliant In Situ Inferred black coal resource of 10 million tonnes is based on information prepared for Black Rock Energy Pty Ltd by Mining One Pty Ltd. The report was prepared by Rob Gaulton (MAusIMM), a consultant affiliated with Mining One Pty Ltd, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and who qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Rob Gaulton (MAusIMM) and Mining One Pty Ltd consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

ENDS

**Released by: On behalf of:
Mr. Nicholas Read Mr. James Hamilton**

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About Spitfire Resources

Spitfire Resources Limited (ASX Code: SPI) is an Australian resource company initially focused on the exploration and development of a portfolio of manganese exploration assets in the East Pilbara region of Western Australia. Spitfire listed on the Australian Securities Exchange in December 2007 following a successful A\$6 million Initial Public Offer (IPO).

*AIM-listed Churchill Mining Plc is the Company's largest shareholder, which it received as vendor consideration for the divestment to Spitfire of its asset, an 80% interest in the **South Woodie Woodie Manganese Project** in Western Australia's East Pilbara region.*

The South Woodie Woodie Project comprises three granted Exploration Licences covering an area of approximately 490km². The principal area of initial exploration focus lies some 50km down-strike from the 1Mtpa Woodie Woodie manganese mine.

Spitfire also recently announced that it had secured a substantial portfolio of new exploration tenure near the South Woodie Woodie Project, more than doubling its existing land holdings in the prospective East Pilbara region. The Company has lodged applications for four strategic tenements, covering a total area of 899 square kilometres, which are located approximately 13km south-east of the South Woodie Woodie Project.

Some of the new ground package abuts tenements managed by Consolidated Minerals, the former listed owner of the Woodie Woodie mine, and who was recently bought by private Ukrainian group Palmary Enterprises. Spitfire selected the ground after completing interpretive geological work suggesting that the area to the south-east could host strike extensions of a potential corridor of manganese host rocks.

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