

27 October, 2008

CHURCHILL MINING PLC
("Churchill" or "the Company")

Churchill Mining Plc, (AIM:CHL) the Indonesia focussed mining company with a JORC resource of 1.4bn tonnes of thermal coal at its East Kutai Coal Project ("EKCP"), is pleased to announce its Annual Results for the year ending 30 June 2008.

CORPORATE & FINANCIAL HIGHLIGHTS

- Full year profit of £398,562 or 0.710 pence per Ordinary Share
- £10 million share placement completed to institutional investors, enabling the Company to accelerate its drilling programme at East Kutai.
- Successful divestment of an 80% interest in the South Woodie Woodie Manganese Project into a new Australian Securities Exchange (ASX) listed company, Spitfire Resources Ltd.

OPERATIONAL HIGHLIGHTS

East Kutai Coal Project (75%), Indonesia

- Initial 250Mt JORC-Code compliant thermal coal resource defined ahead of schedule, with an upgraded overall resource target of at least 500 million tonnes established.
- Continued success with in-fill drilling underpins upgraded coal reserve target of 150 million tonnes.
- New 33m thick coal seam intersected within the RTM block, highlighting the substantial exploration upside within the East Kutai tenements.
- Positive Scoping Study completed confirming potential to fast-track production with the first stage of production commencing at the end of 2009.
- Under this staged approach, production will commence at 2-3Mtpa while a larger scale 14-20Mtpa project is developed.
- Full Feasibility Study commences in conjunction with mine-pit drilling.
- Project financing and coal off-take and joint venture discussions underway with a number of parties.
- New 200km² strategic tenement block secured in an area immediately abutting the current drill area at East Kutai, with the potential to underpin and further significantly increase the overall exploration target.

POST YEAR END HIGHLIGHTS

East Kutai Coal Resource Reaches 1.4 billion tonnes

Subsequent to the 2008 reporting period, Churchill announced a significant increase in the JORC-Code compliant coal resource for the East Kutai Project in September 2008 to 1.412 billion tonnes – substantially larger than the Company's initial target of 500 million tonnes.

The updated resource comprises a Measured Resource of 118Mt (up from 44Mt), an Indicated Resource of 322Mt (up from 73Mt) and an Inferred Resource of 972Mt (up from 133Mt).

The near-term objective at East Kutai is to convert these resources into a Mining Reserve capable of sustaining a commercial mining operation, which is targeted for the end of 2009. The Company has a minimum coal reserve target of 150Mt and it is expected that ongoing drilling will enable Churchill to achieve, and eventually surpass this figure.

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Chairman's Report

I am pleased to present the Company's 2008 Annual Report and Financial Statements following another year of outstanding exploration success, resource development and project enhancement at our portfolio of coal and coal bed methane projects in Indonesia.

By far the most significant progress was achieved at our flagship East Kutai Coal Project (EKCP), located approximately 110km west of Sangatta in the province of East Kutai, Indonesia, which is rapidly emerging as a world-class coal asset.

After acquiring a 75% stake in the EKCP in 2007, Churchill made rapid progress during the year in the delineation of a very large, sub-bituminous thermal coal resource.

Such was our confidence in the scale of the EKCP discovery that, in November 2007, the Company completed a £10 million equity placement to institutional investors to fund a major exploration programme. The original objective of this campaign was to define approximately 100 million tonnes in reserves and 400 million tonnes in resources by the end of calendar 2008.

The capital raised was also earmarked to fund various mining and logistical scoping studies, assisting Churchill to confirm the project's optimum extraction, product transport and financial parameters, and to fund ongoing in-fill drilling.

The first JORC Code compliant resource for the EKCP was delivered in April 2008, significantly ahead of our original timetable. An initial resource comprising 250 million tonnes was calculated by our independent geological consultants, comprising a Measured Resource of 44 million tonnes, an Indicated Resource of 73 million tonnes and an Inferred Resource of 133 million tonnes.

Significantly, this exceeded our initial target of 100 million tonnes by 150%, with the resource displaying commercial quality characteristics rated as medium calorific values with low ash and sulphur content.

Subsequent to the 2008 reporting period, Churchill again announced a significant increase in the JORC-Code compliant coal resource at the EKCP. In September 2008 we lifted the resource to 1.412 billion tonnes substantially larger than the Company's initial target of 500 million tonnes.

Although this result was subsequent to the end of the Financial Year, it warrants inclusion in this report due to the massive size of the deposit – which also has significant upside, considering that only 20% of the coal target area has been drilled to date.

The latest updated resource comprises a Measured Resource of 118Mt (up from 44Mt), an Indicated Resource of 322Mt (up from 73Mt) and an Inferred Resource of 972Mt (up from 133Mt). The near-term objective at East Kutai is to convert these resources into a Mining Reserve capable of sustaining a commercial mining operation, which is targeted for the end of 2009.

With a field team comprising over 200 personnel in place, we are continuing intensive in-fill and extension drilling programmes at East Kutai.

During the year, the Company appointed Trans Tek Engineering to undertake a Scoping Study on the East Kutai Project. This was completed and delivered ahead of schedule in June, with very positive results.

The study concluded that the EKCP can be developed utilising a staged approach, with initial production commencing at 2-3Mtpa, approximately 12 months ahead of our original schedule, while infrastructure capable of handling a much larger 14-20Mtpa project is constructed over time.

The Scoping Study also detailed various alternatives for mine development, infrastructure and ore transportation, providing a strong foundation to initiate project financing discussions with a number of investment banks and potential joint venture partners specialising in the coal sector.

On the strength of these results, your Board made the decision to move immediately to a Full Feasibility Study on the project, in conjunction with ongoing drilling.

Churchill's second Indonesian project, the Sendawar Coal Bed Methane Project, is of significant strategic value to the Company given the rapidly increasing cost of energy inputs. The area sits in a coal basin with potential to host more than 5 trillion cubic feet (Tcf) of gas.

In September 2007 Churchill (70%), together with our joint venture partner, PT Ridlatama Mining Utama (30%), was granted a Coal Bed Methane Licence ("CBM Licence") for the project – the first of its kind to be granted by the Indonesian Government through direct appointment. No vendor payment was required by Churchill to acquire the licence.

The CBM Licence has given Churchill access to a substantial oil and gas database including seismic information and well details. This information is now being interpreted under a joint evaluation study.

The Company has initiated discussions regarding the CBM Project with a number of major international oil, gas and CBM companies for the provision of technical assistance, off-take agreements and possible financial assistance.

Given the increasing focus on our Indonesian coal and coal bed methane projects, we decided late last year to divest an 80% interest in the South Woodie Woodie Manganese Project in the Pilbara region of Western Australia to Spitfire Resources Limited ("Spitfire"). Spitfire successfully listed on the Australian Securities Exchange in December 2007 ("ASX") via an oversubscribed A\$6 million Initial Public Offering.

Churchill has retained a 35.64% interest in Spitfire as well as a 20% direct equity stake in the South Woodie Woodie Project, providing continued exposure to this asset at a particularly strong period in the manganese price cycle. Churchill will also be entitled to production royalties from the project should a mine be developed in the future.

The small profit for the 12 month period, £398,562 or 0.710 pence per Ordinary Share, was a result of normal operating expenditure offset by the gains realised by the successful divestment of the South Woodie Woodie project and fair value gains on listed options in Spitfire Resources Limited based on the closing price at 30 June. Churchill's overall financial position remains strong and the Company has the necessary cash resources, totalling £8.08 million at the end of June 2008, to conduct its exploration work at the East Kutai Coal project and progress the Sendawar CBM opportunity.

Summary & Outlook

In a year of extreme volatility on world financial and equity markets, I am pleased to report that Churchill has maintained its momentum and focus with the creation of shareholder wealth our number one priority.

The global demand for energy shows no signs of subsiding and with this in mind we see coal and coal bed methane as some of the best performing commodity classes in the foreseeable future. Given this outlook, we will continue to actively pursue our current projects in Indonesia, as well as actively assessing further opportunities within this sector.

Coal prices continued to strengthen during the reporting year, with spot prices at year end for Indonesian thermal coal similar to the specification of the East Kutai Project – selling at up to US\$85/tonne. With the current market financial volatility at the time of writing, the markets have seen offtake pricing on longer term contracts at between US\$60 to US\$70/tonne.

Subject to continued exploration success, we expect to be in a position to make a development decision at East Kutai in 2009 and believe this will pave the way for a substantial re-rating of Churchill as a near-term producing coal company.

I would like to take this opportunity to thank our Indonesian-based directors - Managing Director, Paul Mazak, and non-executive director, Faroek Basrewan, for their focused efforts throughout the year, especially in the rapid definition of such a large resource which has far exceeded our initial expectations.

James Hamilton moved to a non-executive position on the Churchill Board during the year in order to focus on his role as Managing Director of Spitfire Resources. Spitfire has made excellent progress in its first year as a listed company, delivering positive news from the South Woodie Woodie Manganese Project, securing a niche thermal coal project in Tasmania and attracting the Norwegian-based group Tinfos AS to its share register.

Finally, on behalf of the Board I would like to thank all of our shareholders for their continuing support. It is our strong belief that the outlook for Churchill has never been better since our listing in 2005, and we anticipate another landmark year ahead for the Company as we progress towards mine development and production.

David Quinlivan

Chairman

Managing Director's Report

OVERVIEW

Churchill Mining PLC ("Churchill") listed on the Alternative Investment Market (AIM) of the London Stock Exchange in April 2005 and is committed to growing shareholder value by become a leading minerals explorer and future miner at a time of accelerating commodities demand.

Churchill's business plan is to leverage off the strong growth in demand currently being experienced in China and India for commodities which are used as feedstock in the ever expanding energy industries.

The execution of this business plan was instigated with the acquisition of the Sendawar gas project, located in East Kalimantan, Indonesia, along with the purchase of a 75% interest in the East Kutai Coal Project (EKCP) from PT Techno Coal Utama Prima in 2007 – a high-quality thermal coal project which has now become the Company's key focus.

During the year, the decision was made to divest an 80% interest in the South Woodie Woodie Manganese project in Western Australia to Spitfire Resources Limited – a new company which successfully listed on the Australian Securities Exchange on 12 December 2007. This decision was made in the interests of repositioning the Company as a focused Indonesian coal exploration and production Company, while retaining a significant interest in the promising manganese tenements in Western Australia.

Churchill's management continues to assess further opportunities in southern Asia to acquire quality projects consistent with the Company's business plan.

EAST KUTAI COAL PROJECT

BACKGROUND

In May 2007, Churchill reached agreement to purchase a 75% interest in the East Kutai Coal Project from PT Techno Coal Utama. This followed on from an exclusivity agreement which was signed in March 2007 and subsequent due diligence carried out by Churchill.

The original East Kutai Coal Project (EKCP) area covered an area of approximately 575km², (made up of four blocks), situated 110 kilometres west from the main population centre of Sangatta.

In April this year, the Company acquired a 75% interest in an additional 200km² of coal tenements immediately abutting the western boundary of the EKCP, and in particular, adjacent to the current area of intensive drilling and resource calculation work being carried out by the Company. The newly extended East Kutai Coal Project now covers an area of approximately 775km².

YEAR IN REVIEW

The main focus of the year was intensive exploration and resource development to confirm the potential of the East Kutai Project as a discovery of medium calorific coal of world-class size.

Drilling initially commenced on 500 metre spaced centres to a depth of between 100 metres and 150 metres, rapidly defining a large north/west-south/east trending coal corridor.

Following the completion of the £10 million capital raising in November 2007, exploration was significantly accelerated with in-fill drilling commencing on 250 metre centres across a 10km by 4km high priority zone. A total programme comprising 65,000 metres of drilling was planned, with an initial objective of delineating 100 million tonnes in reserves and 400 million tonnes in resources by the end of 2008.

The new drilling programme was undertaken with a mix of open hole and core drilling, utilising three drilling rigs and 200 support personnel. The programme is being managed by Jakarta-based consultants PT GMT, led by ex-pat Australian, Brett Gunter.

INITIAL 250Mt JORC RESOURCE

In April 2008, Churchill released its first JORC Code compliant Mineral Resource statement for the East Kutai Project – significantly ahead of schedule.

The 250 million tonne JORC coal resource, which is set out below, exceeded the Company's initial target of 100 million tonnes by 150%:

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

Churchill's drilling programme and exploration data was modeled by SMG Consultants under the direction of Senior Geologist, Mr Stephen Barber.

The Company has contracted two ground survey teams to complete an additional topographical survey which will also work towards moving the Inferred and Indicated JORC resources of the current 250 Mt, into the Measured category and then into Mining Reserve after completion of Feasibility Studies.

As a result of the success of its ongoing drilling programmes, the Company upgraded its overall project initial coal reserve target by 50% from 100 million tonnes to 150 million tonnes, and established an overall resource target of 500 million tonnes by the end of 2008.

ONGOING EXPLORATION

Subsequent to the end of the Financial Year, continued drilling to the south, within the RTM block, intersected a very thick coal seam with the best intercept being 33.86 metres in thickness in drill hole RTM-098. This follows up previously reported seam intercepts of up to 25 metres in thickness in the same area.

The extent of this seam is yet to be defined, but remains open to the south. Further drilling will delineate the extensions of the seam in this area during the balance of the calendar year.

In addition, access into the main areas defined as the "reserve target area", (which includes the targeted first pit area), is close to being established. Heavy earth moving equipment is currently working to open access, which will allow rapid drill rig deployment into the target area.

Topographic surveys also continue into previously un-surveyed areas where drilling has been completed to allow accurate resource modeling of the seams.

At the time of writing, an updated JORC resource was completed by independent coal experts SMGC and a summary of the results released to the market. The update (released in September 2008) announced that the EKCP resource had grown dramatically to 1.412 billion tonnes.

The Company has deployed its three rigs to concentrate on an intensive drilling programme covering an area approximately 6km by 2km with the potential to form part of the project's first mine pit. The mine pit target drilling is in an area that includes part of the new strategic exploration tenure secured during the year. This phase of the drilling programme will also include the aerial survey of the resource area in order to convert the inferred resource to the measured category.

NEW STRATEGIC TENEMENTS SECURED

With the success of its resource development programme at the East Kutai Project, the Company moved to further increase its strategic position in the region by securing a 75% interest in an additional 200km² of tenements immediately abutting the western boundary of its existing tenure.

In April 2008, Churchill completed an agreement with the vendors, the Investmine Group of Indonesia, to secure this interest for an Indonesian Rupiah cash payment equivalent to US\$1.55 million and a possible future issue of 2 million Churchill shares. The shares to be issued should Churchill prove up a minimum JORC compliant Measured Resource of 100 million tonnes of coal. The vendor cash payment was paid from savings that Churchill has made on its original exploration budget at East Kutai, due to the consistency of the coal seams being drilled.

Following on from geological observations by the Company that the coal seams at East Kutai continued to the west, Churchill completed extensive technical and legal due diligence on the new area, including pilot drilling to confirm the continuity of the coal seams into the new tenements.

Interpretation of the coal seams currently being drilled in the coal resource target area clearly show them crossing the western boundary of the block with the lower coal package moving closer to the surface to the west, in particular the number 14 seam, which is consistent in thickness.

Due diligence drilling in the new area has confirmed this geological interpretation with IR-001 intersecting coal between 12.43-20.06 metres (at a depth of 7.63 metres) and IR-002 between 17.85-25.90 metres (at a depth of 8.05 metres).

Moreover, there is an indication from the current drilling that additional seams may also occur beneath the number 14 seam and that these should extend into the new concession area and come closer to the surface in the west. As these coal seams are merely extensions to the known coal seams, the quality of the coal is expected to be the same as that presently being drilled.

The addition of the new tenements has the potential over time to substantially increase Churchill's overall resource target at East Kutai.

EAST KUTAI PROJECT SCOPING STUDY

During the year, Churchill appointed the Australian-Canadian owned Trans-Tek Engineering, to undertake a broadly-based Scoping Study of the East Kutai Project, considering all aspects of possible mining facilities, transportation infrastructure to port, ship-loading and port facilities.

The Scoping Study was completed in June, ahead of schedule, and with very positive results, paving the way for the immediate commencement of a Full Feasibility Study. Importantly, the Scoping Study concluded that the development schedule for the East Kutai Project can be brought forward by 12 months to the end of 2009 through a staged approach.

The study detailed various alternatives for mine development, crushing and stockpiling at site, transporting the coal from site to port and the port facilities and port location.

After taking into consideration the likely long-term price rise in diesel and other costs associated with the total road haulage option, the Scoping Study concluded that a combination of haulage road and conveyor is the most profitable means for the final transportation system from mine to port.

Following on from the Scoping Study, the Company has entered into commercial discussions and negotiations with several international engineering companies for final infrastructure design, pricing and construction project management.

PRODUCTION TIMELINE

Following the early completion of the Scoping Study for the EKCP, the Company is currently undertaking a Feasibility Study which will target first stage production at East Kutai towards the end of 2009. This is approximately 12 months ahead of the previously planned start date and represents a substantial cash flow opportunity for the Company.

Under this staged development scenario, production would commence at 2-3Mtpa in late 2009, generating early cash flow while the full infrastructure capable of handling up to 14-20Mtpa of production is constructed over time.

PROJECT FINANCING

In November 2007, Churchill completed a £10 million equity placement to institutional investors to fund a 65,000m drilling programme.

Subsequent to this, and based upon the results of the Scoping Study (and subject to confirmation of the mining reserve, final mine design, detailed engineering and pricing) Churchill is in a strong position to secure funding for the upcoming development of the project.

Detailed discussions regarding project funding have commenced with a number of investment banks and potential joint venture partners specialising in the coal sector. In addition to this, negotiations with a number of parties regarding additional coal off-take agreements have also commenced.

Given the commercial sensitivities surrounding these negotiations, the Company is not in a position to go into a detailed account of the projected costs and profits from the Scoping Study at this time.

INFRASTRUCTURE & PERSONNEL

All exploration camps and facilities are in place and the Company now has a field team of over 200 personnel including 12 geologists, drilling contractor staff, community liaison and local development officers, logistical support and locally sourced non-skilled personnel working on the project.

Churchill also moved to expand its technical competence by appointing John Clayton as Technical Director for East the Kutai Coal Project. Highly experienced with 38 years in the mining industry Mr Clayton was previously Project Manager on the Banpu Coal Port Expansion at Bontang in Indonesia and Project Manager at PT Suprabari Minerals, where he set up the expansion phase and development of a new coal mine in Central Kalimantan.

SENDAWAR COAL BED METHANE PROJECT

BACKGROUND

The Sendawar Coal Bed Methane project in East Kalimantan, Indonesia was acquired by Churchill in April 2006 after several months of due diligence, and was Churchill's first coal target.

The tenement area is located in the established coal production region of East Kalimantan now thought to contain sufficient deep resources to be a Coal Bed Methane (CBM) proposition.

In September 2007, Churchill (70%) was granted a Coal Bed Methane licence ("CBM Licence") for the project along with joint venture partner PT Ridlatama Mining Utama (30%) – the first of its kind to be granted by the Indonesian Government through direct appointment.

The CBM licence has given Churchill access to a substantial oil and gas database including seismic information and well details. This information is now being interpreted under a joint evaluation study.

PROJECT UPDATE

At the time of writing, Indonesia's CBM regulations have not yet been completed or issued and Churchill will only be in a position to commit to signing a PSC, subject to completion of technical due diligence, once the new regulations have been formalised and considered workable by Churchill.

To that end, Churchill, along with the major national and international energy companies targeting CBM in Indonesia, is a founding member of the Indonesian Association for Unconventional Gas and Oil (AUGI).

AUGI has recently been recognised by BPmigas, the Indonesian Government authority responsible for the CBM regulations, as the only industry body permitted an input into the drafting of the CBM regulations.

SOUTH WOODIE WOODIE MANGANESE PROJECT

BACKGROUND

The South Woodie Woodie Project area is located in the highly prospective East Pilbara Manganese Province in Western Australia, about 1,200 km north-east of Perth and some 50km south of the Woodie Woodie manganese mining centre.

Although manganese was first discovered in the Project Area at Enacheddong Creek in 1977, there was no systematic exploration of the area until Churchill (through its subsidiary Planet Mining Limited) acquired the rights to 80% of the property in 2004 and subsequently 100% in 2005.

Since that time, Churchill has undertaken various exploration programmes aimed at identifying new targets for manganese mineralisation.

DIVESTMENT TO SPITFIRE RESOURCES

Given Churchill's increasing focus on its Indonesian coal and coal bed methane projects, the Company decided to divest its 80% interest in the project to Australian company Spitfire Resources Limited ("Spitfire"). Spitfire has the option to purchase the remaining equity in the project for AUD\$3 million after spending AUD\$1.5 million on exploration.

Spitfire successfully listed on the Australian Securities Exchange ("ASX") via a A\$6 million Initial Public Offering (IPO) in December 2007. The transaction allows Churchill to focus purely on its East Kutai and Sendawar Projects in Indonesia while retaining a substantial stake in Spitfire

The consideration to Churchill for the acquisition of the 80% interest in the South Woodie Woodie Project was 25 million new ordinary shares in Spitfire, making Churchill Spitfire's largest shareholder currently with a 35.64% shareholding.

Churchill will also be entitled to retain a manganese production royalty should a mine be developed. The production royalty is price indexed so as to ensure Churchill retains substantial leverage to any future mining cash flow.

In March 2008, Spitfire announced that it had secured the strategic support of the diversified Norwegian-based industrial, trading and metals & alloys group, Tinfos AS, as its new major shareholder via a share placement.

CORPORATE

FINANCIAL SUMMARY

The profit for the year was £398,562 (2007: loss £1,108,467). The operating profit for the year was a result of normal operating expenditure offset by the gains realised by the successful divestment of the South Woodie Woodie project and the fair value of listed options in Spitfire Resources Limited based on the closing price at 30 June 2008. The balance of operating expenditure is in line with the Company's stage of development as an explorer and the company continues to seek to minimise administration expenditure where possible.

During the year the company committed approximately £2.4 million to exploration and evaluation expenditure including US\$1.55 million for the acquisition of a 75% indirect interest in an additional 200km² of coal tenements immediately abutting the western boundary of the EKCP. The acquisition of the 75% interest also requires a contingent future issue of 2 million Churchill shares should Churchill prove up a minimum 100Mt JORC compliant measured coal resource on these new tenements.

Churchill's overall financial position remains strong and the Company has the necessary cash resources, totalling £8.08 million at the end of June 2008, to conduct its exploration work at the East Kutai Coal project and progress the Sendawar CBM opportunity.

During the year the company completed a £10 million share placement which will allow the company to accelerate its drilling programme at the East Kutai Coal Project and begin mining scoping studies.

In summary Churchill remains committed to its core value of creating shareholder wealth. Given Churchill's commodity mix, the almost unprecedented current global demand for coal, and the significant amounts of exploration dollars due to be expensed at its direct and indirectly owned projects, the outlook for Churchill has never been better since listing in 2005.

Paul G Mazak
Managing Director
Churchill Mining Plc

**Consolidated Income Statement
For the year ended 30 June, 2008**

	2008 £	2007 £
Continuing operations		
Revenue	-	-
Cost of Sales	-	-
Gross profit/(Loss)	-	-
Other Administrative expenses	(1,297,843)	(838,717)
Impairment of exploration costs	(453,851)	(234,813)
Total administrative expenses	(1,751,694)	(1,073,530)
Loss from operations	(1,751,694)	(1,073,530)
Fair value gain on investments	421,837	-
Finance income	257,526	142,035
Finance expenses	(2,156)	(943)
Deemed profit on disposal of associate	31,370	-
Share of operating loss of associate	(104,121)	-
Loss on ordinary activities before taxation	(1,147,238)	(932,438)
Income tax expense	-	-
Loss on ordinary activities after taxation from continuing operations	(1,147,238)	(932,438)
Profit /(Loss) from discontinued operations	1,545,800	(176,029)
Profit/(Loss) for the period attributable to equity shareholders of the parent	398,562	(1,108,467)
Profit/(Loss) per share		
Basic profit/(loss) per share (Pence)	0.710	(2.486)
Diluted profit/(loss) per share (Pence)	0.623	(2.486)
Loss per share - Continuing Operations		
Basic loss per share (Pence)	(2.044)	(2.092)
Diluted loss per share (Pence)	(2.044)	(2.092)

**Balance Sheet
As at 30 June 2008**

	Consolidated		Company	
	2008 £	2007 £	2008 £	2007 £
ASSETS				
Current assets				
Cash and cash equivalents	8,088,225	2,415,189	7,823,312	1,859,649
Trade and other receivables	289,358	195,895	39,254	2,594,663
Total current assets	8,377,583	2,611,084	7,862,566	4,454,312
Non-current assets				
Property, plant and equipment	120,569	49,550	37,804	-
Intangible assets	6,802,433	5,336,317	110,055	110,055
Other financial assets	462,013	-	-	-
Investment in subsidiaries	-	-	9,515,718	2,946,301
Investments in associates	2,106,355	-	-	-
Total non-current assets	9,491,370	5,385,867	9,663,577	3,056,356
TOTAL ASSETS	17,868,953	7,996,951	17,526,143	7,510,668
LIABILITIES				
Current Liabilities				
Trade and other payables	257,116	518,918	107,144	51,427
Loans and borrowings	7,299	6,366	-	-
Total current liabilities	264,415	525,284	107,144	51,427
Non-current liabilities				
Loans and borrowings	4,686	12,426	-	-
Total non-current liabilities	4,686	12,426	-	-
TOTAL LIABILITIES	269,101	537,710	107,144	51,427
NET ASSETS	17,599,852	7,459,241	17,418,999	7,459,241
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	660,118	445,800	660,118	445,800
Share premium reserve	15,301,048	6,200,382	15,301,048	6,200,382
Merger reserve	3,425,000	3,425,000	3,425,000	3,425,000
Other reserves	1,156,500	729,435	1,029,917	761,033
Retained losses	(2,942,814)	(3,341,376)	(2,997,084)	(3,372,974)
TOTAL EQUITY	17,599,852	7,459,241	17,418,999	7,459,241

Cash Flow Statement
For the year ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		£	£	£	£
Cash flows from operating activities	22	(1,325,600)	(923,853)	(865,144)	(279,911)
Interest paid		(2,156)	(943)	-	-
Net cash flows from operating activities		(1,327,756)	(924,796)	(865,144)	(279,911)
Cash flows from investing activities					
Finance Income		269,425	182,324	257,029	161,749
Payments for exploration assets		(1,170,598)	(125,389)	-	-
Payments for exploration and evaluation		(1,470,749)	(1,717,526)	-	(106,880)
Payments for investment in subsidiaries		-	-	-	(595,379)
Acquisition of property, plant and equipment		(49,130)	(42,278)	(3,777)	-
Acquisitions of options in associate		(40,175)	-	-	-
Advances to subsidiaries		-	-	(2,893,271)	(2,197,589)
Cash flows from investing activities		(2,461,227)	(1,702,869)	(2,640,019)	(2,738,099)
Cash flows from financing activities					
Proceeds from issue of share capital		10,213,150	-	10,213,150	-
Share issue expenses paid		(690,666)	(150,000)	(690,666)	(150,000)
Proceeds from borrowings		933	18,792	-	-
Repayments of borrowings		(7,740)	-	-	-
Cash flows from / (used in) financing activities		9,515,677	(131,208)	9,522,484	(150,000)
Net increase/(decrease) in cash and cash equivalents		5,726,694	(2,758,873)	6,017,321	(3,168,010)
Cash and cash equivalents at beginning of year		2,415,189	5,229,499	1,859,649	5,083,096
Effect of foreign exchange rate differences		(53,658)	(55,437)	(53,658)	(55,437)
Cash and cash equivalents at 30 June 2008		8,088,225	2,415,189	7,823,312	1,859,649

**Notes to the Financial Statements
For the year ended 30 June 2008**

NOTE: EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2008 £	2007 £
Continuing operations	(1,147,238)	(932,438)
Discontinued operations	1,545,800	(176,029)
Loss attributable to ordinary shareholders	398,562	(1,108,467)
	Number	Number
Weighted average number of shares used in the calculation of basic loss per share	56,118,847	44,580,000
Weighted average number of shares used in the calculation of diluted loss per share	63,950,902	44,580,000
	pence	pence
Total earnings/(loss) per share		
Basic earnings /(loss) per share	0.710	(2.486)
Diluted earnings/ (loss) per share	0.623	(2.486)
Loss per share - continuing operations		
Basic loss per share	(2.044)	(2.092)
Diluted loss per share	(2.044)	(2.092)
<p>For continuing operations the effect of all potential ordinary shares arising from the exercise of options going forward is considered to be anti-dilutive. 12,702,447 (2007:13,864,200) potential ordinary shares have been excluded from the above calculation as they are anti-dilutive.</p>		

NOTE: INVESTMENTS IN ASSOCIATES

The following entity meets the definition of an associate and has been equity accounted in the consolidated financial statements. As at 1 July 2007 the Group controlled 100% of the issued capital of Spitfire Resources Limited ("Spitfire"). During the period the Group's investment in Spitfire was diluted to 40.98% and then 35.64% by additional equity issues by Spitfire.

Name	Country of incorporation	Reporting Date	Proportion of voting rights held at 30 June 2008
Spitfire Resources Limited	Australia	30 June 2008	35.64%

	2008
	£
Balance at beginning of year	-
Initial investment / consideration received	2,184,706
Deemed profit on disposal of associate	31,370
Share of loss of associate	(104,121)
Effect of movement in exchange rates	(5,600)
Total carrying value	2,106,355

Spitfire Resources Limited (“Spitfire”) shares are listed on the Australian Securities Exchange (“ASX”) and are classified as a listed investment. The fair value of the investment using the closing prices at 30 June 2008 was £2,711,814.

The ordinary shares held in Spitfire are held under a lock-in (escrow) agreement until 12th December 2009.

The share of associates loss recognised during the period is £104,121.

Summary of audited financial statements of associates at 30 June 2008 and converted from AUD to GBP at the closing rate are as follows:

	2008
	£
Total assets	6,201,387
Total liabilities	178,874
Equity	6,022,514
Revenues	125,263
Loss	(372,455)

NOTE : TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2008	2007	2008	2007
	£	£	£	£
Current				
Trade receivables	1,578	54,350	-	3,838
Prepayments and other receivables	287,780	141,545	39,254	28,368
Intercompany loans	-	-	-	2,562,457
	289,358	195,895	39,254	2,594,663

NOTE: INTANGIBLE ASSETS

	Consolidated		Company	
	2008	2007	2008	2007
	£	£	£	£
Exploration and evaluation assets				
Capitalised exploration expenditure:				
Balance at start of year	1,707,667	204,426	-	17,777
Additions	1,565,621	1,738,054	-	106,879
Impairment of exploration costs	(453,851)	(234,813)	-	-
Discontinued operations	(320,727)	-	-	-
Transfer to subsidiary	-	-	-	(124,656)
Balance at end of year	2,498,710	1,707,667	-	-
Exploration and evaluation assets				
Cost:				
Balance at start of year	3,628,384	3,124,758	110,055	201,055
Additions	796,350	503,626	-	-
Discontinued operations	(121,277)	-	-	-
Transfer to subsidiary	-	-	-	(91,000)
Balance at end of year	4,303,457	3,628,384	110,055	110,055
Goodwill				
Cost:				
Balance at start and end of year	266	266	-	-
Total				
Cost:				
Balance at start of year	5,336,317	3,329,450	110,055	218,832
Additions	2,361,971	2,241,680	-	106,879
Impairment of exploration costs	(453,851)	(234,813)	-	-
Discontinued operations	(442,004)	-	-	-
Transfer to subsidiary	-	-	-	(215,656)
Balance at end of year	6,802,433	5,336,317	110,055	110,055

During the period the Group identified expenditure of £453,851 in relation to the Sendawar CBM project that was impaired during the period in accordance with the Group Accounting policy for Exploration and Evaluation Assets. This amount is included in the income statement. This amount arose due to management assessment and evaluation of the exploration program and costs incurred in relation to the licence area and the attributed value to the CBM project. The Directors believe the carrying amount of the CBM project does not exceed its estimated recoverable value.

Exploration and Evaluation Expenditure Consolidated 2008	Assets	Liabilities	Income	Expense	Operating cash flows	Investing cash flows
	£	£	£	£	£	£
South Woodie Woodie Project	119,008	-	-	-	-	(120,747)
Sendawar Project	3,655,544	-	-	(453,851)	-	(504,015)
East Kutai Project	3,027,615	126,023	-	-	-	(2,016,585)
Goodwill	266	-	-	-	-	-
	6,802,433	126,023	-	(453,851)	-	(2,641,347)

Exploration and Evaluation Expenditure Consolidated 2007	Assets	Liabilities	Income	Expense	Operating cash flows	Investing cash flows
	£	£	£	£	£	£
South Woodie Woodie Project	471,458	30,121	-	-	-	(176,608)
Sendawar Project	3,605,379	1,276	-	(234,813)	-	(802,285)
East Kutai Project	1,259,214	354,358	-	-	-	(864,022)
Goodwill	266	-	-	-	-	-
	5,336,317	385,755	-	(234,813)	-	(1,842,915)

The value of the Company's interest in exploration and evaluation expenditure is dependent upon:

- The continuance of the Company's rights to tenure of the areas of interest;
- The results of possible future exploration; and
- The recovery of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

NOTE: TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2008	2007	2008	2007
	£	£	£	£
Current				
Trade payables	234,372	117,567	88,144	51,427
Accruals and other payables	22,744	401,351	19,000	-
	257,116	518,918	107,144	51,427

NOTE: COMMITMENTS

	Consolidated		Company	
	2008	2007	2008	2007
	£	£	£	£
Operating lease commitments				
The total future aggregate minimum lease payments commitments under non-cancellable operating leases:				
Within one year	34,773	13,683	25,407	-
Within two to five years	54,161	-	48,697	-
	88,934	13,683	74,104	-
The above amount relates to a property lease for:				
<ul style="list-style-type: none"> - Suite 1, 346 Barker Road, Subiaco which is a non-cancellable lease with a 36 month term expiring on 31 May 2011 with rent payable monthly in advance. - Wisma Kosgoro Building, Jakarta which is a non-cancellable lease with a 24 month term expiring on 31 January 2010 with rent payable monthly in advance. 				
Finance lease commitments				
The minimum lease repayments on the finance lease are as follows:				
Within one year	8,524	6,602	-	-
Within two to five years	4,896	16,535	-	-
	13,420	23,137	-	-
Finance charges	1,435	4,345	-	-
Net obligations	11,985	18,792	-	-
The liabilities incurred as a result of the lease vehicles from PT Dipo Star Finance Tbk are secured by the related leased assets.				
Consultant compensation commitments				
Key management personnel				
Commitments under non-cancellable consulting contracts not provided for in the financial statements and payable:				
Within one year	407,316	55,002	407,316	55,002
Within two to five years	610,974	-	610,974	-
	1,018,290	55,002	1,018,290	55,002

NOTE: NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Company	
	2008	2007	2008	2007
	£	£	£	£
Reconciliation of profit/(loss) on ordinary activities after tax to cash from operating activities				
Profit/(Loss) on ordinary activities after tax	398,562	(1,108,467)	375,891	(1,539,476)
Share option expense	61,384	216,000	58,414	216,000
Depreciation expense	13,784	8,584	608	-
Impairment expense	453,851	234,813	(1,113,689)	1,113,689
Net exchange differences	68,069	55,437	68,069	55,437
Gain on disposal of subsidiary	(1,682,836)	-	-	-
Fair value gains on financial assets	(421,838)	-	-	-
Deemed profit on disposal of associate	(31,370)	-	-	-
Interest revenue in investing activities	(269,425)	(182,324)	(257,029)	(161,749)
Share of associate loss	104,121	-	-	-
Decrease/(Increase) in accounts receivable	(96,293)	(127,714)	(9,878)	10,070
Increase/(decrease) in creditors and accruals	76,391	(20,182)	12,470	26,118
Cash flow from operating activities	(1,325,600)	(923,853)	(865,144)	(279,911)
Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:				
Cash and cash equivalents	8,088,225	2,415,189	7,823,312	1,859,649

NOTE: CONTINGENT LIABILITIES

During April 2008 PT Indonesia Coal Development acquired two new licenses as an extension to the East Kutai coal project. As part of the purchase price the parent Churchill Mining Plc is obliged to issue 2 million shares in Churchill Mining Plc to the vendors of the project upon the delineation of a minimum JORC compliant resource of 100 Million Tonnes of measured coal resource in the newly acquired extension licences.

As at the date of this report the company has not yet reached the 100Mt measured resources in the newly acquired extension licenses and the share issue by Churchill has not yet occurred. Should the company reach the target and assuming a Churchill share price at 30 June 2008 of 65p or USD \$1.29 then the value of the share issue by the parent would have been approximately USD2,592,740. No amount has been recognised in these financial statements during the period.

NOTE: POST BALANCE SHEET EVENTS

On the 4th July 2008 the Company issued 200,000 shares at an issue price of 12p, 200,000 shares at an issue price of 20p and 100,000 shares at an issue price of 35p, pursuant to the exercise of share options.

On the 8th August 2008 the Company issued 690,914 shares at an issue price of 35p pursuant to the exercise of share options.

On the 5th September 2008 the Company announced it has now defined 1.412 billion tonnes of JORC compliant resource, in various categories, in the original exploration concessions at the East Kutai Coal Project ("EKCP").

Since 30 June, the world markets have been extremely volatile resulting in the fair value of the Group's financial assets and investment in associates (Spitfire Resources Limited) at the date of this report reducing by approximately £1,320,000.

NOTE: DIVIDEND

The Directors do not recommend the payment of a dividend.

ENDS.