

8<sup>th</sup> December, 2008

Churchill Mining Plc

“Churchill” or “the Company”

**More than 500Mt of coal at low strip ratios shown  
by preliminary pit optimisation studies**

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 that studies it has undertaken as part of its fast-track to production, show that more than 500 million tonnes of the in-situ JORC compliant resource of 1.4 billion tonnes falls within a preliminary pit design at a stripping ratio of just 2.23:1. This calculation does not constitute a JORC mineable reserve. However, the results indicate the planned future operations will allow significant tonnages of the coal resource to fall within design pit shells with a low stripping ratio.

At this stage the pit design studies concentrate only on the northern half of the current target drilling area of the RTM block, with the southern section still being evaluated.

Whilst the studies are preliminary in nature, early mine-pit optimisation models show the following in-situ coal tonnages within the designed pit:

<b>Stripping Ratio</b>	<b>In-situ Tonnes</b>
1.29	260 Mt
1.50	325 Mt
1.89	442 Mt
2.23	551 Mt

Churchill is encouraged by the steps emerging countries are making towards introducing new sources of coal fired power. China is bringing forward its country electrification programme and Indian companies such as National Thermal Power Corporation, are in the process of constructing another 25,000 MW of power. With India unable to fulfil its thermal coal supply domestically, Churchill is well placed to capitalise on the future demand from India and the Company continues its discussions with a number of Indian companies about off-take agreements.

Churchill’s Managing Director, Paul Mazak, commented;

*“We are now approximately 12 months off our first phase of production at the East Kutai Coal Project. With the current international coal price having come off, these low stripping ratios are of great positive significance to the economics of the project. By focusing initially on the coal available at low stripping ratios, we are expecting to significantly reduce our operating costs during the initial period of mining, which is especially important on large projects such as this one.”*

*Mr Brett Gunter, 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.

**END**