

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

REPORT FROM THE ADMINISTRATIVE TRIBUNAL

Further to the announcement of 25 March 2011 Churchill Mining Plc ("Churchill" or "the Company") wishes to advise that the written judgments (one for each licence) from the State Administrative Tribunal in Samarinda, East Kalimantan ("the Tribunal") have been received and have been translated into English by the Indonesian associated office of the Company's solicitors, Herbert Smith LLP.

Each judgment is approximately 90 pages long. A summary of each of the judgments will be available on the Company's website shortly at www.churchillmining.com, and full copies of translations of the judgments will be put on the Company's website later this week once checked and completed.

The key findings of the State Administrative Tribunal are as follows:

1. Part of the area covered by the EKCP Licences is a forestry area, which required a "borrow and use permit" (*izin pinjam pakai*) before exploration could be carried out, and that the Company and its Indonesian Partner, Ridlatama, had carried out exploration before obtaining such a permit.
2. Although the EKCP Licences were issued on 24 May 2007 and upgraded on 9 April 2008, there were suspected irregularities in respect of the licences of 9 April 2008 as mentioned in the report by "*Badan Pemeriksa Keuangan*" or the "BPK", the State Financial Audit Body, and that the licensed area overlapped with a licence issued to the Nusantara Group on 18 February 2010.
3. The Forestry Minister had requested the Bupati to stop the activities of Churchill/Ridlatama, investigate allegations of forgery by Churchill/Ridlatama and compel the obtaining of a "borrow and use permit", and that the staff of the Mining and Energy Department of the East Kutai Regency had recommended revocation of the EKCP Licences as a sanction for failing to comply with procedures relating to the use of the forests.
4. The Tribunal decided therefore that the Bupati was within his rights to cancel the EKCP Licences.

Initial Company response and appeal lodgement

Churchill rejects the conclusions of the Tribunal. Churchill/Ridlatama have lodged notice of appeal to the Administrative High Court in Jakarta. The Company's/Ridlatama's solicitors are reviewing the judgments and appeal preparations are well underway.

The Company/Ridlatama will take any and all steps necessary to defend their rights in relation to the EKCP Licences that make up the EKCP. The decision by the Tribunal is not final and binding as a matter of law until after all appeal avenues have been exhausted.

While the Company rejects the Tribunal's findings generally, the Company would like to summarise its stance on the key findings of the Tribunal:

- Churchill does not accept the conclusions regarding breach of forestry requirements: the Company does not believe the EKCP Licences cover a forestry area (although further clarity in relation to this is now being sought from the relevant authorities), or that a "borrow and use" permit was required before the production stage.

- The Company also rejects any finding of the Tribunal in relation to the allegation of irregularities or forgery by Churchill/Ridlatama, which may have resulted in overlap, mentioned in the BPK report. These allegations were subsequently investigated both by the East Kutai Police and by the independent state agency tasked with the oversight and audit of statement accounts and spatial data (the correct reference to this agency is BAWASDA, not BPK as stated on 3 March) and the BAWASDA confirmed that the EKCP Licences were "*legal and accountable*". The Company challenges the validity of the 18 February 2010 licence referred to in the judgment as having been issued to Nusantara.

The Company will advise when the full transcripts are available to the public and will provide updates on the appeal process as and when it is able to do so.

If any investors have questions relating to these matters, they should address them by email to Paul Youens at pyouens@tavistock.co.uk. The Company cannot respond to investors individually, but plans to prepare a further webcast in due course and will respond where appropriate to such questions.

END

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