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## **Churchill Mining Plc**

### **Interims for the 6 month period 1<sup>st</sup> July 2005 to 31<sup>st</sup> December 2005**

#### Chairman's Statement

I am pleased to present the interim report for Churchill Mining Plc ("Churchill" or "the Company") for the period ending December 31, 2005.

These past six months have been critical for the Company as Churchill looks to position itself to become a leading minerals explorer and future miner at a time of accelerating commodities demand.

At Churchill's South Woodie Woodie ("SWW") manganese project in Western Australia preparation work has begun for a campaign of airborne and ground geophysics to look mineral bearing structures "under cover".

The Company has also secured the remaining 20% interest in E46/599 – the tenement containing the project's most advanced manganese target Enacheddong Creek. The purchase of this interest for AUD\$50,000 and 3 million shares now means that the project is 100% owned by the Company.

As foreshadowed in the Company's annual report, due to the expanded parameters of the SWW project, Churchill has been keen to seek a joint venture partner. To this end the Company has entered into negotiations with a global mining house and will make further announcements when matters are formerly concluded.

Churchill has also been keenly hunting for a second wealth-creating asset. I am pleased to report that the Company is in advanced negotiations regarding the purchase of a large thermal coal project in Asia and expects to make further announcements regarding this acquisition in the near future.

Churchill's financial position remains sound and the Company has cash resources totalling £886,942 at the end of December 2005. The Company continues to ensure that funds are directed towards creating value for shareholders. Following a revaluation of the company's investment in the SWW project the balance sheet shows a healthy net asset position of £4,373,718.

In conclusion, this upcoming asset purchase, coupled with likelihood of securing a joint venture partner for its SWW project has positioned Churchill ready for an aggressive phase of growth.

**David Quinlivan**

Chairman

Churchill Mining Plc

**Income Statement (Unaudited)**  
for the 6 months ending 31<sup>st</sup> December 2005

	<b>Note</b>	<b>Unaudited December 2005 £</b>	<b>Audited June 2005 £</b>
Group turnover		-	-
Administrative & operating expenses		(249,731)	(113,383)
<b>Group operating loss</b>		(249,731)	(113,383)
Other operating income		-	7,448
Interest receivable		12,673	5,606
<b>Loss on ordinary activities before taxation</b>		(237,038)	(100,329)
Taxation on profit on ordinary activities	2	-	-
<b>Loss on ordinary activities after taxation</b>		(237,058)	(100,329)
<b>(Loss) for the period</b>		(237,058)	(100,329)
<b>Loss per share (pence)</b>			
Basic	4	(0.21p)	(0.30p)
Diluted		(0.21p)	(0.30p)

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

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## Consolidated Balance Sheet (Unaudited)

As at 31<sup>st</sup> December 2005

	Note	Unaudited December 2005 £	Audited June 2005 £
<b>Fixed assets</b>			
Intangible fixed assets		3,238,792	21,788
Tangible fixed assets		241,072	53,419
Total Fixed Assets		<u>3,479,864</u>	<u>75,207</u>
<b>Current assets</b>			
Debtors		35,276	33,803
Cash at bank and in hand		886,942	751,106
Total Current Assets		<u>922,218</u>	<u>784,909</u>
Creditors due within one year		(28,364)	(33,304)
Net current assets		<u>893,854</u>	<u>751,605</u>
<b>Total assets less current liabilities</b>		<u>4,373,718</u>	<u>826,812</u>
Creditors due after one year		-	-
<b>Net assets</b>		<u>4,373,718</u>	<u>826,812</u>
<b>Capital and reserves</b>	6		
Called up share capital		135,800	110,800
Share premium reserve		1,414,545	816,341
Other reserves		3,160,760	
Profit and loss account		(337,387)	(100,329)
<b>Equity shareholders' funds</b>		<u>4,373,718</u>	<u>826,812</u>

**Cash Flow Statement**  
for the 6 months ending 31<sup>st</sup> December 2005

	<b>Unaudited December 2005 £</b>	<b>Audited June 2005 £</b>
<b>Note</b>		
<b>Cash flows from operating activities</b>		
Net outflow from operating activities	(255,005)	(101,900)
<b>Returns on investments and servicing of finance</b>		
Interest received	12,673	5,606
<b>Net cash inflow from returns on investment and servicing of finance</b>	12,673	5,606
<b>Capital expenditure and financial investment</b>		
Payments of tangible fixed assets	(2,237)	(5,878)
Purchase of mining assets and development	(167,800)	(28,036)
<b>Net cash outflow for capital expenditure and financial investment</b>	(170,037)	(33,914)
<b>Movement in liquid resources</b>		
Increase in short-term deposits with banks	(44,862)	(649,536)
<b>Cash outflow before financing</b>	(457,231)	(779,744)
<b>Financing</b>		
Issue of share capital	550,000	1,020,000
Expenses of share issues	(1,796)	(148,859)
Net cash from acquisition of subsidiary	-	10,173
<b>Net cash inflow from financing</b>	548,204	881,314
<b>Increase in cash in the period</b>	5 90,973	101,570

## Notes to the Interim Report

### 1. PRESENTATION OF INTERIM RESULTS

This interim report was approved by the Directors on 28<sup>th</sup> February 2006. 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 to be adopted in the 2006 annual report. The directors have revised the policy in relation to Intangible Assets to reflect the adoption of fair value in this and future reports. The financial information contained in this interim report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. No comparative figures have been disclosed for the period to 31<sup>st</sup> December 2004 as the Company was dormant in this period with the only transactions being the issue of subscriber shares for cash. 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.

### 4. LOSS PER SHARE

	Unaudited December 2005 £	Audited June 2005
Loss attributable to ordinary shareholders	(237,058)	(100,329)
	<i>Number of Shares</i>	
Weighted average number of shares used in the calculation of basic loss per share	112,597,126	33,426,849
Effect of dilutive share options	3,240,000	172,267
Weighted average number of shares used in the calculation of diluted loss per share	115,837,126	33,599,116
Basic loss per share	(0.21p)	(0.30p)
Diluted loss per share	(0.21p)	(0.30p)

The total number of shares in issue at 31<sup>st</sup> December 2005 amounted to 135,800,000. The total amount of options held over the shares at 31<sup>st</sup> December 2005 was 12,960,000. These options are exercisable at 2p per share for a period of 5 years from AIM admission. No diluted loss per share is presented as the effect of exercise of outstanding options is to decrease the loss per share.

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**5. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS**

	<b>Unaudited December 2005 £</b>	<b>Audited June 2005 £</b>
Increase in cash in the period	90,973	101,570
Increase in liquid resources term deposits	44,863	649,536
Net funds at beginning of period	751,106	-
Net funds at end of period	886,942	751,106
Comprising		
Liquid Resources – Term Deposits	694,399	649,536
Cash	192,543	101,570

**6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>Called up share capital £</b>	<b>Share premium reserve £</b>	<b>Asset revaluation reserve</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 <sup>st</sup> 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 31 <sup>st</sup> December 2005	135,800	1,414,545	3,160,760	(337,387)	4,373,718