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

Interim Results

Chairman's Statement

Dear Shareholder,

I present Churchill Mining Plc's ("Churchill" or the "Company") Half Year Report for the six months ended 31 December 2010. The period in review saw us make a number of key steps forward in terms of progressing and developing the East Kutai Coal Project (the "EKCP"). However, post period-end the Company was subject to a surprising negative ruling from the Samarinda Administrative Tribunal (the "Tribunal").

The Tribunal action was initially undertaken by the Company and its Indonesian partners, Ridlatama, to protect the validity of the licenses that make up the EKCP (the "EKCP Licences"). The Company/Ridlatama immediately moved to lodge an appeal against this negative ruling to the Administrative High Court in Jakarta and will take any steps necessary to vigorously defend their rights in relation to the EKCP Licenses.

The Board of the Company has been restructured and as a result Paul Mazak has stepped down as Managing Director and from the Board and he will focus on assisting with the preparation for the Administrative High Court appeal. I have now taken on the day to day running of the Company as Executive Chairman.

The Company remains well funded with cash at bank of US$11.9 Million at the time of writing to pursue the appeal process and continue its strategy to develop value with the EKCP.

EKCP PROGRESS

It is relevant to highlight again that the EKCP has a JORC compliant Probable In-Situ reserve of 961 Million tonnes, which forms part of the 2.73 Billion tonnes JORC resource, with potential to expand this further and we believe this will be extremely attractive to end-users of thermal coal, particularly in India and China.

The East Kutai Coal Project Geological Reserve statement, compiled by SMG Consultants, defines the updated JORC In-Situ Reserve/JORC Resource as follows:

JORC In-Situ Reserve	**961 million tonnes**
JORC Resource	
Measured	693 million tonnes
Indicated	825 million tonnes
Inferred	1,212 million tonnes
Total JORC Resource	**2,730 million tonnes**

Key achievements during the reporting period include:

- Completion of a 30 Million Tonne per Annum Feasibility Study, which confirms the technical and economic feasibility of the Project and demonstrates that it is a world-class thermal coal deposit.

  - *The Investment evaluation, modeled over an initial 25-year period, indicates a pre-tax net present value of US$1.8 Billion (discount rate of 10%), internal rate of return of 21% and payback period of 7 years.*
  - *The study estimates Pre-tax net cashflow in excess of US$500 Million per annum over the first 20 years of capacity production with a direct capital expenditure estimated at US$1.2 Billion before indirects (Engineering Procurement Construction Management ("EPCM"), insurance costs) and contingency.*

- Purchase of the land to be used as the site of the future port facility for the shipment of coal from the EKCP.

- *As announced in September 2010, Churchill received internal sign-off on the port site from the Department of Transportation initiating the land acquisition process in cooperation with the local community and relevant government departments.*
- *The location of the port facility is a key component for the direct access of exporting thermal coal to the international markets. The port stockyard comprises of an area of just over 340 hectares and will allow for four stockpiles of approximately 500m each in length with a total storage capacity of 852,000 tonnes. The amount invested in the port land during the period was US$1.75 Million.*

BACKGROUND TO THE STATE ADMINISTRATIVE TRIBUNAL

It was brought to the attention of the Company and its Indonesian partners, Ridlatama, in May 2010 that the East Kutai Regent ("Regent" or "Bupati") had purported to have cancelled the EKCP Licences.

In September 2010, the Company and Ridlatama, in consultation with the Company's Advisory board and its Indonesian lawyers, initiated an administrative review, to protect the legal standing of the EKCP Licences, so as to underpin the licences during this crucial period of development and valuation of the assets. The Company and Ridlatama initiated the administrative review in order to ensure that the full valuation of the EKCP is derived from the current negotiations with potential strategic partners. The administrative review addressed ongoing irregular actions and misrepresentations by third parties in Indonesia in respect to the mining licences of the EKCP, including the purported cancellation of the EKCP Licences by the Bupati.

Under the Indonesian legal system an Administrative Tribunal is supposed to rule strictly on matters of process as to whether bureaucrats, elected officials, and government institutions have observed procedural rules and regulations in making decisions. On 3 March 2011, the Administrative Tribunal ruled against the Company and Ridlatama, finding that the Bupati's attempted cancellation of the EKCP Licenses did not defy any administrative regulations.

The Tribunal's finding was based on suspected irregularities in respect of the EKCP exploration licences, as mentioned in a report by "Badan Pemeriksa Keuangan" or the "BPK", the State Financial Audit Body, an assertion that the licensed area overlapped with a licence issued to the Nusantara Group on 18 February 2010, as well as alleged illegal mining activity in a forestry area.

The Company / Ridlatama reject the conclusions of the Tribunal. In particular, they do not believe that the EKCP Licences cover a forestry area (although further clarity in relation to this is now being sought from the relevant authorities). Further, they reject the finding in relation to the allegation of irregularities or forgery in relation to the EKCP Licences which may have resulted in the overlap mentioned in the BPK report. The Company challenges the validity of the 18 February 2010 licence referred to in the Tribunal's judgment as having been issued to the Nusantara group.

APPEAL

The Company / Ridlatama lodged an appeal to the Administrative High Court in Jakarta on 9 March 2011 and will vigorously defend their rights in relation to the EKCP Licenses. The Company / Ridlatama have engaged experienced International Legal Firm Herbert Smith LLP to lead the appeal action.

FINANCIAL REVIEW

In line with our expectations as a Company in the pre-production phase, the loss for the half year was US$3.0 Million or 3.13c per ordinary share (Dec 2009: US$3.1 Million or 3.91c per share). Administrative expenses were US$3.4 Million (Dec 2009: US$1.9 Million) reflecting the increased costs of legal, professional and consulting expenses in addition to the increased activity in the Indonesian office. During the half year the Company committed approximately US$5.8 Million (Dec 2009: US$4.6 Million) to exploration and evaluation, land acquisition & pre development expenditure at the East Kutai Coal Project.

During the period the Company's interest in Spitfire Resources Limited was reduced from 21.74% to 18.45% resulting in Spitfire Resources Limited no longer being accounted for as an associate. The Company remains the largest shareholder of Spitfire Resources Limited and now holds its investment in Spitfire as an available for sale financial asset. The carrying value of Spitfire at 31 December 2010 is US$2.46 Million.

The Group's statement of financial position as at 31 December 2010 and comparatives at 31 December 2009 and 30 June 2010 are summarised below:

	31 Dec 2010 $'000	31 Dec 2009 $'000	30 June 2010 $'000
Non-current assets	32,003	23,038	25,846
Current assets	18,332	5,470	27,501
Total assets	**50,335**	**28,508**	**53,347**
Current liabilities	4,064	699	4,408
Non-current liabilities	61	41	42
Total liabilities	**4,125**	**740**	**4,450**
Net assets	**46,210**	**27,768**	**48,897**

On behalf of the Board I would like thank you, our Shareholders, for your continued support and can assure you the Directors will continue to focus on shareholder value and work diligently in the months ahead to restore value to the Company.

I look forward to updating you on the Company's developments as we progress during the year.

David F Quinlivan
Chairman

Competent Person's Statements

The information in this report relating to the JORC Resource of the East Kutai Coal Project and technical matters is based on information compiled by Mark Manners, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Manners is employed as a Principal Geologist by SMG Consultants Pty Ltd and has over 20 years experience in exploration and mining of coal deposits. Mr Manner's consents to the inclusion in the Report of the information as presented. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the type of activity described to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information in this report relating to the Probable In-Situ Reserve of the East Kutai Coal Project is based on information compiled by Keith Whitchurch, who is a Member of the Australasian Institute of Mining and Metallurgy, a Chartered Professional Mining Engineer by PT SMG Consultants. Keith Whitchurch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Keith Whitchurch has over 25 years experience in planning and mining of coal deposits.

Reference is made to Note 1 to the financial statements. An unsuccessful outcome will have a negative impact on the compliance of the Resource and Reserves estimates with the JORC code. As the ultimate outcome remains unknown there has been no adjustment to either statements at this time.

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 2010 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the 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 interim 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 AIM 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 AIM 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 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Emphasis of matter – status of licences

In forming our review conclusion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the condensed consolidated financial statements and in the Chairman's Statement concerning the negative ruling from the Samarinda Administrative Tribunal in relation to the licenses that make up the East Kutai Coal Project ("the EKCP"). Should the Company be unsuccessful in all avenues of appeal then it may lose the right to exploit and commercialise the coal within the EKCP licensed areas.

While the Company continues to defend its rights in relation to the EKCP licenses with its legal advisers through the appeal process there are currently no assurances that the appeal process will be successful and accordingly the ultimate outcome of the matter cannot presently be determined. On this basis no adjustment to the carrying value of intangible assets has been made in these condensed consolidated financial statements.

BDO LLP
Chartered Accountants and Registered Auditors
London
31 March 2011

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING 31 DECEMBER 2010

	6 months to 31 Dec 2010 Unaudited $'000	6 months to 31 Dec 2009 Unaudited $'000	Year ended 30 June 2010 Audited $'000
Revenue	-	-	-
Cost of Sales	-	-	-
Gross Profit /(Loss)	**-**	**-**	**-**
Other operating income	-	-	-
Other administrative expenses	(3,396)	(1,897)	(4,187)
Impairment of exploration assets	-	-	(1,565)
Total administrative expenses	**(3,396)**	**(1,897)**	**(5,752)**
Loss from operations	**(3,396)**	**(1,897)**	**(5,752)**
Finance income – interest received	20	33	19
Finance income – foreign exchange gains	175	-	63
Total finance income	**195**	**33**	**82**
Finance expenses – interest	-	(1)	(3)
Finance expenses – foreign exchange losses	(65)	(20)	(130)
Total finance expenses	**(65)**	**(21)**	**(133)**
Fair value loss on options held in associate	-	(87)	(101)
Fair value gain/(loss) of investment in associate	772	(916)	(346)
Deemed loss on disposal of associate	(54)	(25)	(52)
Share of operating loss of associate	(482)	(146)	(374)
Loss before taxation	**(3,030)**	**(3,059)**	**(6,676)**
Tax expense	-	-	-
Loss for the period/year attributable to equity shareholders of the parent	**(3,030)**	**(3,059)**	**(6,676)**
Other comprehensive income:			
Net loss on revaluation of financial assets	(71)	-	-
Foreign exchange differences on translating foreign operations	413	290	322
Other comprehensive income for the period/year	**342**	**290**	**322**
Total comprehensive income for the period/yearattributable to equity shareholders of the parent	**(2,688)**	**(2,769)**	**(6,354)**
Loss for the period/year attributable to:			
Owners of the parent	(3,030)	(3,059)	(6,676)
Non-controlling interest	-	-	-
	(3,030)	**(3,059)**	**(6,676)**
Total comprehensive loss for the period/year attributable to:			
Owners of the parent	(2,688)	(2,769)	(6,354)
Non-controlling interest	-	-	-
	(2,688)	**(2,769)**	**(6,354)**
Loss per share attributable to owners of the parent:			
Basic and diluted loss per share (cents)	(3.13c)	(3.91c)	(8.25c)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

		6 months to 31 Dec 2010 Unaudited $'000	6 months to 31 Dec 2009 Unaudited $'000	Year ended 30 June 2010 Audited $'000
ASSETS				
Current assets				
Cash and cash equivalents		13,552	5,330	22,879
Trade and other receivables		4,780	140	4,622
Total current assets		**18,332**	**5,470**	**27,501**
Non-current assets				
Property, Plant and Equipment		241	236	238
Land and Buildings		1,757	-	-
Other receivables		1,356	1,076	1,230
Intangible assets	3	26,185	20,030	22,450
Other financial assets		2,464	22	-
Investments in associates		-	1,674	1,928
Total non-current assets		**32,003**	**23,038**	**25,846**
TOTAL ASSETS		**50,335**	**28,508**	**53,347**
LIABILITIES				
Current Liabilities				
Trade and other payables		759	698	1,105
Loans and Borrowings		3,305	1	3,303
Total current liabilities		**4,064**	**699**	**4,408**
Non-current liabilities				
Provisions		61	41	42
Total non-current liabilities		**61**	**41**	**42**
TOTAL LIABILITIES		**4,125**	**740**	**4,450**
NET ASSETS		**46,210**	**27,768**	**48,897**
CAPITAL & RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share Capital		1,797	1,558	1,797
Share premium		62,982	39,804	62,982
Available for Sale reserve		(71)	-	-
Merger reserve		6,828	6,828	6,828
Other reserves		3,231	2,593	2,818
Retained deficit		(29,662)	(23,015)	(26,632)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**45,105**	**27,768**	**47,793**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Non-controlling interest	1,105	-	1,104
TOTAL EQUITY	**46,210**	**27,768**	**48,897**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDING 31 DECEMBER 2010

	Share Capital	Share Premium Reserve	Merger Reserve	Retained Deficit	Other Reserves			Total Equity attributable to equity holders of the company	Non-controlling interest	Total Equity
					Foreign exchange	Equity settled share options	Available For sale reserve			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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	-	29,526
Loss for the period	-	-	-	(3,059)	-	-	-	(3,059)	-	(3,059)
Foreign exchange differences on translating foreign operations	-	-	-	-	290	-	-	290	-	290
Recognition of share based payments	-	-	-	-	-	303	-	303	-	303
Issue of shares	51	657	-	-	-	-	-	708	-	708
Balance at 31 December 2009	**1,558**	**39,804**	**6,828**	**(23,015)**	**(377)**	**2,970**	-	**27,768**	**-**	**27,768**
Changes in equity for period to 31 December 2010										
Balance at 1 July 2010	1,797	62,982	6,828	(26,632)	(345)	3,163	-	47,793	1,104	48,897
Loss for the period	-	-	-	(3,030)	-	-	-	(3,030)	-	(3,030)
Foreign exchange differences on translating foreign operations	-	-	-	-	413	-		413	-	413
Net loss on revaluation of financial asset	-	-	-	-	-	-	(71)	(71)	-	(71)
Non-controlling interests' share of reserves	-	-	-	-	-	-		-	1	1
Balance at 31 December 2010	**1,797**	**62,982**	**6,828**	**(29,662)**	**68**	**3,163**	**(71)**	**45,105**	**1,105**	**46,210**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDING 31 DECEMBER 2010

	Note	6 months to 31 Dec 2010 Unaudited $'000	6 months to 31 Dec 2009 Unaudited $'000	Year ended 30 June 2010 Audited $'000
Cash flows from operating activities	4	(3,578)	(1,559)	(3,733)
Interest paid		-	(1)	(2)
Net cash flows from operating activities		**(3,578)**	**(1,560)**	**(3,735)**
Cash flows used in investing activities				
Finance Income		20	9	19
Payments for plant and equipment		(48)	(64)	(91)
Payments for land and buildings		(1,757)	-	-
Payments for exploration and evaluation		(4,083)	(4,681)	(8,287)
Cash flows used in investing activities		**(5,868)**	**(4,736)**	**(8,359)**
Cash flows from financing activities				
Proceeds from issue of share capital		-	708	24,381
Share issue expenses paid		-	-	(256)
Repayments of borrowings		-	(7)	(8)
Cash flows from financing activities		**-**	**701**	**24,117**
Net (decrease)/increase in cash and cash equivalents		**(9,446)**	**(5,595)**	**12,023**
Cash and cash equivalents at start of the period/year		22,879	10,903	10,903
Effect of foreign exchange rate differences		119	22	(47)
Cash and cash equivalents at end of period/year		**13,552**	**5,330**	**22,879**

1. BASIS OF PREPARATION

The consolidated interim financial statements of the Group for the six months ended 31 December 2010 which comprise the Company and its subsidiaries (together referred to as the “Group) were approved by the Board on 31 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 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. The financial information for the six months to 31 December 2010 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 2011. The statutory accounts for the year ended 30 June 2010 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 2010. The corresponding amounts are for the year ended 30 June 2010 and the 6 month period ended 31 December 2009.

On the 3 March 2011 the Company announced that it had received a negative ruling from the Samarinda Administrative Tribunal in relation to the licenses that make up the East Kutai Coal Project (“the EKCP”). This tribunal action was initially undertaken by the Company and its Indonesian partners to protect the validity of the EKCP licenses. The detailed background to the Tribunal findings and the appeal process which is being undertaken by the Company are referred to in more detail in the Chairman’s Statement..

The Company / Ridlatama lodged an appeal to the Administrative High Court in Jakarta on 9 March 2011 and will vigorously defend their rights in relation to the EKCP Licenses. Should the Company be unsuccessful in all avenues of appeal then it may lose the right to exploit and commercialise the coal within the EKCP licensed areas.While the Company continues to defend its rights in relation to the EKCP licenses with its legal advisers through the appeal process there are currently no assurances that the appeal process will be successful and accordingly the ultimate outcome of the matter cannot presently be determined. On this basis no adjustment to the carrying value of intangible assets has been made in these condensed consolidated financial statements.

2. LOSS PER SHARE

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

	6 months to 31 Dec 2010 Unaudited $’000	**6 months to 31 Dec 2009 Unaudited $’000**	**Year ended 30 June 2010 Audited $’000**
Loss for the period/year attributable to ordinary shareholders	(3,030)	(3,059)	(6,676)
	Number of Shares	***Number of Shares***	***Number of Shares***
Weighted average number of shares used in the calculation of basic loss per share	96,727,354	78,236,738	80,918,920
Weighted average number of shares used in the calculation of diluted loss per share	104,522,823	6,461,292	87,918,819
Total loss per share			
Basic loss per share	(3.13c)	(3.91c)	(8.25c)
Loss per share			
Basic and diluted loss per share	(3.13c)	(3.91c)	(8.25c)

The total number of shares in issue at 31 December 2010 amounted to 96,727,354 (31 December 2009 – 80,438,514). The total amount of options held over the shares at 31 December 2010 was 12,040,348 (31 December 2009 – 12,241,486). 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.

3. INTANGIBLE ASSETS

	6 months to 31 Dec 2010 Unaudited $'000	6 months to 31 Dec 2009 Unaudited $'000	Year ended 30 June 2010 Audited $'000
Exploration and evaluation assets			
Capitalised exploration expenditure:			
Balance at start of period/ year	19,578	12,553	12,553
Additions	3,725	4,602	8,590
Impairment of exploration costs	-	-	(1,565)
Balance at end of period/year	**23,303**	**17,155**	**19,578**
Exploration and evaluation assets			
Cost of acquisition:			
Balance at start of period/year	2,872	2,869	2,869
Effects of movements in exchange rates	10	6	3
Balance at end of period/year	**2,882**	**2,875**	**2,872**
Total			
Cost:			
Balance at start of period/year	22,450	15,422	15,422
Additions	3,725	4,602	8,590
Impairment of exploration and evaluation assets	-	-	(1,565)
Effects of movements in exchange rates	10	6	3
Balance at end of period/year	**26,185**	**20,030**	**22,450**

Exploration and Evaluation Expenditure Consolidated December 2010	Assets $'000	Liabilities $'000	Income $'000	Expense $'000	Operating cash flows $'000	Investing cash flows $'000
South Woodie Woodie Project	251	-	-	-	-	-
Sendawar/CBM Project	-	-	-	-	-	-
East Kutai Project	25,934	262	-	-	-	(4,083)
	26,185	**262**	**-**	**-**	**-**	**(4,083)**

Exploration and Evaluation Expenditure Consolidated June 2010	Assets $'000	Liabilities $'000	Income $'000	Expense $'000	Operating cash flows $'000	Investing cash flows $'000
South Woodie Woodie Project	211	-	-	-	-	-
Sendawar/CBM Project	-	-	-	(1,565)	-	-
East Kutai Project	22,239	649	-	-	-	(8,287)
	22,450	**649**	**-**	**(1,565)**	**-**	**(8,287)**

As detailed in note 1, should the Company be unsuccessful in all forms of appeal and arbitration, then it may lose the right to exploit and commercialise the coal within the EKCP licensed areas. There are currently no assurances that the appeal process or arbitration will be successful and therefore the ultimate outcome of the matter cannot presently be determined. No adjustment to the carrying value of the intangible assets has been made in these financial statements.

4. NOTES TO THE STATEMENT OF CASH FLOWS

	6 months to 31 Dec 2010 Unaudited $'000	6 months to 31 Dec 2009 Unaudited $'000	Year ended 30 June 2010 Audited $'000
Reconciliation of loss after tax to cash flows from operating activities			
Loss after tax	**(3,030)**	**(3,059)**	**(6,676)**
Share option expense	-	303	496
Net exchange differences	(110)	(5)	58
Depreciation	41	51	90
Impairment expense	-	-	1,565
Interest revenue in investing activities	(20)	(9)	(19)
Fair value loss on options held in associate	-	87	110
Fair value (gain) / impairment on investments in associate	(772)	916	346
Deemed loss on disposal of associate	54	25	52
Share of associate loss	482	146	374
Increase in receivables	(283)	(239)	(440)
Increase in payables and accruals	60	225	311
Cash flow from operating activities	**(3,578)**	**(1,559)**	**(3,733)**

5. 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 considered probable in the foreseeable future.

6. EVENTS AFTER THE REPORTING DATE

On 14 January 2011 the company issued 250,000 fully paid ordinary shares upon the exercise of 50p share options.

On 25 February 2011 the company issued 1,200,000 fully paid ordinary shares upon the exercise of 12p share options.

On 21 March 2011 the company announced the resignation of Mr Paul Mazak as Managing Director and as a Director of the Company.

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

Included in Non-current other receivables is an Indonesian VAT receivable of $1,355,398 (30 June 2010: $1,230,410). 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.

8. 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.

9. INTERIM REPORT

Copies of this interim report for the six months ended 31 December 2010 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

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