

**10<sup>th</sup> November, 2008**

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

**UPDATE ON FAST-TRACK TO PRODUCTION**

- New transport solution for Fast-Track production identified which may considerably decrease Capex requirements.
- Increase in initial tonnage target in first year up to 3 Mt and second year up to 5 Mt.
- Coal upgrading has potential to lift operational pre-tax profit by US\$31 per tonne.

Churchill Mining Plc, (AIM:CHL) the Indonesia focused mining company with a JORC resource of 1.4 billion tonnes of thermal coal at its East Kutai Coal Project (“EKCP”), is pleased to announce significant progress on the transport options it is finalising in order to Fast-Track the project to production in Q4 2009.

New independent studies verified by the Company have concluded that a combination of road and river barge transport is now possible and should be the most capital cost-effective and quickest initial access method to transport the coal from site for the Fast-Track production scenario.

The new studies involved Side Scan Sonar, LIDAR aerial survey and a condition survey of the river. This concluded that access to the Senyur River, which is a tributary of the Mahakam River south of the EKCP, can be used to transport the coal down to the Mahakam River for transshipment and onto multi-user coal ports at the coast. This access route was previously thought to be restricted. The newly surveyed Senyur River route could enable shipping of up to 7 Mtpa of coal, starting with delivery of up to 3 Mtpa, which is the increased target for the first full year of production.

Currently, a new multi-user coal barge port is being built on the Senyur River by a third party. Churchill management is in discussions with the company constructing this river barge port to gain access to the facility, which would result in a significant reduction in capital expenditure for Churchill. The Company is also in discussions with the owners of current and proposed multi-user coal ports on the coast, which if access is gained, will also add significant further reductions to Churchill’s project capital costs.

The Company continues its detailed work on a number of options for the 20 mtpa Full-Production scenario, to transport the coal to a new dedicated port, including a conveyor system.

Infill drilling continues on site and is on target to upgrade much of the 1.42 Bt of coal resource to ‘mineable’ by the end of 2008.

Churchill recently launched a review into coal treatment processes that have the potential to move the energy content of EKCP’s thermal coal from the current range of kcal 4700 – 5600 ADB (Air Dried Basis) to over kcal 6000. This would enable the Company to achieve higher pricing terms for its thermal coal.

Churchill's examination of processes to upgrade the EKCP thermal coal has determined that the coal sale price assumptions in the Company's business model could be increased from US\$50 per tonne to US\$84 per tonne (in the current price environment) at an operational cost of US\$3 per tonne.

Churchill Managing Director Paul Mazak commented:

"The various elements of the EKCP are fitting together in a way that should significantly increase the bottom line, especially by upgrading at least part of the coal production to achieve a higher value per tonne. Churchill's technical team is in the process of finalising their assessment of the available upgrading technologies and it is envisaged that at least one of these plants will be on-stream during the first year of full production."

*Mr John Clayton, Technical Director of Churchill Mining PLC, is the qualified person that has reviewed the technical information contained in this release.*

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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 updated JORC Resource Statement defining 1.4 billion tonnes of coal resources substantially surpasses the amount of coal that was expected to be confirmed by the end of 2008.

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

**A Mining Reserve:** the economically mineable part of a Measured Resource and takes into consideration variables outside of the geological continuity including; mining method, processing, economics, marketing, legal, environmental, social and governmental factors

**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. 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 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.

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 400 km 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.