

Churchill Mining

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Churchill Mining climbs as Indonesia drops fraud claim

Churchill China (LON:CHL) shares almost doubled as the Indonesia government dropped its fraud claim in their legal battle over ownership of the East Kutai coal project. A number of documents were submitted by Indonesia to the arbitration hearing in the US, which Churchill said showed that it had received licence survey approval and that government witness statements were inaccurate in critical respects. As a result, Indonesia no longer alleges that the company participated in a scheme to defraud it and has accepted the Ridlatama Group, Churchill's former business partners, were the sole perpetrators of the alleged fraud. David Quinlivan, Churchill's chairman, added: "We are pleased that Indonesia is no longer alleging that Churchill participated in any scheme to defraud the State. "The result of the production of documents by Indonesia reinforces our view that there is no substance to the fraud and forgery allegations made by the Republic of Indonesia." He said he hopes that the arbitration hearing, which is being held at the International Centre for Settlement of Investment Disputes in Washington, can now move forward to the issue of its claim for damages. East Kutai is a huge deposit with an estimated 2.730bn tonnes of thermal coal and last year Churchill filed for US1.315bn from the Indonesian government for the expropriation of its rights over the mine. It followed an independent valuation of the project by experts FTI Consulting for Churchill and 100% subsidiary Planet Mining. The arbitration hearing next convenes on 3 July to deal with questions over the documents presented. The hearing on document authenticity is scheduled to start on 3 August. Shares in Churchill jumped 85% to 44.5p valuing it at £61mln.

Share Information

Code: CHL

Listing: AIM

Sector: General Mining - Coal

Website: www.churchillmining.com

Company Synopsis:

Churchill Mining Plc ("Churchill" or "the Company") listed on the Alternative Investment Market (AIM) of the London Stock Exchange in April 2005. Churchill's growth path accelerated following the discovery of a world-class thermal coal deposit in the East Kutai Regency of Kalimantan ("EKCP"), Indonesia following an intensive and targeted exploration program.

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