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## Churchill Mining provides update on East Kutai coal project

*Thursday, 05 Feb, 2009*

Churchill Mining PLC decided to update the market on its East Kutai coal project in Indonesia in response to enquiries from shareholders and analysts regarding the recent rally in the share price and other market speculation regarding financing.

It said it has moved from general discussions to formal confidentiality agreements and due diligence with three well financed international companies wishing to invest or enter a JV in a coal project the size of the EKCP.

A full due diligence process is being carried out by the three companies. A number of alternative haulage methods and routes to port are also being examined by each company to suit their needs.

While the due diligence exercises are progressing well, Churchill noted 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.

Recent adverse weather conditions and heavy rainfall in the Kalimantan area have delayed reserve drilling and laser surveying at the EKCP. Subject to the weather improving, Churchill expects to complete reserve drilling in the next six weeks.

Churchill said in a statement that “Not only does it 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 100 million tonnes management expectations.”

Churchill continues to examine the engineering design, costings and work on fast track and full production scenarios for the project.

It added that 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.

(Sourced from [www.proactiveinvestors.com](http://www.proactiveinvestors.com))

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