



CHURCHILL MINING PLC

Incorporated in England and Wales with Registered Number 5275606

Interim Report

*For the Period
1st July 2009 to 31st December 2009*

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CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present Churchill Mining Plc's ("Churchill" or the "Company") Half Year Report for the six months ended 31 December 2009 as development of our world-class East Kutai Coal Project ("EKCP") in Indonesia continues to gather momentum. The six months have seen us make a number of key steps forward in terms of progressing EKCP and creating value for our shareholders, most notably through the delivery of a mining reserve of nearly one billion tonnes, with potential to expand this further.

EKCP is a world-class opportunity and since acquiring a 75% interest in the project in 2007, we have been actively defining a large-scale sub-bituminous thermal coal resource which we believe will be extremely attractive to end-users of thermal coal, particularly in India and China.

Key achievements during the reporting period included the definition of the Company's maiden in-situ mining Reserve of just under one billion tonnes of thermal coal and significant work completed on a Feasibility Study into the development of what we expect will be a large-scale and profitable coal mining operation in one of the world's key emerging coal provinces.

The re-classification of a large portion of our resource base has been a high priority for the Company and to this end, in-fill drilling and data analysis underpinned an upgrade of 1.33 billion tonnes of the previously defined 3.18 billion tonnes global coal resource in August 2009 into the JORC categories of Measured and Indicated.

A JORC Reserve Report was subsequently completed in October 2009 by independent coal geology and mining specialists, SMG Consultants, resulting in the definition of an initial JORC probable In-situ Reserve of 956 million tonnes of thermal coal. This was a significant achievement for the Company, as we look to leverage off the strong platform we have built through increasing confidence in the resource base at EKCP, providing us with a strengthened position from which to assess and negotiate strategic opportunities.

In addition to this, work continued on the Feasibility Study on EKCP which has identified the potential to exploit the project's thermal coal reserves at an estimated annual production rate of 20 million tonnes per annum.

Initial results from the EKCP Feasibility Study have been very encouraging and we look forward to announcing the associated results of our economic modeling. We expect to complete the feasibility review process in the second quarter of 2010 at which time the Company will make a detailed assessment on project economics and development requirements.

In the meantime, we will continue to create value by advancing the project and putting the project's infrastructure items (mine stockyard, overland conveyor, port/shiploader and power station) out to tender. To date, the bids received have been well under predicted costs due to the resurgence in global manufacturing and engineering capabilities following the global financial crisis.

Churchill is still evaluating how best to generate value for Shareholders. Our options include the sale of the project or Company, the development of EKCP with a joint venture partner, or the financing and implementation of the EKCP by Churchill itself. The project construction work at EKCP is expected to take approximately two years to complete. With this timeframe in mind, we have commenced the application process for necessary licences and permits with the relevant Central, Provincial and Regional Indonesian Governments and will be working diligently with these agencies to ensure that approvals are progressed as rapidly as possible.

We have also completed work on the optimisation of pit shapes and the mining sequence. Furthermore there is work in progress on evaluating a transport corridor route and the site for a port terminal, with further site test work, including a trial pit, currently in the pipeline.

Churchill continues to assess marketing and off-take possibilities for EKCP coal, with Company representatives recently visiting 17 companies on India's East Coast to discuss the project and potential off-take agreements. This trip was very successful with Churchill representatives highly encouraged by the growth profile of future Indian coal demand. It was established, during the trip, that India will need a minimum of 100 million tonnes per annum of new EKCP-styled coal to meet expected future energy needs, highlighting the growing demand for coal in the region.

CHAIRMAN'S STATEMENT

At our Sendawar Coal Bed Methane Project in East Kalimantan, we continue to evaluate development options including Joint Venture discussions with a number of interested parties. While the development of the EKCP is our key focus of attention, we will continue to assess options to add value and diversification to Churchill through Sendawar.

In a strategic move to complement the Company's fast track development and production strategy, Churchill announced the appointment of Pala Investments AG as a strategic advisor in December 2009. Pala has been mandated with the task of increasing Churchill's operational and capital-raising flexibility, and we are confident that its team of professional mining and financial experts will be able to play a key role in obtaining the necessary funding for the future work program and unlocking shareholder value as we move into the development phase.

Financial Review

In line with our expectations as a mining company in the pre-production phase, the loss for the half year was US\$3.0 million or 3.91c per ordinary share (Dec 2008: US\$13.8 million or 20.61c per share). Administrative expenses were US\$1.8 million (Dec 2008: US\$2.1 million). During the half year the Company committed approximately US\$4.6 million to exploration and evaluation expenditure, mainly at the flagship East Kutai Coal Project.

Financial Position

The Group's balance sheet as at 31 December 2009 and comparatives at 31 December 2008 are summarised below:

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Non-current assets	23,038	13,076
Current assets	5,470	8,494
Total assets	28,508	21,570
Current liabilities	699	375
Non-current liabilities	41	8
Total liabilities	740	383
Net assets	27,768	21,187

Non-current assets moved significantly due to the capitalised exploration expenditure at the East Kutai Coal Project. The reduction in current assets resulted from the cash invested into exploration and evaluation expenditure and administrative overheads.

During the half year, we worked diligently on getting our tenement status upgraded in line with new mining laws in Indonesia. As an extension of this process, we are in the process of a corporate restructure in Indonesia that will allow a direct equity interest in the tenements. This will ensure a simpler and more transparent ownership regime and will add to the tenements marketability should we wish to go down this path.

The strategic location of our flagship project – especially in relation to rapidly growing Asian coal markets – combined with the steady progress that has been made technically, has put us in a very strong position in the lead-up to production. On behalf of the Board I would like thank you, our Shareholders, for your continued support and I look forward to the next phase of our development as we move closer to realising our core objective of becoming an international coal producer.



David F Quinlivan
Chairman

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 which comprises the unaudited Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Shareholders Equity and Condensed Consolidated Statement of Cash Flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

*BDO LLP
Chartered Accountants and Registered Auditors
London
26th March 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING
31 DECEMBER 2009**

	Note	6 months to 31 Dec 2009 Unaudited \$'000	6 months to 31 Dec 2008 Unaudited \$'000	Year ended 30 June 2009 Audited \$'000
Continuing Operations				
Revenue		-	-	-
Cost of Sales		-	-	-
Gross Profit /(Loss)		-	-	-
Other operating income		-	72	-
Other administrative expenses		(1,897)	(2,178)	(3,544)
Impairment of exploration assets		-	(5,715)	(5,715)
Total administrative expenses		(1,897)	(7,893)	(9,259)
Loss from operations		(1,897)	(7,821)	(9,259)
Finance income		33	246	260
Finance expenses – interest		(1)	(1)	(2)
Finance expenses – foreign exchange losses		(20)	(3,348)	(3,534)
Total finance expenses		(21)	(3,349)	(3,536)
Fair value loss on options held in associate		(87)	-	(624)
Fair value impairment on investments in associate		(916)	(2,649)	(491)
Deemed loss on disposal of associate		(25)	(101)	(111)
Share of operating loss of associate		(146)	(147)	(329)
Loss before taxation		(3,059)	(13,821)	(14,090)
Income tax expense	4	-	-	-
Loss for the period attributable to equity shareholders of the parent		(3,059)	(13,821)	(14,090)
Other comprehensive income: Foreign exchange differences on translating foreign operations		290	(1,125)	(919)
Other comprehensive income for the period		290	(1,125)	(919)
Total comprehensive income for the period attributable to equity shareholders of the parent		(2,769)	(14,946)	(15,009)
Loss per share				
(Loss) per Share (cents)				
Basic and diluted	2	(3.91c)	(20.61c)	(20.76c)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	6 months to 31 Dec 2009 Unaudited \$'000	6 months to 31 Dec 2008 Unaudited \$'000	Year ended 30 June 2009 Audited \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5,330	8,325	10,903
Trade and other receivables	140	169	172
Total current assets	5,470	8,494	11,075
Non-current assets			
Property, Plant and Equipment	236	236	224
Other receivables	1,076	507	805
Intangible assets	20,030	11,210	15,422
Other financial assets	22	87	101
Investments in associates	1,674	1,036	2,515
Total non-current assets	23,038	13,076	19,067
TOTAL ASSETS	28,508	21,570	30,142
LIABILITIES			
Current Liabilities			
Trade and other payables	698	369	581
Loans and Borrowings	1	6	8
Total current liabilities	699	375	589
Non-current Liabilities			
Provisions	41	-	27
Borrowings	-	8	-
Total non-current liabilities	41	8	27
TOTAL LIABILITIES	740	383	616
NET ASSETS	27,768	21,187	29,526
CAPITAL & RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share Capital	1,558	1,339	1,507
Share premium reserve	39,804	31,153	39,147
Merger reserve	6,828	6,828	6,828
Other reserves	2,593	1,554	2,000
Retained Losses	(23,015)	(19,687)	(19,956)
TOTAL EQUITY	27,768	21,187	29,526

In the December 2008 comparative information, a VAT receivable of \$506,631, which was previously included under current trade and other receivables, has been reclassified in the current financial statements as a non current receivable. The reclassification is as a result of a change in the expected recovery period of the VAT receivable to being greater than one year from the balance sheet date. The comparatives have therefore been adjusted for comparability.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDING 31 DECEMBER 2009

Consolidated	Share Capital	Share Premium Reserve	Merger Reserve	Retained Losses	Other Reserves		Total Equity
					Foreign exchange	Equity settled share options	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in equity for period to 31 December 2008							
Balance at 1 July 2008	1,315	30,503	6,828	(5,866)	252	2,053	35,085
Total comprehensive income for the period	-	-	-	(13,821)	(1,125)	-	(14,946)
Recognition of share based payments	-	-	-	-	-	374	374
Issue of shares	24	650	-	-	-	-	674
Balance at 31 December 2008	1,339	31,153	6,828	(19,687)	(873)	2,427	21,187
Changes in equity for period to 31 December 2009							
Balance at 1 July 2009	1,507	39,147	6,828	(19,956)	(667)	2,667	29,526
Total comprehensive income for the period	-	-	-	(3,059)	290	-	(2,769)
Recognition of share based payments	-	-	-	-	-	303	303
Issue of shares	51	657	-	-	-	-	708
Balance at 31 December 2009	1,558	39,804	6,828	(23,015)	(377)	2,970	27,768

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDING 31 DECEMBER 2009

		6 months to 31 Dec 2009 Unaudited \$'000	6 months to 31 Dec 2008 Unaudited \$'000	Year ended 30 June 2009 Audited \$'000
Cash flows from operating activities	3	(1,559)	(1,994)	(3,471)
Interest paid		(1)	(1)	(2)
Net cash flows from operating activities		(1,560)	(1,995)	(3,473)
Cash flows from investing activities				
Finance Income		9	258	281
Payments for property, plant & equipment		(64)	(50)	(108)
Payments for exploration and evaluation		(4,681)	(3,362)	(7,306)
Cash flows from investing activities		(4,736)	(3,154)	(7,133)
Cash flows from financing activities				
Proceeds from issue of share capital		708	674	9,006
Share issue expenses paid		-	-	(171)
Repayments of borrowings		(7)	(10)	(15)
Cash flows from financing activities		701	664	8,820
Net decrease in cash and cash equivalents		(5,595)	(4,485)	(1,786)
Cash and cash equivalents at start of the period/year		10,903	16,124	16,124
Effect of foreign exchange rate differences		22	(3,314)	(3,435)
Cash and cash equivalents at end of period/year		5,330	8,325	10,903

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 31 December 2009 which comprise the Company and its subsidiaries (together referred to as the "Group") were approved by the Board on 26 March 2010. The interim results have not been audited, but were the subject of an independent review carried out by the Company's auditors, BDO LLP. The condensed interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS. The financial information for the six months to 31 December 2009 does not constitute statutory accounts of the Company or the Group. These accounts have been prepared in accordance with the accounting policies that are expected to be applied in the Report and Accounts of Churchill Mining PLC for the year ending 30 June 2010. The statutory accounts for the year ended 30 June 2009 have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

The consolidated financial statements incorporate the results of Churchill Mining PLC and its subsidiary undertakings as at 31 December 2009, using the acquisition method of accounting. The corresponding amounts are for the year ended 30 June 2009 and the 6 month period ended 31 December 2008. The financial information for the 6 months ended 31 December 2008 has been extracted from the unaudited interim results released to 31 December 2008.

The presentation applied to the interim report is in line with the new IAS 1 ('*Presentation of Financial Statements*') in respect of the primary statements presentation.

These accounts have been prepared on the going concern basis however, the Group cash flow forecasts show the Group requires additional funding required by June 2010 to fund the ongoing development program. The Board expects to obtain additional funding in order to continue with the planned work program however, presently there are no agreements or commitments in place for the additional funds. The Directors are confident that the necessary funds to provide adequate financing for continued development work will be raised as required and accordingly they are satisfied that the going concern basis remains appropriate for the preparation of the condensed consolidated financial information for the 6 months ended 31 December 2009.

2. LOSS PER SHARE

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period.

	6 months to 31 Dec 2009 Unaudited \$'000	6 months to 31 Dec 2008 Unaudited \$'000	Year ended 30 June 2009 Audited \$'000
Loss for the period attributable to ordinary shareholders	(3,059)	(13,821)	(14,090)
	<i>Number of Shares</i>	<i>Number of Shares</i>	<i>Number of Shares</i>
Weighted average number of shares used in the calculation of basic loss per share	78,236,738	67,067,713	67,860,344
Effect of dilutive share options	6,461,292	6,064,379	6,253,949
Weighted average number of shares	84,698,030	73,132,092	74,114,293
Basic loss per share	(3.91c)	(20.61c)	(20.76c)
Diluted loss per share	(3.91c)	(20.61c)	(20.76c)
Earnings per share			
Loss for the period	(3,059)	(13,821)	(14,090)
Basic and diluted loss per share (cents)	(3.91c)	(20.61c)	(20.76c)

NOTES TO THE INTERIM REPORT

The total number of shares in issue at 31 December 2009 amounted to 80,438,514 (31 December 2008 - 67,202,714). The total amount of options held over the shares at 31 December 2009 was 12,241,486 (31 December 2008 - 15,477,286). These options are exercisable at prices that range between 12p (19c) and 80p (\$1.27).

The effect of all potential ordinary shares arising from the exercise of options going forward is considered to be anti-dilutive. 250,000 potential ordinary shares have been excluded from the above calculation as they are anti-dilutive.

3. NOTES TO THE CASH FLOW STATEMENT

	6 months to 31 Dec 2009 Unaudited \$'000	6 months to 31 Dec 2008 Unaudited \$'000	Year ended 30 June 2009 Audited \$'000
Reconciliation of loss after tax to cash flows from operating activities			
Loss after tax	(3,059)	(13,821)	(14,090)
Share option expense	303	360	614
Net exchange differences	(5)	3,372	3,534
Depreciation	51	27	60
Impairment expense	-	5,715	5,715
Interest revenue in investing activities	(9)	(258)	(260)
Fair value loss on options held in associate	87	-	624
Fair value impairment on investments in associate	916	2,649	491
Deemed loss on disposal of associate	25	101	111
Share of associate loss	146	147	329
Increase in accounts receivable	(239)	(111)	(400)
Increase / (Decrease) in creditors and accruals	225	(175)	(199)
Cash flow from operating activities	(1,559)	(1,994)	(3,471)

4. TAXATION

No taxation has been provided due to losses in the period. No deferred tax asset has been recognised for past or current losses as the recoverability of any such assets is not probable in the foreseeable future.

5. POST BALANCE SHEET EVENTS

Subsequent to the half year end, on 2nd March 2010, four 100% wholly owned subsidiaries of Churchill Mining Plc were incorporated in Singapore.

6. RECOVERABLE VALUE ADDED TAX ("VAT") – INDONESIA

Included in Non-current trade and other receivables is an Indonesian VAT receivable of \$1,076,000 (30 June 2009: \$805,000). Indonesian VAT on exploration and administration costs is not recoverable until the commencement of commercial mining services and related operations. Taking into consideration the implementation of the new Mining Law in Indonesia in 2009 and the operating structure of the Group, in addition to the application of the new VAT laws in Indonesia applicable from 1 April 2010, the Directors anticipate that the VAT receivable will be recovered in accordance with Indonesian law. However, if the Group's Indonesian projects do not proceed to production, some or all of the VAT may not be recoverable. No provision has been made in the Group accounts for any potential non-recovery of VAT.

7. FORWARD LOOKING STATEMENTS

This report contains certain forward looking statements, which include assumptions with respect to future plans, results and capital expenditures. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. All such forward looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. Please refer to the Company's Annual Report available from the Company's web site for a list of risk factors. The Company's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this report are made as at the date of this report

8. INTERIM REPORT

Copies of this interim report for the six months ended 31 December 2009 will be available from the offices of Churchill Mining PLC, Suite 1, 346 Barker Road, Subiaco, WA, 6008, and on the company's website www.churchillmining.com

Shareholder Information on the Internet

The Company maintains a website which allows access to certain useful Investor information. The website address is www.churchillmining.com

Corporate Directory

Churchill Mining plc is registered in England and Wales (Number 5275606).

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Jan Castro

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