

20 April 2016

AIM: CHL

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

UPDATE ON INDONESIA'S DEFAULT IN ICSID PROCEEDINGS

Further to the announcement of 13 April 2016, Churchill provides the following update on the default by the Republic of Indonesia ("Indonesia") following Indonesia's failure to pay its share of the fifth advance payment sought by the International Centre for the Settlement of Investment Disputes ("ICSID").

In the letter from Churchill's lawyers to the ICSID Tribunal on 13 April 2016, Churchill sought from Indonesia (*inter alia*) unequivocal confirmation that Indonesia was still participating in the arbitration and gave notice that if such confirmation was not provided by 6.00 pm Singapore time Wednesday 20 April 2016, Churchill would bring an application under Rule 42 of the ICSID Arbitration Rules.

Indonesia did not give the confirmation sought by Churchill within the notified time-frame. Accordingly, Churchill's lawyers Clifford Chance have lodged an application under Rule 42 of the ICSID Arbitration Rules requesting that the Tribunal:

- (a) notify Indonesia of Churchill's application under ICSID Arbitration Rule 42;
- (b) continue to deal with the questions submitted to it by Indonesia in its Forgery Dismissal Application and render a fully-reasoned decision in respect of that application;
- (c) issue a procedural order or direction that Indonesia provide a written explanation for its default on the fifth advance payment within 14 days (or such other period as the Tribunal considers appropriate);
- (d) if Indonesia does not comply with proposed order (c), grant Churchill leave to file a request for programming orders; and
- (e) make any further orders or directions the Tribunal considers appropriate.

Churchill has also reserved all rights, including (but without limitation) as to costs.

Update to Churchill's Costs Submission

The ICSID Tribunal granted Churchill leave to amend its December 2015 costs submission and the company has accordingly filed an updated cost submission, which includes the payment that Churchill has now made on account of Indonesia's default and the additional legal costs Churchill has incurred as a result of Indonesia's default.

Churchill Chairman David Quinlivan said “*As previously stated, it is strange that Indonesia defaulted on a payment requested to cover the costs of its own application. It is also surprising that, despite our express request, Indonesia has now failed to confirm that it is still participating in the arbitration. Indonesia's continued silence suggests that it may have decided to withdraw from the arbitration proceedings. While there is still time for Indonesia to re-appear in the arbitration, if it does not do so that will not stop the arbitration. Churchill remains committed to the resolution of its dispute with Indonesia through the ICSID process and will do whatever has to be done to ensure that the arbitration progresses to its natural conclusion.*”

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