



CHURCHILL MINING PLC

Incorporated in England and Wales with Registered Number 5275606

Interim Report

*For the Period
1st July 2006 to 31st December 2006*

Churchill Mining plc

Chairman's Statement

I am pleased to present the interim report for Churchill Mining Plc ("Churchill" or "the Company") for the period ending 31 December 2006.

The past six months have seen the Company continue to cover the hard yards necessary to become a leading minerals explorer and future miner at a time when global demand for commodities continues to be strong.

In Western Australia, results of a heli-borne geophysics survey - called the VTEM programme which looks for mineral bearing structures "under cover" - conducted in December at Churchill's South Woodie Woodie ("SWW") manganese project are currently being analysed. Since the period end, preparation work has also begun for a further campaign of ground gravity to enable final drill targeting. The Company remains positive about the prospects at SWW and looks forward to drilling at the project in calendar 2007.

A year ago I reported that the Company was in advanced negotiations to purchase a large thermal coal project in Asia. As you know, the Company acquired the Sendawar Coal Project in Kalimantan, Indonesia, and the past six months has seen increasing levels of activity. The Company continues to work closely with its consultants, SRK, to identify the most promising areas for test drilling. Although drilling in one target area has found coal, so far it has not been in economic quantities. Since the end of the period under review, the Company has begun a series of ground resistivity surveys. Where previously used, these have proved to be an excellent interpretive tool for helping predict seam location and thickness and have improved drilling success rates.

Since the period end, the Company has also announced that it is undertaking due diligence work on additional territory in Kalimantan, at East Kutai. Two of the Company's drills have been relocated to conduct test drilling and we look forward to reporting the results in due course.

The loss for the period, £297,589 or 0.67 pence per Ordinary Share, is in line with the Company's stage of development as an explorer. Churchill's overall financial position remains sound and the Company has the necessary cash resources, totalling £3,953,725 at the end of December 2006, to conduct its exploration work at Sendawar, East Kutai and South Woodie Woodie. The Company remains committed to creating value for its shareholders and thanks them for their past and continuing support

David Quinlivan
Chairman
Churchill Mining Plc

Independent Review Report to Churchill Mining Plc

Introduction

We have been instructed by the Company to review the financial information comprising the consolidated income statement, consolidated statement of total recognised gains and losses, consolidated balance sheet, consolidated cash flow statement and notes thereon and we have read the other information contained in the interim report and considered whether it contains any apparent mis-statements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

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 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.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of the Directors and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31st December 2006.

CHAPMAN DAVIS LLP
Chartered Accountants
2 Chapel Court
London SE1 1HH

23rd March 2007

Churchill Mining plc Group Income Statement (Unaudited)
for the 6 months ending 31st December 2006

		Unaudited December 2006	Unaudited December 2005	Audited Year ended June 2006 Restated *
	Note	£	£	£
Group turnover		-	-	-
Administrative & operating expenses		(398,136)	(249,731)	(640,986)
Share options expensed		-	-	(545,033)
Group operating loss		(398,136)	(249,731)	(1,186,019)
Other operating income		9,817	-	10,613
Interest receivable		90,730	12,673	67,826
Loss on ordinary activities before taxation		(297,589)	(237,058)	(1,107,580)
Taxation on profit on ordinary activities	2	-	-	-
Loss on ordinary activities after taxation		(297,589)	(237,058)	(1,107,580)
(Loss) for the period		(297,589)	(237,058)	(1,107,580)
Loss per share (pence)				
Basic	4	(0.67p)	(0.21p)	(5.54p)
Diluted		(0.67p)	(0.21p)	(5.54p)

All results relate to continuing operations. There are no recognised gains or losses other than the loss for the period.

* Restated for the effects of FRS 20 Share Based Payments. The effect of adopting this standard resulted in a prior period adjustment to expense the fair value of the options granted for the amount of £545,033 during the year ending 30th June 2006.

Churchill Mining plc
Consolidated Balance Sheet (Unaudited)
As at 31st December 2006

	Note	Unaudited December 2006 £	Unaudited December 2005 £	Audited June 2006 Restated * £
Fixed assets				
Intangible fixed assets		7,172,257	3,238,792	6,504,000
Tangible fixed assets		31,806	241,072	15,839
Debtors non-current		8,917		3,855
Total Fixed Assets		<u>7,212,980</u>	<u>3,479,864</u>	<u>6,523,694</u>
Current assets				
Debtors		172,878	35,276	89,052
Cash at bank and in hand		3,953,725	886,942	5,229,499
Total Current Assets		<u>4,126,603</u>	<u>922,218</u>	<u>5,318,551</u>
Creditors due within one year		(71,916)	(28,364)	(284,389)
Net current assets		<u>4,054,687</u>	<u>893,854</u>	<u>5,034,162</u>
Total assets less current liabilities		<u>11,267,667</u>	<u>4,373,718</u>	<u>11,557,956</u>
Creditors due after one year		(7,400)	-	-
Net assets		<u>11,260,267</u>	<u>4,373,718</u>	<u>11,557,956</u>
Capital and reserves				
	6			
Called up share capital		445,800	135,800	445,800
Share premium reserve		6,200,382	1,414,545	6,200,382
Merger reserve		2,400,000		2,400,000
Other reserves		3,719,583	3,160,760	3,719,583
Profit and loss account		(1,505,498)	(337,387)	(1,207,909)
Equity shareholders' funds		<u>11,260,267</u>	<u>4,373,718</u>	<u>11,557,856</u>

* Restated for the effects of FRS 20 Share Based Payments. The effect of adopting this standard resulted in a prior period adjustment to expense the fair value of the options granted for the amount of £545,033 during the year ending 30th June 2006.

Churchill Mining plc Group Cash Flow Statement
for the 6 months ending 31st December 2006

	Note	Unaudited December 2006	Unaudited December 2005	Audited Year ended June 2006
Cash flows from operating activities				
Net outflow from operating activities		(689,118)	(255,005)	(473,383)
Returns on investments and servicing of finance				
Interest received		90,730	12,673	67,826
Net cash inflow from returns on investment and servicing of finance		90,730	12,673	67,826
Capital expenditure and financial investment				
Payments of tangible fixed assets		(19,627)	(2,237)	(12,401)
Payments for intangible mining assets and development		(668,258)	(167,800)	(647,690)
Net cash outflow for capital expenditure and financial investment		(687,885)	(170,037)	(660,091)
Movement in liquid resources				
(Increase)/Decrease in short-term deposits with banks		1,351,931	(44,862)	(4,487,490)
Cash inflow/(outflow) before financing		65,658	(457,231)	(5,553,138)
Financing				
Issue of share capital		-	550,000	5,800,000
Expenses of share issues		-	(1,796)	(255,959)
Proceeds from borrowings		10,499		
Net cash inflow from financing		10,499	548,204	5,544,041
Increase in cash in the period	5	76,157	90,973	(9,097)

Notes to the Interim Report

1. PRESENTATION OF INTERIM RESULTS

This interim report was approved by the Directors on 23rd March 2007. The interim results have not been audited, but were the subject of an independent review carried out by the Company's auditors, Chapman Davis LLP. Their review confirmed that the figures were prepared using applicable accounting policies and practices consistent with those adopted in the 2006 annual report with the addition of the requirements of FRS 20 Share based payments. Financial Reporting Standard 20 "FRS20" requires the company to recognise as an expense in the company's financial statements all share based payment transactions that had been granted to employees/directors and suppliers. This is effective for all share based payments from the 1st January 2006 and for all share based payments after 7 November 2002 that remained unvested on 1 January 2006.

The company has engaged an independent consultant to determine the fair value of the share options issued using a trinomial model. As the first application of this standard is a change of accounting policy the results for the year ending 30th June 2006 have been restated by including a charge in the expenses for that period of £545,033.

The financial information contained in this interim report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. Shareholders can receive a copy of this interim report from the Company's registered office at 55 Gower St London WC1E 6HQ.

2. TAXATION

No taxation has been provided due to losses in the period.

3. DIVIDENDS

The Directors do not recommend the payment of a dividend.

Notes to the Interim Report

4. LOSS PER SHARE

	Unaudited December 2006 £	Unaudited December 2005 *Restated £	Audited June 2006 *Restated £
Loss attributable to ordinary shareholders	(297,589)	(237,058)	(1,107,580)
	<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 (Refer: Consolidation note below)	44,580,000	11,259,713	19,970,959
Effect of dilutive share options	1,136,344	324,000	410,572
Weighted average number of shares used in the calculation of diluted loss per share	45,716,344	11,583,713	20,381,531
Basic loss per share	(0.67p)	(2.10p)	(5.54p)
Diluted loss per share	(0.67p)	(2.10p)	(5.54p)

Notes to the Interim Report

* Note: On the 28th April 2006 shareholders resolved that all of the ordinary shares of 0.1p in the capital of the Company be consolidated into ordinary shares of 1p on the basis of 10 ordinary shares of 0.1p for each new ordinary share of 1p.

The total number of shares in issue at 31st December 2006 amounted to 44,580,000. The total amount of options held over the shares at 31st December 2006 was 6,000,000. These options are exercisable at prices that between 20p and 35p. No diluted loss per share is presented as the effect of exercise of outstanding options is to decrease the loss per share.

Notes to the Interim Report

5. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Unaudited December 2006 £	Unaudited December 2005 £	Audited June 2006 £
Increase in cash in the period	76,157	90,973	4,478,393
Increase/ (Decrease) in liquid resources term deposits	(1,351,931)	44,863	-
Net funds at beginning of period	5,229,499	751,106	751,106
Net funds at end of period	3,953,725	886,942	5,229,499
Comprising			
Liquid Resources – Term Deposits	3,785,095	694,399	5,137,026
Cash	168,630	192,543	92,473

6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	Called up share capital £	Share premium reserve £	Merger reserve £	Other reserves £	Equity reserve £	Profit and loss account £	Total £
At 30 th June 2006	445,800	6,200,382	2,400,000	3,174,550	-	(662,876)	11,557,856
Retrospective adjustment upon adoption of FRS 20	-	-	-	-	545,033	(545,033)	-
At 1 st July 2006	445,800	6,200,382	2,400,000	3,174,550	545,033	(1,207,909)	11,557,856
Loss for the half-year	-	-	-	-	-	(297,589)	(297,589)
At 31st December 2006	445,800	6,200,382	2,400,000	3,174,550	545,033	(1,505,498)	11,260,267

Notes to the Interim Report

6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS (Continued)

Group	Called up share capital £	Share premium reserve £	Asset revaluation reserve £	Profit and loss account £	Total £
At 1 st July 2005	110,800	816,341	-	(100,329)	826,812
Issue of share capital	25,000	600,000	-	-	625,000
Expenses of share issues	-	(1,796)	-	-	(1,796)
Revaluation of mining assets	-	-	3,160,760	-	3,160,760
Loss for the half-year	-	-	-	(237,058)	(237,058)
At 31st December 2005	135,800	1,414,545	3,160,760	(337,387)	4,373,718

Shareholder Information

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

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

Shareholder Information

Directors

David Quinlivan (Chairman)
James Hamilton
Paul Mazak
Melissa Sturgess

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