

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

PROJECT UPDATE FOR
EAST KUTAI COAL PROJECT

Highlights:

- **East Kutai Coal Project Feasibility Study now complete**
- **The study defines a preferred 20 million tonne per annum production rate**
- **Tendering from international groups to build the project's mine stockyard, conveyor, port facility and power station well advanced**
- **Completion of tender process and final review of bids anticipated by end of January 2010**
- **Project commencement anticipated to start in 2010 and be complete by 2012**

Churchill Mining PLC (AIM: CHL) the Indonesian-focused coal mining company and its Indonesian partners the Ridlatama Group, are pleased to announce the following progress update for the East Kutai Coal Project (EKCP), in which Churchill has a 75% interest. The EKCP has a 2.481 billion tonne JORC resource of which 956 million tonnes has been classified as a JORC Probable reserve.

Feasibility Study work on EKCP by Churchill Mining ("Churchill" or "the Company") is complete and has identified the potential to exploit the project's thermal coal reserves at a preferred annual production rate of 20 million tonnes per annum.

The Company has put the project's infrastructure items (mine stockyard, overland conveyor, port/ship loader and power station) out to tender and this process is well advanced. To date the bids received have been well under predicted costs due to the resurgence in global manufacturing and engineering capabilities following the Global Financial Crisis downturn.

Churchill anticipates completion of its tender process and final review/evaluation of the bids by the end of January 2010. At this point the Company will be in a position to further inform investors of EKCP's expected capital cost and life-of-mine financial returns.

Churchill anticipates project construction work at EKCP will start in 2010 and will take two years to complete. The Company consequently has applied for all the necessary licences and permits with the relevant Central, Provincial and Regional Indonesian Governments to expedite development.

At site the Company recently began mining a bulk sample for testing at the Australian Coal Industry Research Laboratory in Queensland, Australia, in order for Churchill to advise potential customers of the coal's handling abilities, combustion, boiler performance and other quality characteristics.

Company representatives also recently visited 17 companies on India's East Coast to discuss the project and potential off-take agreements. Churchill came away highly encouraged by the growth profile of future Indian coal demand – it was established that India will need a minimum of 100 million tonnes per annum of new EKCP-styled coal to meet expected future energy needs.

The EKCP Coal Project

Churchill's feasibility work found that EKCP is best exploited at a preferred rate of 20 million tonnes per annum. The coal will be transported from the mine, ultimately made up of three open pits, using a 160 kilometre overland conveyor system comprising eight flights at a speed of 5 metres per second.

The conveyor, which will be powered by a coal-fired power plant using EKCP coal, will be engineered to Australian standards and has been designed to meet varying gradients of topography. Currently four international groups are tendering to build the conveyor in conjunction with more than 40 component companies. Final tenders to build the 75MW power station and associated transmission lines have also recently been received. The Company has also been in discussions with a major automation consultant who will advise on the latest monitoring and control systems for the conveyor and associated infrastructure.

Coal conveyed from the mine will be delivered to a coastal port location which Churchill has identified as the optimum deepwater site to accommodate Cape class ships. The conveyor will feed to a port stockpile with an underground feeder reclaiming system. This ship loader will be built to handle ship loading up to 6,000 tonnes per hour. The Company is now undertaking final bathymetric and wave, wind and tide studies for the future port facility. Tenders for the port piling and coal loader have been received.

Churchill Mining's CEO Paul Mazak commented:

"We are very pleased with the results of EKCP Feasibility Study and look forward to announcing the associated results of our economic modeling early next year. As more data and certainty has been brought to bear on the EKCP project, so too has been the level of interest from the international coal community.

"Churchill is still evaluating how best to generate value for shareholders. Our options include the sale of the project or company, the development of EKCP with a joint venture partner or the financing and implementation of the EKCP by Churchill itself. We continue to have discussions with a number of interested parties and the Company hopes to be position next year to announce the results from these negotiations."

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