

28 July 2008

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

**DRILLING UPDATE**

**Highlights:**

- **Latest drilling at East Kutai Coal Project has intercepted a 33m thick coal seam**
- **Further drilling underway to test extent of new seam**
- **JORC Resource update due in August 2008**

Churchill Mining PLC is pleased to announce the results of further drilling at the East Kutai Coal Project in Indonesia. Continued drilling to the south, within the RTM block, has intersected a very thick coal seam with the best intercept being 33.86 metres in thickness in drill hole RTM-098. This follows up previously reported seam intercepts of up to 25 metres in thickness in the same area.

The extent of this seam is yet to be defined but remains open to the south and further drilling will delineate the extensions of the seam in this area in the coming weeks.

In addition, access into the main areas defined as the "reserve target area", which includes the target first pit area is close to being established, with heavy equipment working to open access to allow rapid drill rig deployment into the target area. Topographic surveys also continue into previously un-surveyed areas where drilling has been completed to allow accurate resource modeling of the seams.

An updated JORC resource update is being prepared for release in August 2008. The update is being prepared by independent coal experts SMGC. East Kutai already has a JORC resource of 250 million tonnes of thermal coal.

***Churchill Mining's Managing Director Paul Mazak commented:***

"The number of significant coal intercepts being returned from the recent drilling shows the potential of the East Kutai concession areas has not yet been fully realized. We fully expect due to the thickness of the newly discovered seam that we will be able to quickly add more tonnage to the overall East Kutai resource and take it well over the current 250 million tonnes."

**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.*

## **Enquiries:**

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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 12<sup>th</sup> 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.

**END.**