

**4 June 2015**

**AIM: CHL**

## **CHURCHILL MINING PLC**

("Churchill" or "the Company")

### **Arbitration Update**

#### **Churchill files Reply Memorial to the Republic of Indonesia's application for dismissal**

The Directors of Churchill (AIM: CHL) wish to provide an update on the international arbitration cases the Company and its wholly owned subsidiary Planet Mining Pty Ltd ("Planet") are pursuing against the Republic of Indonesia ("Indonesia") at the International Centre for Settlement of Investment Disputes ("ICSID") in Washington DC.

The arbitration before the ICSID Tribunal ("Tribunal") arises from the unlawful revocation of the mining licenses relating to the East Kutai Coal Project in East Kalimantan ("EKCP"), Indonesia, in which Churchill and Planet held a 75% interest.

In accordance with the previously advised arbitration procedural timetable, the Company filed its formal response to Indonesia's Application for Dismissal of the ICSID arbitration case due to document forgery ("Indonesia's dismissal application").

The Reply Memorial lodged by the Company was accompanied by a number of additional witness statements, additional exhibits obtained during the recent document discovery phase and a report prepared by the Company's forensic document expert.

The Company and its solicitors, Clifford Chance LLP, have argued that the evidence contradicting Indonesia's dismissal application is overwhelming. Key aspects that support this submission are:-

- Contrary to Indonesia's assertion that the applications for the four EKCP general survey licences in which Churchill held a 75% interest were rejected at an early stage, Churchill has located final drafts for two of these Ridlatama licences. These final drafts have coordination initials of senior officials of the Regency of East Kutai.
- All four of the allegedly "non-existent" EKCP general survey licences are, in fact, recorded in the register book of the Legal Section of East Kutai (which Indonesia produced under orders from the Tribunal).
- The "irregularities" that Indonesia presented as corroborating "indicia" of forgery are in fact found on many other mining decrees that Indonesia produced (under orders from tribunal).
- There is conclusive evidence to show that the accounts of Indonesia's key witnesses are inaccurate in critical respects.

- There is a vast body of undisputed documents to show the true footprint of the EKCP licences, some of which bear the signatures of Indonesia’s witnesses who, in their witness statements, have denied processing (or even knowing about) the allegedly forged EKCP licences.

In Procedural Order 15, the Tribunal directed both Churchill and Indonesia to provide legal submissions on the positions in law in a scenario where there would be forgery (including submission on the legal requirements for estoppel). Based on the evidence described above, the Company and its solicitors have argued that this point is moot, but the Company has nonetheless addressed this issue in its Reply Memorial in accordance with the Tribunal’s direction. (In so doing, the Company emphasised, for the avoidance of doubt, that where Churchill entertains the possibility of a finding of forgery, it does so purely for the sake of argument and without prejudice to its denial that any acts of forgery or fraud occurred).

In response to the question asked by the Tribunal, Churchill and its solicitors have submitted that (for argument’s sake) even if there were a finding of forgery by others, such a finding would not be dispositive of Churchill’s case against Indonesia as the international law doctrines of estoppel, acquiescence, legitimate expectations/fair and equitable treatment, unjust enrichment and internationally wrongful composite acts would be activated in the Company’s favour.

In making these submissions, Churchill and its solicitors note the fact that Indonesia no longer alleges that Churchill participated in the alleged scheme to defraud the State. Indonesia’s position now is that Churchill’s former Indonesian business partners, the Ridlatama Group, were the sole perpetrators of the allegedly fraudulent scheme.

### Next Steps

The next steps of the arbitration proceedings include:

3 July 2015	Simultaneous answers to comments on document inspection and other documents
9 July 2015	Identification of witnesses and experts to be cross- examined at the Hearing on document authenticity
13 July 2015	Pre-hearing tele-conference
3 August 2015	Hearing on document authenticity commencement

“We are pleased that Indonesia is no longer alleging that Churchill participated in any scheme to defraud the State. The results of the production of documents by Indonesia reinforces our view that there is no substance to the fraud and forgery allegations made by the Republic of Indonesia and we look forward to having this issue dealt with so we can move ahead with having our claims determined.” said Churchill’s Chairman David Quinlivan.

Information on the progress of Churchill/Planet’s claim against the Republic of Indonesia can be found at the website of the International Centre for Settlement of Investment Disputes at <https://icsid.worldbank.org/apps/ICSIDWEB/Pages/default.aspx> (under cases for “Churchill”).

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For further information, please contact:

**Churchill Mining plc**

David Quinlivan

Nicholas Smith

Russell Hardwick

+ 61 8 6382 3737

**Northland Capital**

**Partners Limited**

Edward Hutton/William Vandyk

+44(0)20 7382 1100