

30 September 2014

AIM: CHL

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

Arbitration Update - ICSID claim against the Republic of Indonesia

The Directors of Churchill (AIM: CHL) wish to provide an update on Churchill's and its wholly owned subsidiary Planet Mining Pty Ltd's ("Planet") international arbitration cases against the Republic of Indonesia ("**Indonesia**") at the International Centre for Settlement of Investment Disputes ("ICSID") in Washington DC. The arbitration relates to the revocation of the mining licenses that made up the East Kutai Coal Project in East Kalimantan ("EKCP"), Indonesia, in which Churchill/Planet held a 75% interest.

ICSID Document Inspection & Contemporaneous Police Raid on Jakarta Office

In accordance with the ICSID Tribunal's ("**Tribunal**") Procedural Order No 10, representatives from Churchill and the Republic of Indonesia met in Singapore on 29 August 2014 to inspect a designated bundle of original documents relating to the mining licenses. Whilst this Tribunal-ordered document inspection was in progress in Singapore, police officers from Indonesia raided the Company's Jakarta office and seized a number of documents, computers and back up drives supposedly as part of a new police investigation into alleged license document forgery.

It is the Company's view that this police raid was strategically timed to harm and prejudice the Company's case currently being heard by the Tribunal. The Company has accordingly made an application for provisional measures pursuant to Article 47 of the ICSID Convention and Rule 39 of the ICSID Arbitration Rules that the Tribunal recommend that Indonesia (i) return forthwith all documents and other items that were seized by the Indonesian police in the raid on 29 August 2014, and (ii) refrain from engaging in any conduct that would aggravate the dispute, alter the status quo or jeopardise the procedural integrity of the ICSID proceedings.

With regard to Indonesia's resurfaced allegations of document forgery, the Company categorically denies that it ever participated in or that it was ever in any way involved in the forgery of any documents. Furthermore, prior to the revocation of the EKCP mining licenses in which the Company held an interest, agencies of Indonesia regularly (i) visited the EKCP site, (ii) sought and received payments in relation to the EKCP properties, and (iii) were provided with exploration and other technical reports relating to the EKCP properties. The Company also notes that previous investigations, carried out by both the Indonesian police and the Independent Stage Agency (BAWASDA), into these allegations of document forgery concerning the Ridlatama EKCP mining licenses concluded there was no case to answer.

Intimidation of Churchill's Arbitration Witnesses & Jakarta Office Staff

Churchill wishes to advise that in addition to the raid on its Indonesian office, the Indonesian police have also recently issued summons that (i) identify certain Company personnel as suspects and (ii) require a number of the Company's current and former staff to attend formal interviews in the new police investigation into document forgery.

Consistent with the threats openly made by Indonesian counsel during the ICSID jurisdictional hearing in Singapore in May 2013, Indonesia is now targeting the Company's Indonesian employees (both current and former) presumably to harm and prejudice the ICSID arbitration proceedings. The Company has accordingly incorporated into the above referenced application for provisional measures that the Tribunal also recommend that Indonesia (i) refrain from threatening or commencing any criminal investigation or prosecution against the Company, their witnesses or employees pending the outcome of this arbitration, and (ii) stay or suspend any current criminal investigation or prosecution against the Company or the Company's personnel.

The Company has also requested advice as to whether the action of Indonesia targeting the Company's Indonesian personnel in itself constitutes a breach of the Bilateral Investment Treaties between Indonesia and the United Kingdom and Indonesia and Australia.

Indonesia's Request For Stand Alone Hearing On Forgery Allegations

On 15 September 2014 the Company received notification from its solicitors, Quinn Emanuel Urquhart & Sullivan, LLP ("Quinn Emanuel") that Indonesia had written to the Tribunal requesting that a stand-alone hearing on its forgery allegations be conducted within 30 days. The Tribunal subsequently requested the Company's comments on Indonesia's request by 26 September 2014. Quinn Emanuel duly submitted the Company's response on 26 September 2014.

It is the Company's view Indonesia has lodged this application in a calculated attempt to derail the procedural timetable in the arbitration proceedings as is absurd for Indonesia to claim, as it has, that its application could be ruled on while preserving the current procedural schedule, under which Indonesia is due to file its full Counter Memorial on the merits on 12 November 2014 (i.e., in approximately six weeks).

The Company has accordingly filed submissions with the Tribunal strongly objecting to any alteration to the established schedule.

Indonesia's "Application" For Dismissal of Churchill's Claims

On 26 September 2014 the Company received notification from its solicitors that Indonesia had written to the Tribunal on 25 September 2014. Further to its submission of 15 September 2014, Indonesia submitted a so-called "Application for the Dismissal of Churchill and Planet's Claims".

This unusual "last minute" application by Indonesia has also requested an order by the Tribunal to modify the procedural timetable to schedule an immediate hearing within the next 30 days or sooner if feasible to resolve the forgery allegations as a discrete issue. Again the Company sees this application as part of a calculated strategic attempt to derail the

arbitration proceedings a whole and notes that Indonesia has had 18 months to consider the Company's case on merits which include Indonesia's theory of alleged license forgery.

Whilst Indonesia's disjointed application raises a number of issues including allegations of forgery, background and actions of the Ministry of Forestry that seemingly contributed to the revocation of the EKCP mining licenses, as well as the economics and feasibility of the EKCP and the damages value that has been claimed by Churchill/Planet, it does not address many of the substantive issues raised in the Company's Memorials and claim for damages.

Accordingly, the Company through its lawyers, Quinn Emanuel, has requested the Tribunal reject any attempt by Indonesia to litigate piecemeal the merits of the case and to direct Indonesia to complete its submissions on the merits by 12 November 2014 as set out in the established procedural schedule.

The Company will make further announcements when the Tribunal's decisions on its application for provisional measures and Indonesia's application for dismissal of Churchill's claims are delivered.

END

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