

**22 November 2017**

**NEX: CHL**

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

**ICSID Annulment update, Issue of secured convertible loan notes and proposed restoration of trading on NEX Exchange**

**ICSID Annulment proceedings timing update**

Under Procedural Order No. 1 dated 14 July 2017 issued by the *ad hoc* ICSID Committee to consider the Company's application for annulment of the award dated 6 December 2016 which is currently being pursued at the International Centre for Settlement of Investment Disputes ("ICSID") ("the Annulment Application"), the Company is currently considering the Republic of Indonesia's counter memorial on annulment, which was submitted on 20 October 2017. The Company has until 22 December 2017 to file a reply and Indonesia then has until 28 February 2018 to file its Rejoinder on Annulment. The *ad hoc* Committee's hearing on the Company's Annulment Application is expected not less than two months thereafter based on the timetable set out in the Procedural Order.

**Issue of secured convertible loan notes**

The Company is pleased to advise that it has issued £500,000 of secured convertible loan notes ("Loan Notes") to Pala Investments Limited ("Pala"). The funds received pursuant to the issue of the Loan Notes will be used to help meet the costs of the Annulment Application and for general working capital.

Prior to the issue of the Loan Notes, Pala is interested in 31,492,388 ordinary shares representing approximately 21.3 per cent. of the Company's issued share capital. Under the NEX Exchange Rules for Issuers, Pala is a related party of the Company.

In consideration for the issue of the Loan Notes, Pala shall be entitled to receive a direct 25 per cent. interest in the proceeds of any outcome from the Company's ICSID claim against the Republic of Indonesia for the unlawful expropriation of the Company's East Kutai Coal Project.

The Loan Notes are convertible at any time into ordinary shares of the Company at a price of approximately 2.976p per share. Full conversion of the Loan Notes by Pala would result in the issue of 16,800,000 new ordinary shares and would increase Pala's shareholding to 48,292,388 ordinary shares, representing 29.3 per cent. of the Company's current issued share capital as enlarged by full conversion of the Loan Notes.

The Loan notes are being issued under the Directors' existing authorities granted at the 2016 Annual General Meeting. The coupon rate for the Loan Notes will be 10% per annum and interest will accrue daily (until repayment or conversion) and will be capitalized annually. Interest shall be payable in cash upon repayment or conversion of the Loan Notes.

Pala (or its nominee) will be entitled to require the appointment of one director to the Company's board at any time that any portion of the Loan Notes remains outstanding or for so long that Pala holds not less than 10 per cent. of the issued shares of the Company. Pala will consult with the Company prior to making any nomination and acknowledges that the Company will be required to consult with its Corporate Adviser under the NEX Exchange Rules for Issuers in respect of any appointments. Pala currently does not intend to exercise this director nomination right. A summary of the other principal terms of the Loan Notes is in the Appendix below.

Churchill Chairman David Quinlivan said “the Company is pleased to continue to enjoy the support from its major shareholder Pala Investments Limited as we seek recovery of value for shareholders by progressing the annulment application of the adverse December 2016 ICSID award”.

### **Update on publication of 2017 Report and Accounts and suspension of trading on NEX Exchange**

The Company expects that the results for the year ended 30 June 2017 will be published by the end of November 2017. The Company will apply to NEX Exchange for the suspension of trading in the Company's ordinary shares to be lifted with effect from 8:00 a.m on the day of publication of the results.

This announcement contains inside information.

*The Directors of the Company are responsible for the contents of this announcement.*

### **ENDS**

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### **APPENDIX**

#### **Summary of the other principal terms of the Loan Notes**

<b>Term</b>	<b>Description</b>
<b>Other Debt Financing</b>	The Company is not permitted to raise additional debt at any time during the Term of the Loan Notes without Pala's written

	consent. If Pala consents to the raising of any additional debt, such indebtedness shall be subordinated to the Loan Notes.
<b>Term</b>	The Loan Notes will have a term of 36 months commencing from the date of issue.
<b>Security</b>	<p>The Loan Notes will be secured by a fixed and floating charge against all the assets of the Company.</p> <p>The fixed and floating charge will be subordinate to the security obligations set out in the Company's Deed Poll dated 27 July 2017 in relation the East Kutai Port Land.</p>
<b>Early Repayment</b>	<p>Pala will have the option to require early repayment of all or any portion of the Loan Notes by the Company upon the occurrence of an event of default or if the Company's Annulment Application is unsuccessful.</p> <p>For Pala to exercise the early repayment option it must provide the Company with 3 months' written notice for the Company to pay out the Loan Notes plus any accrued interest. The Company shall complete the repurchase of the Loan Notes by the expiry of the 3 months' written notice.</p>
<b>Governing law, Jurisdiction</b>	England, English Courts.