

4 February, 2009

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

Update on East Kutai Coal Project

Response to recent share price rally

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"), would like to provide an update on developments at EKCP in response to enquiries from shareholders and analysts regarding the recent rally in the Company's share price and other market speculation regarding financing.

**JV and Financing Update**

With regards to the finalisation of a joint venture or financing of Churchill's East Kutai Coal Project, the Company wishes to state the following:

- 1) Churchill has moved from general discussions to formal Confidentiality Agreements (CA's) and due diligence with three well financed international companies wishing to invest or JV in a coal project the size of the EKCP in Indonesia. Whilst the companies concerned are considering all aspects of the project's coal production potential, the great appeal of Churchill's EKCP is the possibility for large annual production over the longer term.
- 2) A full due diligence process is being carried out by the three companies. It comprises of legal, engineering, geological and economic examination of the site by various consultants (including consultants based in Indonesia) engaged by these companies. A number of alternative haulage methods and routes to port are also being examined by each company to suit their needs.
- 3) Whilst, the due diligence exercises are progressing well, Churchill wishes to advise that no final deal has been completed at this point and there can be no guarantee that a deal with any of these companies will be reached.

**Project Update**

Recent adverse weather conditions and heavy rainfall in the Kalimantan area has delayed reserve drilling and laser surveying at the EKCP.

The reserve drilling target has been expanded to include smaller tonnages of higher calorific areas in the north east of the EKCP's main area. Subject to the weather improving, Churchill expects to complete reserve drilling in the next six weeks.

Not only does the Company expect the overall size of the JORC resource, currently sitting at 1.4 billion tonnes of thermal coal, to increase substantially, but also that reported reserves will be substantially ahead of the original 100Mt management expectations.

Churchill continues to examine the engineering design, costings and work on "Fast Track" and "Full Production" scenarios for the project.

In light of current coal prices, Churchill is also considering other development alternatives based upon the low stripping ratios of the project.

Further updates will be provided in due course.

**ENDS**

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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. Resource drilling continues along with detailed scoping and pre-feasibility work.

In 2008 the Company released an updated JORC Resource Statement defining 1.4 billion tonnes of thermal coal reserves and resources.