5th June 2008

AIM Code: CHL

Speculative Buy

Churchill Mining Plc

Huge Coal Resource at East Kutai – More to Come…

Capital Structure	
Stock Exchange	AIM
Share Price	£0.70
Fully Paid Ordinary Shares	66.0m
Unlisted Options (12p, 28/03/12)	7.00m
Unlisted Options (20p, 15/04/10)	1.10m
Unlisted Options (25p, 10/05/09)	0.14m
Unlisted Options (35p, 18/04/11)	0.57m
Unlisted Options (35p, 23/05/11)	3.86m
Unlisted Options (75p, 09/05/13)	3.1m
Unlisted Options (50-80p, 17/12/12)	1.00m
Market Capitalisation (undiluted)	£46.2m
Cash (01/05/08)	£8.6m

Directors	
David Quilivan	Non-Executive Chairman
Paul Mazak	Managing Director
James Hamilton	Non-Executive Director
Faroek Basrewan	Non-Executive Director

Major Shareholders	
Pershing Keen Nominees Ltd	10.1%
BBHISL Nominees Ltd	9.2%
Vidacos Nominees Ltd	8.2%
Lehman Brothers International	4.9%
Goldman Sachs Sec. (Noms)	4.7%

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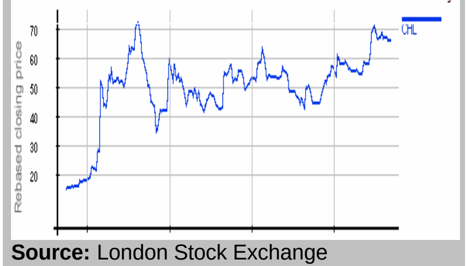
Share Price Performance



Source: London Stock Exchange

Investment Highlights

- Churchill Mining Plc ("Churchill" or "the Company") has recently announced a 250Mt thermal coal resource at its 75% owned East Kutai Coal project located in East Kalimantan, Indonesia's coal heartland. The resource has commercial quality characteristics rated as medium calorific values with low ash and sulphur content.
- The Company has a resource target of 500 million tonnes of thermal coal within the East Kutai Project.
- Kalimantan is Indonesia's coal powerhouse with 61% of the country's minable coal reserves and the bulk of Indonesia's 165Mt per year coal production which makes it the world's largest exported of thermal coal.
- Coal prices are heading up with current spot prices for Indonesian coal similar to the specifications of the East Kutai Project selling at up to US$85/t. Churchill has already signed an agreement with an Indonesian power utility to supply coal to two planned power stations to be built near to East Kutai.
- Churchill is pursuing an aggressive exploration programme with the aim of defining at least 500Mt Resource and a 150Mt Reserve (both JORC compliant) by the end of 2008.
- The Company is finalising the completion of a Scoping Study to assess the viability of the East Kutai Coal Project and to assess the best mining, transport and port options available to the project.
- Assuming further positive results, the Company could be in a position to approve the development of East Kutai by Q1 2009 with the project in production by mid to late 2010 at a potential initial rate of up to 7Mt per annum.
- Churchill also holds 70% of the Sendawar Coal Bed Methane Project in Kalimantan and holds 35.6% of ASX-listed Spitfire Resources Limited ("Spitfire") which holds 80% of the South Woodie Woodie Manganese Project in the Pilbara region of Western Australia.

Discussion and Valuation

Churchill has taken a great leap forward through the delineation of a substantial 250Mt thermal coal resource in a coal producing province – with the promise of more resources to come.

An analysis of Enterprise Value per Reserve Tonne (EV/RT) has been undertaken by RMWise Research based on Indonesian and Thai listed companies with coal mining operations in Kalimantan and where appropriate on recent purchases of Kalimantan coal mining operations. This analysis indicated that an appropriate EV/RT for Kalimantan coal mining assets is US$8/t of reserve. This figure is for coal producing companies and would need to be discounted to take into account the risks that Churchill faces in getting the East Kutai Coal Project into production.

Company Background

Churchill listed on AIM in April 2005.

Churchill Mining Plc was admitted to the Alternative Investment Market ("AIM") of the London Stock Exchange in April 2005. Churchill's business plan is to leverage off the rampant growth currently experienced in China and India as strong continuing Industrialisation and rapid urbanisation in these countries which are home to 36% of the World's population has resulted in the strong demand in the energy and metals sectors.

The execution of this business plan has been instigated with the acquisition of substantial coal and coal bed methane projects in Indonesia including the flag ship East Kutai Coal Project. A maiden coal resource of 250 million tonnes has recently been announced for this project.

Project Overview

The East Kutai Coal Project (Churchill 75%)

Through a number of acquisitions over the past 12 months Churchill has built a land position at the East Kutai Coal Project in East Kalimantan of 775km2. The project is located in the major Indonesian coal province of East Kutai and 45kms away from the new Pakar coal project. Churchill holds 75% of the project with the balance owned by local Indonesian partners. East Kutai is located approximately 120km from Kalimantan's east coast and early indications show that this will be the favoured export route for the Project.

Recently announced maiden resource of 250 million tones of thermal coal.

This project is highly prospective for coal as illustrated by the recently announced maiden resource of 250 million tonnes of thermal coal. The Company has a target of plus 500 million tonnes of coal at East Kutai.

Kalimantan

Of the 7 billion tonnes of minable coal reserves in Indonesia, 4.2 billion tonnes (or 60.8%) are found in Kalimantan. Between 2002 and 2006, Indonesian coal production increased from 102 Mt to 165Mt, a 66% increase. In 2005 Indonesia overtook Australia as the world's largest exporter of thermal coal. Demand for thermal coal is growing rapidly, driven by Asian energy consumption and production constraints in China and South Africa and export constraints in Australia. This has left global utilities urgently needing to secure long-term contracts from diversified sources.

Current Resource

Churchill initially announced that the company's initial target of 100Mt of coal in various categories of JORC compliant resource at East Kutai, has been exceeded by 150%, with total coal resources to date being 250 million tonnes, comprising of:

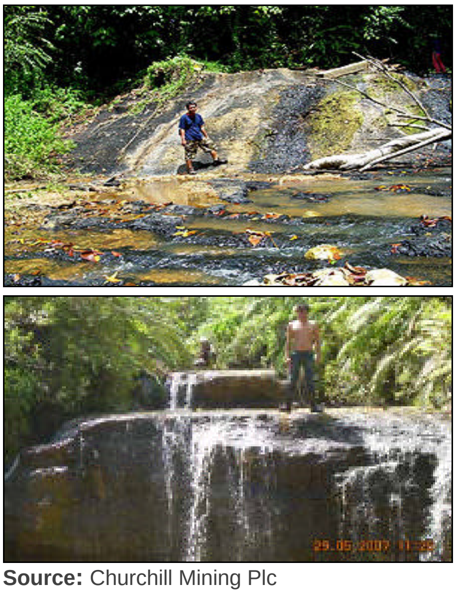
Measured Resource	44Mt
Indicated Resource	73Mt
Inferred Resource	133Mt
Total Resources	**250Mt**

East Kutai coal shows commercial thermal coal quality.

Analysis of drill samples has shown that the East Kutai coal shows commercial thermal coal quality typical of Kalimantan thermal coal, including;

- Medium calorific value;
- Low ash and sulphur;
- Moderate moisture; and
- High fixed carbon levels.

Figure 1: Coal Outcrops at East Kutai



Source: Churchill Mining Plc

Exploration Programme and Resource Targets

Churchill is conducting an aggressive drilling programme to meet a number of key objectives now that the maiden resource estimate has been announced. The targets to be met before the end of 2008 have been increased and are;

- Extend the JORC compliant Resource to plus 500Mt;
- Define a 150Mt JORC compliant Reserve; and
- Conduct a feasibility on the mine and logistics to determine the viability of the project.

Figure 2: Location of the East Kutai Project in Indonesia

Source: Churchill Mining Plc

Early Off-take Interest

In June 2007, Churchill signed a Heads of Agreement with Indonesian power utility company PT Ridlatama Bangun Mandiri (PT RBM) to supply 840,000tpa at a 5% discount to the price prevailing at the time of sale for 30 years for two planned local power stations that the utility is building near the project, This agreement further confirms that the coal is of good marketable quality. PT RBM is also investigating the potential of building other (and larger) plants within Kalimantan. The Heads of Agreement will convert into a final purchase agreement once a minimum mining reserve has been defined but allows Churchill to market all of its coal to third parties should RBM not complete the power stations in time to coincide with the start of production at East Kutai.

Scoping Study and Project Development

The scoping study will determine the viability of the project, looking at mining, transport options, stock-piling and port options. The crucial factor, as with most thermal coal projects, is economic transportation to customer power stations. East Kutai is 100km from the Mahakam River, which is the main inland coal transport route and therefore a 117km haul road eastwards to the coast and port infrastructure may be the preferred transport option. This compares favourably with other mines being development in the area, which whilst closer to the Mahakam River, will mean additional costs for double handling and loading as the coal moves from mine to barge and then trans-shipment.

Assuming all of the results are positive, the Company could be in a position to approve the development of East Kutai by Q1 2009. With an expected construction time of 18-24 months, we estimate that East Kutai could be in production by mid to late 2010, ramping up to a potential initial rate of 7Mtpa.

Coal Markets

The agreed price for Asian thermal coal in 2007 was US$55.65/t and as recently as Q3 2007 analysts were still forecasting an average price range of US$59-70/t for 2008. Spot prices for thermal coal with specifications similar to that at East Kutai have now reached US$85/t. Although these high levels may not be sustainable, the market has moved to a new level which augers well for future price levels.

Other Projects

Churchill also holds the Sendawar Coal Bed Methane Project also located in Kalimantan. The 800km2 tenement area is thought to contain sufficient deep coal resources to be a viable Coal Bed Methane (CBM) proposition. A CBM Joint Evaluation Agreement licence was granted in September 2007 and a joint evaluation study will be completed in the first half of 2008. If positive, a Joint Operating Company will be formed with Churchill holding 70%.

Churchill holds 35.6% of the shares of ASX-listed Spitfire Resources Limited (ASX:SPI) which holds 80% of the 490km2 Woodie Woodie South Manganese Exploration Project located in the Pilbara region of Western Australia. The project is early-stage, having been subjected to geophysical surveys, but is close to the Woodie Woodie manganese mine which is operated by Consolidated Minerals Limited which has recently been taken over by Palmary Enterprises for A$1.3 billion.

Directors

David Quinlivan **Chairman**

David is a Mining Engineer with almost 30 years' experience in projects throughout the world. He is familiar with all aspects of resource development from grassroots exploration through to bankable feasibility studies and detailed mining programmes. He assisted the administrators with the operation and corporate reconstruction of Sons of Gwalia Limited and is CEO of Mt Gibson Iron Limited and a Non-Executive Director of Avoca Resources Limited.

Paul Mazak **Managing Director**

Paul is a business development specialist, responsible for leading and managing financial, investment, consulting and governmental teams across the globe. He has an in-depth knowledge of the mining business and has been involved in Indonesia for over 12 years. Paul was a Director of ASX-listed Majestic Resources NL between 2001 and 2003 and has been the Managing Director of Churchill since 2005, responsible for procurement of the Company's assets.

James Hamilton **Non-Executive Director**

James was formerly a financial journalist with a specialisation in the resources sector. He has travelled extensively, analysing a broad spectrum of projects and mineral commodities. He was editor of the leading sector periodicals, Australia's Mining Monthly and Resource Stocks, and was a founder of the news information service MiningNews.net. James was appointed joint Managing Director of Churchill in 2005 however, changed to Director to coincide with his appointment as Managing Director of Spitfire Resources Limited.

Faroek Basrewan **Non-Executive Director**

Faroek joined the board of Churchill in October 2007, as a specialist in dealing with the various levels of Indonesian central, provincial and local government. Faroek is a lawyer and has had a long and distinguished career in general mediation and dispute resolution, government and regulatory relations within Indonesia. He was Special Assistant to the first democratically elected Indonesian President, Abdul Rachman Wahid, and is currently Special Advisor and Special Assistant to Dr Alwi Shihab, the Indonesian President's Envoy to the Middle East.

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Hold A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.

Sell Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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