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CHL: AIM

CHURCHILL MINING PLC

CHURCHILL OPTIMIZES EAST KUTAI COAL PROJECT DEVELOPMENT AND ANNOUNCES INCREASE IN PLANNED PRODUCTION RATE TO 35 MILLION TONNES PER ANNUM

Churchill Mining PLC (AIM: CHL) and its Indonesian partners the Ridlatama Group, who jointly own the East Kutai Coal Project in Indonesia, 75% and 25% respectively, announce their intention to increase the project coal production rate by up to 10mtpa to 35mtpa. Coal production from the Northern Pit would increase from 20mtpa to 25-30mtpa and production from the Southern Pit would remain at 5mtpa.

Churchill's feasibility and development work has identified that planned mine facilities at the Northern Pit have the capacity to support a mining production rate of 40-45mtpa. In this context, Churchill has executed project optimization studies which show that the overland conveyor, which will transport the coal from the Northern Pit, has an enhanced capacity of 25-30mtpa, an increase of 5-10mtpa. Churchill is now incorporating this additional coal production into the project feasibility study, which it now expects to release during the third quarter of this year.

In addition to the Northern Pit production, and further to the MOU signed with PT. Perusahaan Listrik Negara (PLN), the Indonesian state electricity firm, in April 2010, Churchill continues to work on plans for the purchase of 5mtpa of coal from the Southern Pit, which would fulfill Churchill's Indonesian Domestic Market Obligation ("DMO"). PLN is now reviewing the potential to utilize its coal drying and enhancement technology on the project's coal, which, in testing, upgraded the coal from sub-bituminous to bituminous, considerably increasing its value.

Churchill also continues to work closely with its strategic adviser, Credit Suisse, in reviewing development options for the project. The optimized feasibility study will form the platform for Credit Suisse's work as it evaluates Churchill's options for the project.

Churchill's CEO, Paul Mazak, commented:

"We are delighted with the results of the optimization work performed thus far on this world-class thermal coal project. Our plans to increase production and coal sales by 50% are now being incorporated into the feasibility study and economics. We believe that the significant increase in the production profile will generate considerable additional economic value and further increase the attractiveness of the project for power project developers in Asia."

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