

CHURCHILL MINING PLC

Developing natural resources & infrastructure in Indonesia



September 2010

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INVESTMENT OPPORTUNITY IN EAST KUTAI COAL PROJECT (EKCP)

Focus

- Economic development in Indonesia
- Natural resources and infrastructure
- Long-term strategic investment

World-Class Mining Asset

- East Kutai Coal Project, East Kalimantan
- Large scale 2.73 billion tonnes, long-life in excess of 25 years
- High-quality thermal coal deposit

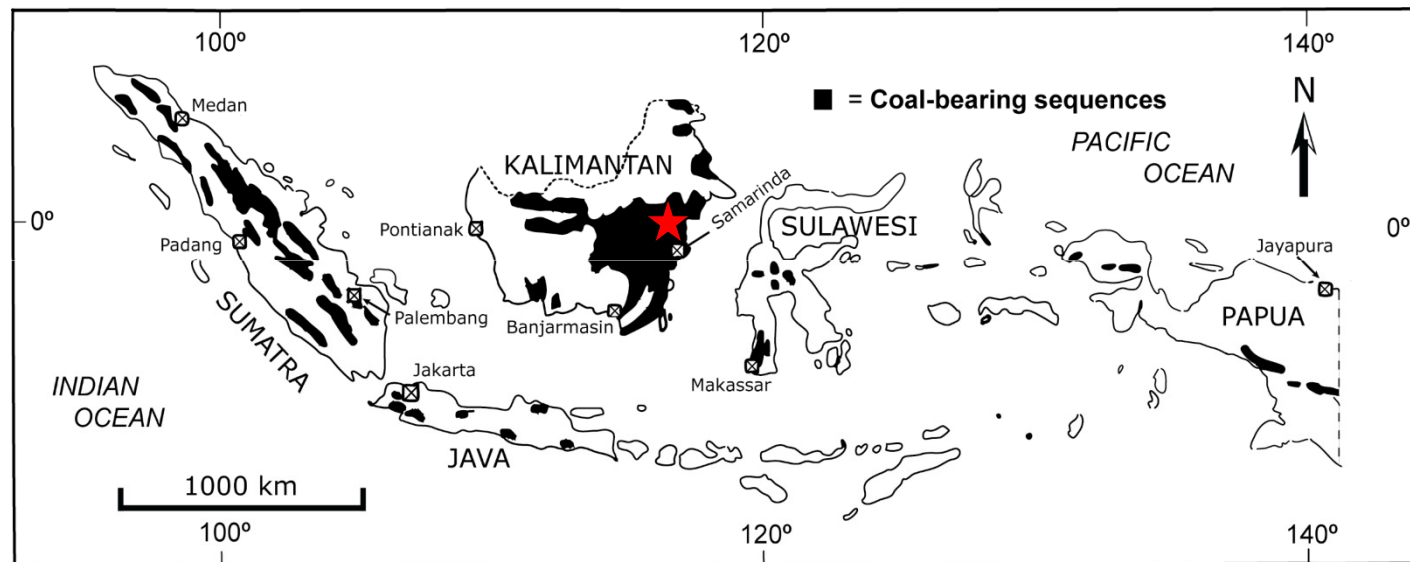
Infrastructure Opportunity

- Capesize port
- 160 km transport corridor for mine production, railroad and other options
- 100MW power station

Regional Economic Development

- East Kalimantan interior is underdeveloped as there is limited transport infrastructure
- Projects such as East Kutai are catalysts for new infrastructure build

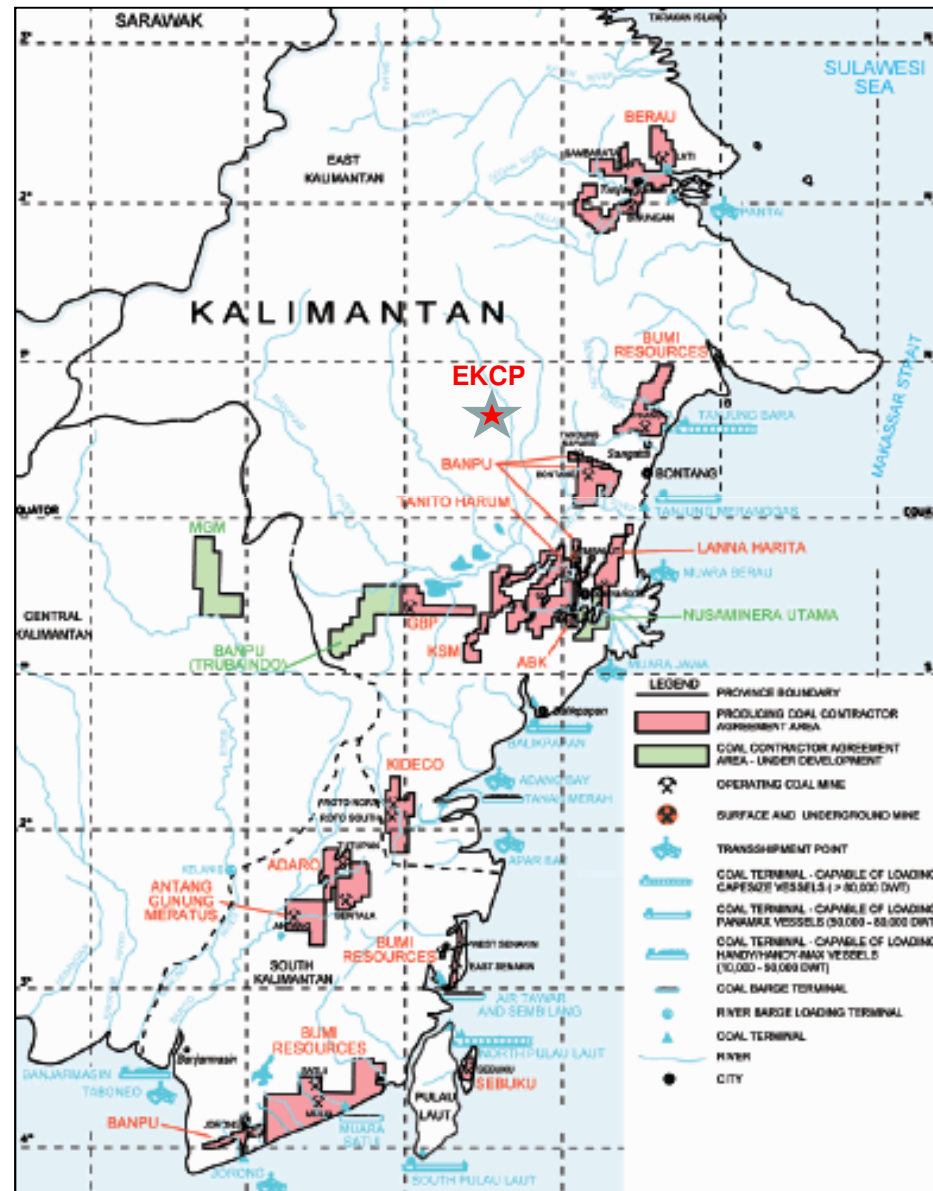
EAST KALIMANTAN'S INTERIOR COAL DEPOSITS ARE VAST...



★ East Kutai Coal Project

Map showing the generalized location of coal-bearing sequences in Indonesia. Adapted from Friederich and other (1999).
Friederich, M.C., Langford, R.P., and Moore, T.A., 1999, The geological setting of Indonesian coal deposits. The AusIMM Proceedings, vol. 304, no. 2, p. 23-29.

...BUT ARE STRANDED BY A LACK OF INFRASTRUCTURE – MOST EXISTING MINES ARE LOCATED NEAR RIVERS & PORTS



EKCP – Conveyor Potential

- 20 Mtpa conveyor powered by coal-fired power station with overland high voltage transmission line
- Conveyor system would be built to meet Australian standards
- Designed to meet varying gradient of topography
- Construction time for the conveyor is approximately 24 months
- Temporary power at port comprises barge mounted power to support all port facilities
- Temporary power will be used to commission and operate conveyor prior to the completion of the main power plant
- Conveyor will feed to barge port stockpile with underground feeder reclaiming system feeding barge loader
- Port design upgradeable to barge or convey to a multi-user port facility



EKCP - PROJECT HIGHLIGHTS

Headline

**World-Class
Mining Asset**

**World-Class
Infrastructure Asset**

**Robust
Economics**

**Near-term Producer and
Scaleable Operation**

**Experienced
Management Team**

Facts

- Large-scale, long-life, lowest-quartile operating costs
- High-quality sub-bituminous thermal coal
- 2.73 billion tonnes resource

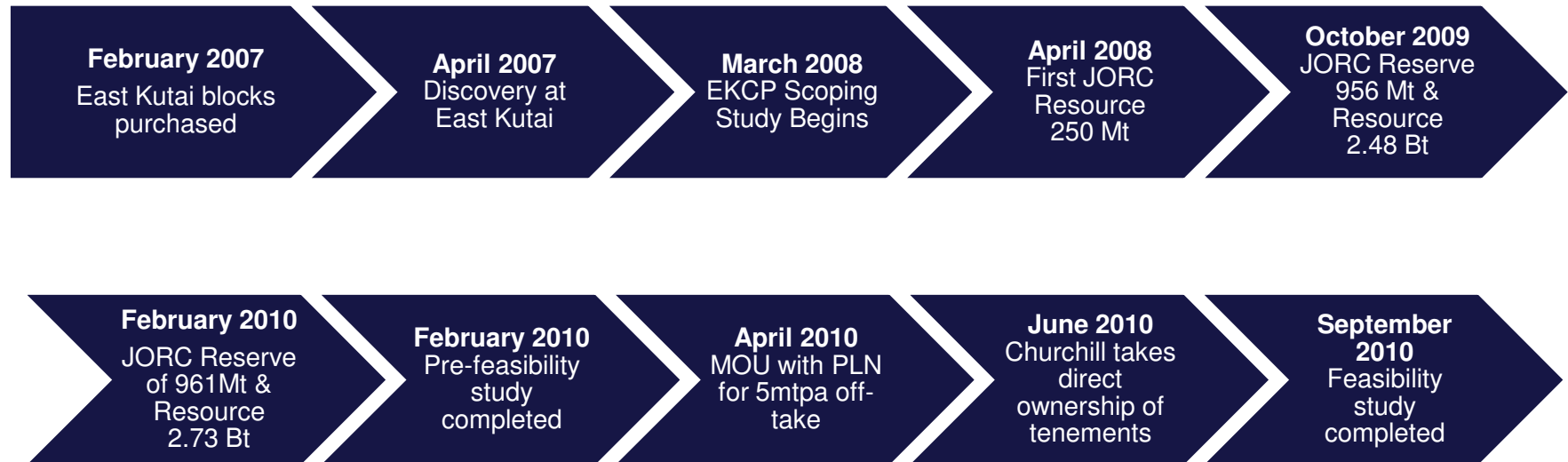
- Capesize port
- 160 km transport corridor, several options under consideration
- 100 MW power station

- NPV_{10%} \$1.8 billion, 21% IRR, payback 7 years
- Average pre-tax net cashflow in excess of \$500 million per annum over an initial 25 year period

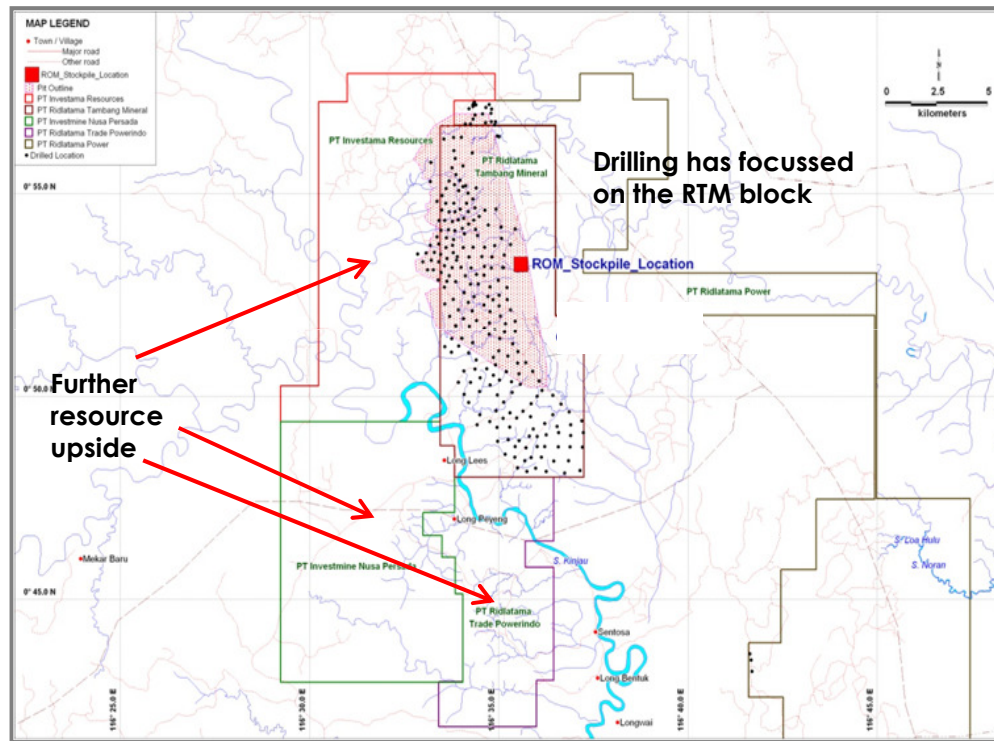
- Targeted production by Q4 2013
- Mine planning scenario analysis supports production levels up to 50 million tonnes per annum

- Management team with deep Indonesian operating experience
- Indonesian Advisory Council guarantees access to all levels of industry and Government

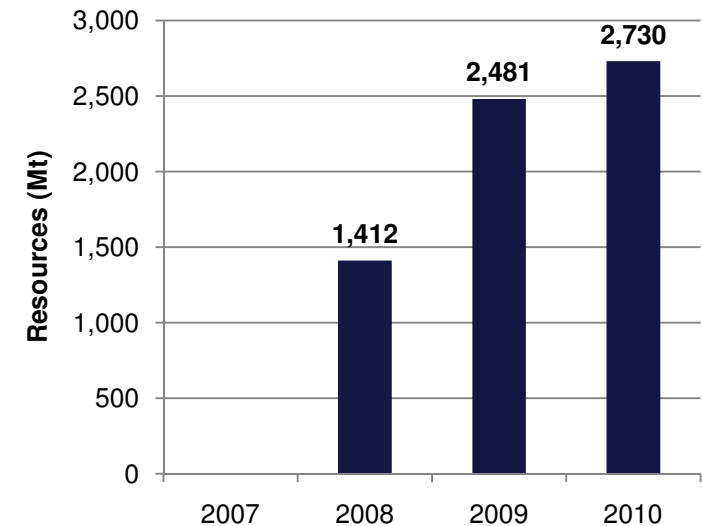
EKCP HAS BEEN RAPIDLY DEVELOPED SINCE 2007



EKCP HAS A HISTORY OF EXPLORATION SUCCESS, WITH FURTHER UPSIDE POTENTIAL



Rapid expansion of the resource to 2.73 billion tonnes



Only one of four controlled blocks have been drilled to date, with exploration still to be undertaken on the remaining three blocks

EKCP – IMPRESSIVE COAL CHARACTERISTICS

Key Facts:

- Total JORC Resource of 2,730 million tonnes^[1] comprising:
 - Measured 693 million tonnes
 - Indicated 825 million tonnes
 - Inferred 1,212 million tonnes
- Total JORC Probable Reserve of 961 million tonnes^[2]
- The coal is classed as sub-bituminous class 'C' (colour black)

^[1] ICD Geological Resource Statement – February 2010 by PT SMG Consultants

^[2] ICD Reserve Statement – February 2010 by PT SMG Consultants

The indicative ROM coal quality for the initial 15 years of mining:

TM (ar) %	IM (adb) %	Ash (adb) %	Vol. Matt. (adb) %	Fix. Carb. (adb) %	Total Sulphur (adb) %	CV (ar) kcal/kg	CV (adb) kcal/kg
35.5	16.7	6.9	40	35	0.14	3,919	5,022

Quality:

- Low ash and low sulphur
- Negligible impurities
- High ash fusion temperatures (1,200 to >1,600oC)
- Very high Vitrinite content (≈90%)

Production:

- Seams extend to over 20m thick
- Low stripping ratio



PROJECT ECONOMICS ARE ROBUST

Base Case Capacity

- 30 million tonnes per annum
- 25 year initial mine life
- Reserves of 961 million tonnes, could support higher production level

Development Timeline

- 3-year construction period
- First production Q4 2013
- 2-year ramp-up to 30 million tonnes annual production

Capital Expenditure

- US\$1.2 billion, before indirect costs such as EPCM and contingency (20%)
- Infrastructure capex US\$973 million

Operating Expenditure

- Lowest-quartile operating costs
- Averaging operating cost of US\$25.10/tonne

Cashflow

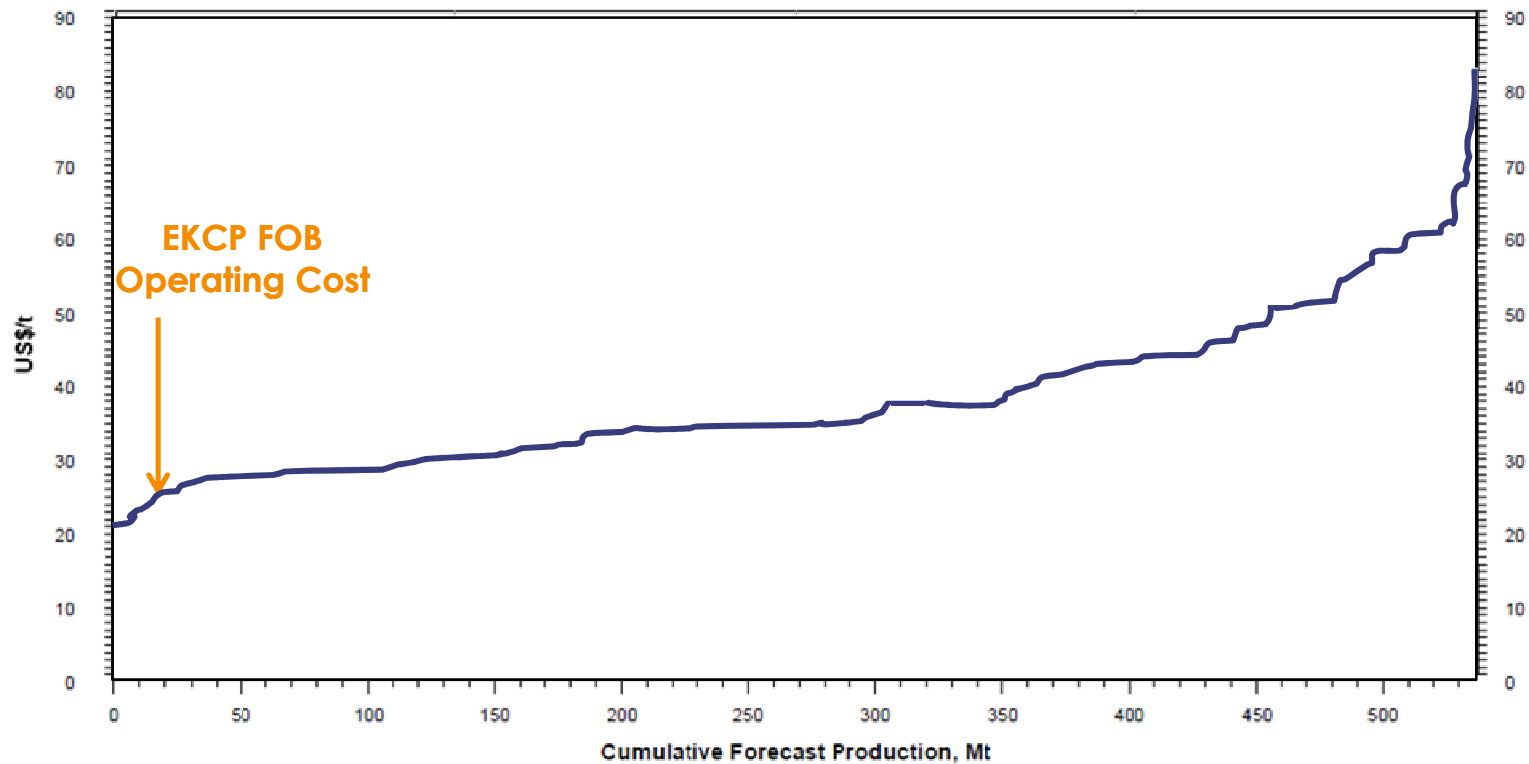
- Pre-tax net cashflow averaging in excess of US\$500 per annum

Returns Analysis

- NPV₁₀ US\$1.8 billion
- IRR 21%
- Payback of 7 years

EKCP IS POSITIONED IN THE TOP QUARTILE OF THE COST CURVE...

Industry Thermal Coal Cost Curve (2010)



World-Class Mining Project with Low Operating Costs

CHURCHILL'S INDONESIAN ADVISORY BOARD GUARANTEES ACCESS TO GOVERNMENT & INDUSTRY...

Dr. Alwi Shihab

- Indonesian President's Special Envoy to the Middle East
- Previously Indonesian Foreign Minister
- Chairman of Indonesian Advisory Board

Mr. Suhanjono

- Previously Attorney General of Indonesia
- Over 40 years in various legal capacities with the Government of Indonesia

Mr. Faroek Basrewan

- Previously held positions including Special Aid to the former President of Indonesia, H. Abdurachman Wahid
- Currently a director of Churchill

...WHICH LEVERAGES CHURCHILL MANAGEMENT TEAM'S DEEP INDUSTRY AND OPERATING EXPERIENCE IN INDONESIA

David Quinlivan – Chairman

- CEO of Mt Gibson Iron Limited a mid-tier iron ore producer in Australia.
- 30 years experience on exploration, feasibility and development projects throughout the world.
- Non-exec of ASX-listed Avoca Resources.

Paul G. Mazak – Managing Director

- Managing Director of Churchill Mining Plc since 2005.
- Led procurement and development of Churchill's Indonesian coal and gas assets.
- Managing Director of Hastings and Associates Pty Ltd for the past 20 years.
- Deep experience in leading financial, investment and governmental teams in Asia.
- Created and led the successful B. Vijakumar Diamond mining consortium bid for the world-class Madhya Pradesh diamond property in India.

Jan Castro – Non-Executive Director

- Managing Director and Founder of Pala Investments AG.
- Currently serves on the Boards of Anatolia Minerals, Avoca Resources, Gemcom Software, Norcast Castings, Dumas Contracting and Titanium Resources Group.
- Prior to founding Pala in 2006, Senior Vice President of Investments and Corporate Affairs for Mechel OAO, a NYSE-listed company and one of Russia's largest coal companies. Led Mechel's IPO in 2004.
- Extensive experience in M&A, capital raises, strategy, finance and investor and public relations.

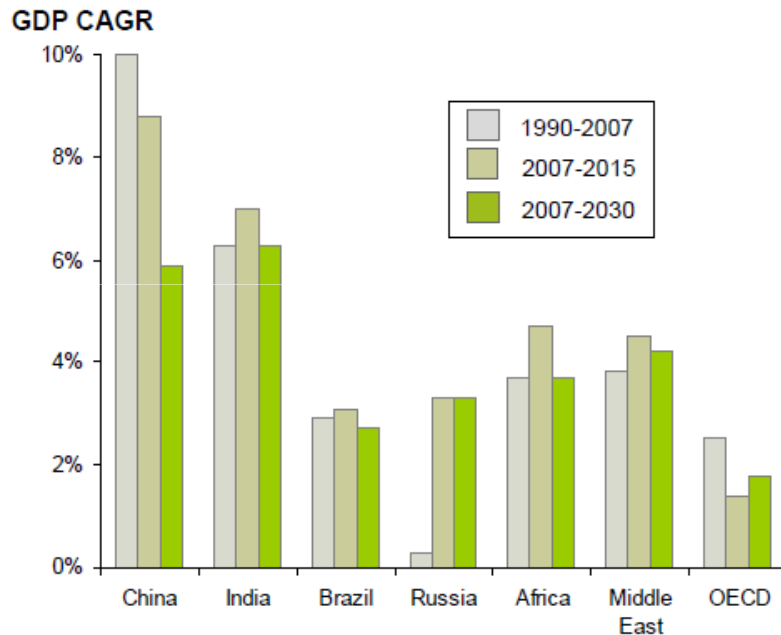
Faroek Basrewan – Non-Executive Director (Indonesia)

- Specialist in Indonesian central, provincial and local government law.
- Currently Special Advisor and Special Assistant to Dr Alwi Shihab, the Indonesia President's Special Envoy to the Middle East.
- Served as Special Staff to the Minister of Defence.
- Served as Special Assistant to the first democratically elected Indonesian President, Abdul Rachman Wahid (Gus Dur).

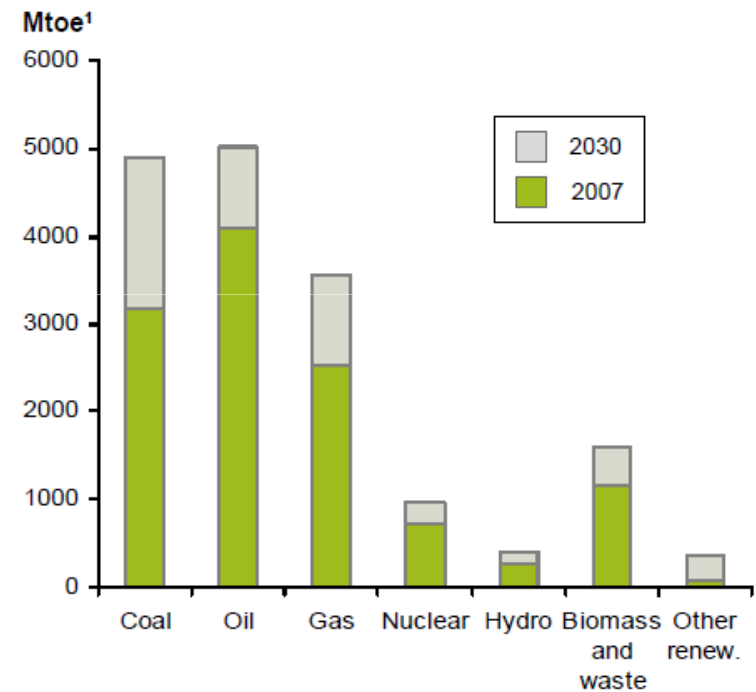
ASIAN ENERGY MARKETS & THERMAL COAL DEMAND DRIVERS FOR EAST KUTAI COAL PROJECT

DEMAND OUTLOOK FOR ENERGY & THERMAL COAL

GDP growth is the primary driver of growth in demand for energy



Coal is forecast to increase its share of primary energy, due to its increasing use for power generation

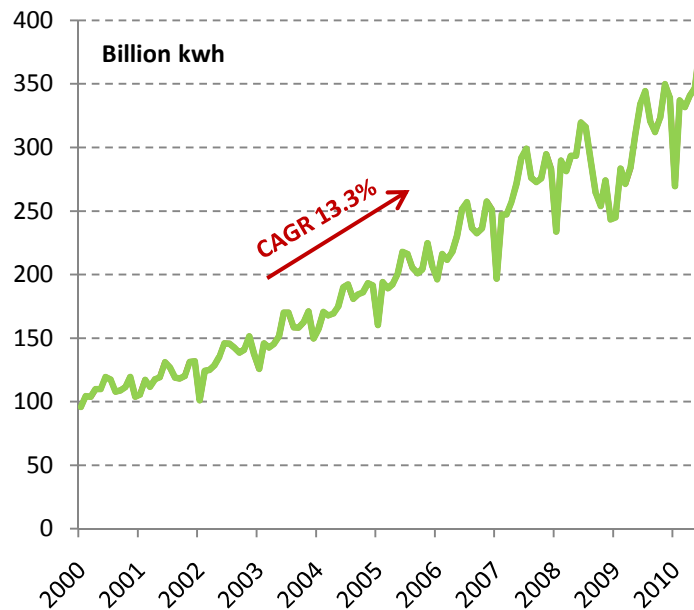


Sustained GDP Growth in Developing Economies will Strengthen Coal's Positioning as a Primary Fuel Source for Power Generation

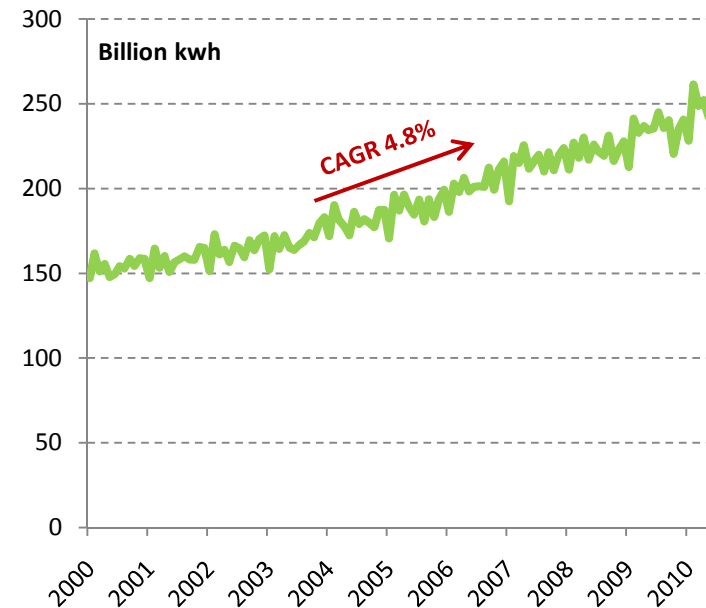
¹ Million tonnes of oil equivalent
Source: Anglo American plc

RAPID GROWTH IN ASIAN POWER GENERATION

CHINA – 13.3% CAGR



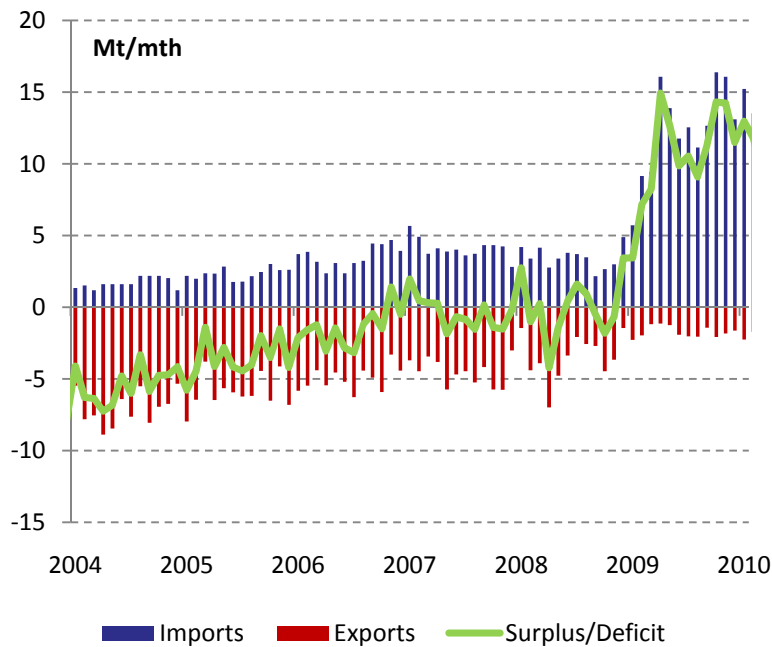
INDIA – 4.8% CAGR



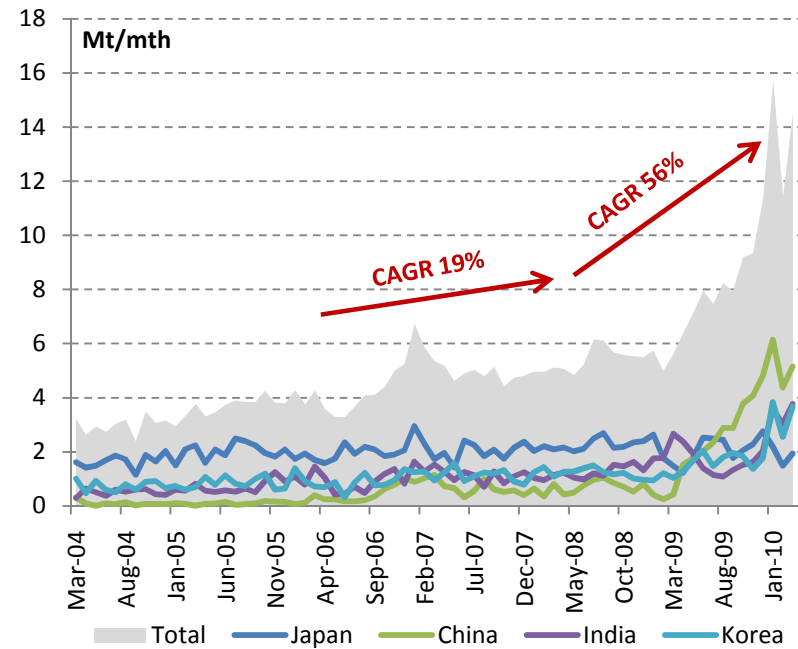
Huge Increase in Chinese and Indian Electricity Consumption, with Generating Capacity Doubling every 6.5 and 15 years respectively

RAPID COAL DEMAND GROWTH ACROSS ASIA, WITH CHINA BECOMING A NET IMPORTER

Rapid internal demand growth has seen China become a net importer of coal

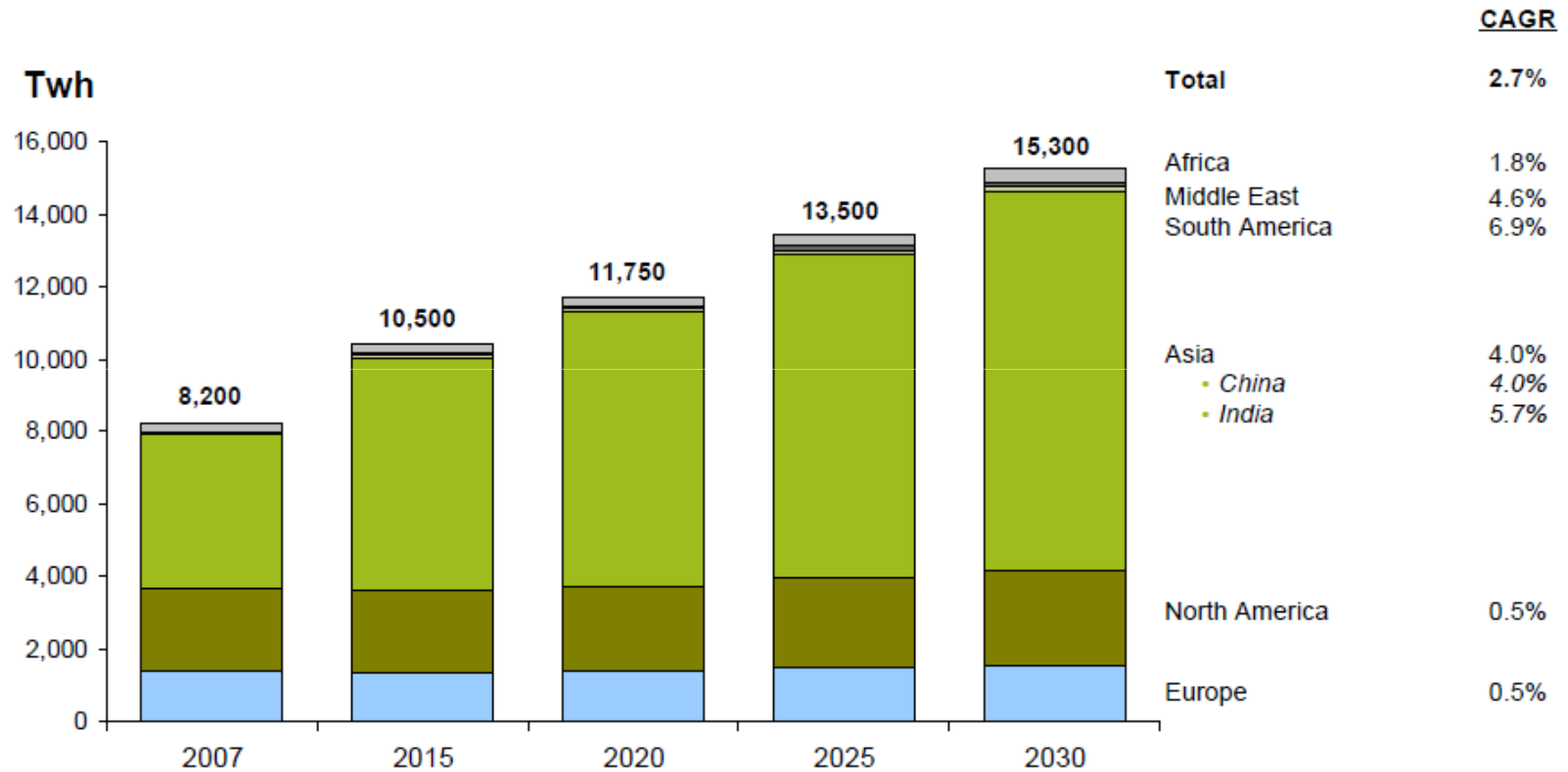


Increasing demand for Indonesian coals from Asian countries



Indonesia is Strategically Positioned to Meet the Growth in Demand in Asia

FORECAST GROWTH IN COAL-FIRED POWER IS COMPELLING



Thermal coal energy demand is expected to almost double over the next 20 years, mainly driven by Asian markets

SUMMARY OF KEY MARKET TRENDS AND IMPACT ON THERMAL COAL

Market trend	Implications on thermal coal
<p>Pace of growth in Asia</p>	<ul style="list-style-type: none"> • Export market growth will be driven by India and China • Slowing Chinese GDP and delays in Indian development is not expected to change the long term structural market shift
<p>Logistics constraints</p>	<ul style="list-style-type: none"> • Constraints on rail and port infrastructure in Australia and South Africa is expected to limit growth • Supply constraints may have positive effect on pricing
<p>Environmental regulations</p>	<ul style="list-style-type: none"> • Increasing environmental permitting regulations will likely impact and delay supply side response • Higher emission standards will drive the trend to 'cleaner' coals
<p>Taxation and resource nationalization</p>	<ul style="list-style-type: none"> • Changing taxation regimes and increasing resource nationalization will delay project developments and increase producer costs, likely leading to reduced supply and potential price uplift
<p>Alternative fuels</p>	<ul style="list-style-type: none"> • Coal is expected to maintain its share of world primary energy through 2030 • Limited gas resources of key importers will ensure coal demand

CONTACT DETAILS



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