

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

EAST KUTAI COAL PROJECT TO TARGET EARLY PRODUCTION DATE

Highlights

- **Churchill aims to bring forward production at East Kutai Coal Project by 12 months to end of 2009**
- **East Kutai Coal Project Scoping Study completed ahead of schedule**
- **Scoping Study favours combination of haulage road and conveyor system for transporting coal to port**
- **Full Feasibility Study commences in conjunction with mine pit drilling**
- **Company in strong position to raise funds for the construction of the project**
- **Additional coal off-take agreement negotiations and JV discussions with a number of parties**

Churchill Mining (AIM:CHL) is pleased to announce it is targeting to start the first stage of production at its East Kutai Coal Project (EKCP) in Kalimantan - Indonesia, at the end of 2009, 12 months ahead of the previously planned start date.

Following the early completion of the Scoping Study for the EKCP, the Company is commencing the full Feasibility Study phase and has decided on a staged approach to developing the thermal coal mine.

Scoping Study

The Scoping Study for the EKCP which commenced earlier this year has been completed ahead of schedule with very positive results. The Study detailed various alternatives for mine development, crushing and stockpiling at site, transporting the coal from site to port and the port facilities and port location.

After taking into consideration the likely long term price rise in diesel and other costs associated with the total road haulage option, the Scoping Study concluded that a combination of haulage road and conveyor is the most profitable means for the final transportation system from mine to port.

In addition, the Scoping Study focused on how to bring EKCP into production as quickly as possible and concluded that by using a staged approach to production starting at 2 Mtpa, mining can be brought forward by 12 months, whilst the full infrastructure capable of handling up to 14 Mtpa – 20 Mtpa is constructed over time

Following on from the Scoping Study, the Company has entered into commercial discussions and negotiations with several international engineering companies for final infrastructure design, pricing and construction project management.

Project Financing

The Company believes that based upon the results of the Scoping Study and subject to confirmation of the mining reserve, final design, detailed engineering and pricing, Churchill is in a strong position to secure funding for the development of the project.

Detailed discussions regarding project funding have commenced with a number of investment banks and potential joint venture partners specialising in the coal sector. In addition to this, negotiations with a number of parties regarding additional coal off-take agreements have also commenced.

Given the commercial sensitivities surrounding these negotiations, the Company is not in a position to go into a detailed account of the projected costs and profits from the Scoping Study at this time.

Resource Update

Further drilling continues at the EKCP to enlarge the current JORC resource of 250 Mt.

The Company is working towards an updated JORC statement and has contracted two ground survey teams to complete an additional topographical survey which will also work towards moving the Inferred and Indicated JORC resources of the current 250 Mt, into the Measured category and then into Mining Reserve after completion of Feasibility Studies.

The aerial survey of the total site and preferred haulage route is expected to commence this July.

Churchill Mining CEO Paul Mazak commented:

“Churchill is pleased to confirm its commitment to fast-tracking the development of the East Kutai Coal Project which has been brought forward by some 12 months. This will deliver quicker cashflow and profits to the Company and value to its shareholders.”

Sendawar Coal Bed Methane (“CBM”) Project Update

Following the compiling and modeling of data on the Sendawar CBM Project, Churchill is tendering out a seismic verification programme to confirm the data used in the model.

In the meantime, Indonesia’s CBM regulations have not yet been completed or issued and Churchill will only be in a position to commit to signing a PSC, subject to completion of technical due diligence, when the new regulations have been formalised and considered workable by Churchill.

To that end, Churchill, along with the major national and international energy companies targeting CBM in Indonesia, is a founding member of the Indonesian Association for Unconventional Gas and Oil (AUGI).

AUGI has recently been recognised by BPmigas, the Indonesian Government authority responsible for the CBM regulations, as the only industry body permitted an input into the drafting of the CBM regulations.

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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 12th 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.

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