

**CHURCHILL MINING PLC**  
 (“Churchill” or “the Company”)

**PRE-MINING RESERVE JORC CATEGORY UPDATE**

**Highlights:**

- **Measured and Indicated Resources on target area exceeds 1.3 billion tonnes**
- **Initial JORC Reserve category expected within 6 weeks**
- **EKCP Feasibility completion date still on target**

Churchill Mining PLC (AIM: CHL) the Indonesian-focused coal mining company with more than 3 billion tonnes of thermal coal, is pleased to announce a substantial Pre-Mining Reserve upgrade of the JORC resource categories for the East Kutai Coal Project (“EKCP”).

Ongoing analysis by its independent advisors, SMG Consultants (“SMGC”), on 46,000 metres of drilling and a variety of other geological and physical data, including topographical surface survey, outcrop and drill hole collar surveys, outcrop and drill hole lithology, drill hole geophysical logs and coal quality data on 134 open holes and 233 cored holes, has resulted in a major upgrade to the JORC resource categories at EKCP as follows:

Current Measured Resource:	556 million tonnes
Current Indicated Resource:	777 million tonnes
<b>Total Measured and Indicated Resource:</b>	<b>1,333 million tonnes</b>
Current Inferred:	1,148 million tonnes*
<b>Total Current Categorised Resource:</b>	<b>2,481 million tonnes</b>

\*Churchill is confident that the majority of the Inferred Mineral Resources can be upgraded to Indicated Mineral Resources with continued exploration. SMG Consultants has also determined that additional work is required to bring a further 618 million tonnes of coal at EKCP into full JORC Inferred category status, which would bring the total resource to 3.18 billion tonnes. However, given the extremely large Measured and Indicated resource of 1.333 billion tonnes from which the JORC Reserve will derive, the Company may consider leaving further exploration work on the Inferred tonnes for a later stage.

Of major importance is the significant increase in the tonnages within the Measured and Indicated coal resource categories from which the Mining Reserve will be calculated and which has taken this combined tonnage total to more than 1.3 billion tonnes.

Churchill Mining's CEO Paul Mazak commented:

"We are extremely pleased that SMGC's ongoing work has continued to demonstrate the exceptional nature of the asset that Churchill has in EKCP. These types of results confirm our confidence that Churchill will develop into a substantial coal producer."

### **Mining Reserve Statement**

The upgrade to these JORC categories, especially the increase in Measured and Indicated to 1.33 billion tonnes paves the way for an initial reserve statement, which is anticipated to be announced within approximately 6 weeks. Pit design and mine planning will form an integral part of the Mining Reserve work and are ongoing.

### **Ongoing Project Work**

The project feasibility work is on schedule with some 80% of the engineering completed to date. Completion of the feasibility study is still expected to be by the end of the 2009. Geo-technical drilling at the mining-pit area and ROM site is in its final phase. Geo-technical drilling will now move to various locations along the conveyor route and finally to the port site. The bathymetric survey for the port was delayed due to rough seas but has now commenced and will be completed within a matter of weeks. The Churchill technical team has completed inspections of suitable conveyor systems in the US and is now in high-level technical and financial discussions with internationally recognized engineering firms from Europe and China regarding the conveyor system.

### **Project Financing Options**

In parallel with the ongoing feasibility work and in anticipation of a positive feasibility study, Churchill has initiated a review of three primary means of financing the EKCP project:

- (1) a "standalone" strategy based on financing the project through a combination of equity and project debt;
- (2) a joint venture with a strategic partner combined with project debt; and
- (3) the outright sale of the project once its true value can be demonstrated through the feasibility study.

Churchill Mining's CEO Paul Mazak commented:

"As we continue to improve the quality of our resource base and advance our feasibility work, our confidence that the EKCP asset will result in a project with persuasive returns also continues to grow. We believe that the size of the asset, combined with the growing demand for coal in the Asian market, will yield substantial interest in Churchill from energy producers.

Once the feasibility study is completed, Churchill will be in a position to determine which option moving forward will provide its shareholders with the most attractive returns.”

### **Coal Quality**

Whilst the coal quality data has been base-lined for determining the tonnages in various JORC categories and the product is still defined as sub-bituminous coal with low sulphur and ash, an ongoing rigorous coal quality testing and re-testing programme is underway and includes laboratory work both in Indonesia and Australia, with an additional wide-diameter drilling programme also being conducted at the EKCP.

Further coal quality and coal materials aspects will be investigated during the bulk sampling and test stockpile phase, which was delayed due to inability to locate a suitable crusher, will begin within the month.

### **JORC STATEMENT**

*This resource statement completed during August 2009 has been prepared in accordance with the JORC Code.*

*The information in this statement relates to Coal Resources of the East Kutai Coal Project and is based on information compiled by Mark Manners, who is a Member of the Australasian Institute of Mining and Metallurgy. Mark Manners is employed as a Principal Geologist by SMG Consultants Pty Ltd. Mark Manners has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Mark Manners has over 20 years experience in exploration and mining of coal deposits.*

*In accordance with the AIM Guidelines, Mr. Mark Manners of SMG Consultants, is the qualified person that has reviewed the technical information contained in this release.*

### **Enquiries:**

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## **Notes to editors**

Churchill's 75%-owned East Kutai Coal Project is located in the Kutai Timur Province of East Kalimantan. The company controls 4 IUP Exploitation blocks totaling more than 350 square kilometers. Within the concession areas, the dominant geological formation is the Wahau Formation, although the Balikpapan Formation and the Batu Ayau formation also outcrop in the southern areas.

Since starting exploration at the project in 2007 Churchill has identified a substantial multi-ply coal sequence covering a strike length of more than 20km.

The various JORC (Joint Ore Reserve Committee) Resource categories are defined as follows:

**Measured Resource:** can be estimated with a high level of confidence with the sample locations spaced closely enough to confirm geological and grade continuity.

**Indicated Resource:** can be estimated with a reasonable level of confidence, with the sample locations spaced too widely apart to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

**Inferred Resource:** can be estimated with a low level of confidence, being inferred from geological evidence and assumed but not verified geological and grade continuity.

The aim of any exploration and drilling programme is to move the maximum number of tonnes sitting in the Inferred and Indicated Resources categories up to the Measured Resource category and eventually into a Mining Reserve, by continually updating the geological model and other aspects, through additional drilling and other geological exploration work.

## **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 50 km 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.

## **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 12<sup>th</sup> 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.

**ENDS**