17 October 2013

AIM: CHL

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

Full Year Results for the 12 Months ended 30 June 2013

Churchill Mining (AIM: CHL) reports its full year results for the 12 months ended 30 June 2013.

Chairman's Statement

Dear Shareholder,

I present Churchill Mining Plc's ("Churchill" or the "Company") Full Year Report for the 12 months ended 30 June 2013.

During the year the Company continued actively to seek recovery of shareholder value by progressing the international arbitration against the Republic of Indonesia ("ROI") at the International Centre for Settlement of Investment Disputes ("ICSID") in Washington DC (the "Churchill Arbitration").

Churchill's Australian subsidiary Planet Mining Pty Ltd ("Planet"), which via its 5% shareholding in PT Indonesia Coal Development also held an interest in the East Kutai Coal Project, filed a separate arbitration at the ICSID against the ROI pursuant to the Australia-Indonesia Bilateral Investment Treaty (the "Planet Arbitration"). The Churchill Arbitration and Planet Arbitration have subsequently been consolidated into a single proceeding.

As with the Churchill Arbitration, the claims by Planet were preceded by attempts to negotiate a settlement with the ROI (as both the UK/Indonesia and the Australia/Indonesia Investment Treaties require), but the ROI has not shown any interest in engaging in discussions.

Churchill and Planet have filed their Memorials setting out their case against ROI supported by witness statements and expert and documentary evidence. Key elements within the Memorial include:-

- The ROI initially supported and encouraged Churchill/Planet to invest in the East Kutai Coal Project;
- Churchill/Planet invested in the ROI in compliance with applicable laws and regulations;
- After Churchill/Planet's discovery of substantial coal deposits, the ROI took a series of unlawful actions that resulted in the destruction of Churchill/Planet's valuable investment;
- The actions of the ROI constitute clear violations of its obligations under the Bilateral Investment Treaties with the United Kingdom and Australia; and
- Churchill/Planet presently quantify their losses and seek damages in the amount of USD 1,054 million (excluding interest) based on an industry-standard Discounted Cash Flow analysis.

In May 2013 a hearing took place with the Arbitration Tribunal in Singapore at which the ROI challenged the ICSID's jurisdiction to hear Churchill's and Planet's claims. Churchill and Planet were represented by the international law firm Quinn Emanuel Urquhart & Sullivan, LLP. Members of the Churchill board were also in attendance at the hearing. There is no fixed date for the Arbitral Tribunal to deliver its decision on jurisdiction.

Aside from a minority interest in ASX listed Spitfire Resources Limited ("Spitfire") and a direct minority interest in some tenements in Western Australia, Churchill has no business interests or activities other than its and Planet's claims against the ROI, which remain Churchill's principal activity and focus.

On behalf of the Board, I would like to thank shareholders, staff and my fellow board members for their continued support. We will update shareholders on the progress of the Arbitrations during the course of the next year.

David Quinlivan
Chairman
17 October 2013

The full report and accounts for the period ended 30 June 2013 are available on the Company's website www.churchillmining.com and will be sent to shareholders.

For further information, please contact:

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REVIEW OF OPERATIONS AND FINANCE

COMPANY BACKGROUND

Churchill Mining Plc ("Churchill" or "the Company") listed on AIM in April 2005. Churchill's growth path accelerated following the discovery of a world-class thermal coal deposit (the East Kutai Coal Project "EKCP") in the East Kutai Regency of Kalimantan, Indonesia, through an intensive and targeted exploration program.

Churchill's investments and operations culminated in the completion of a feasibility study in readiness for funding and the commencement of construction of the necessary infrastructure to support the exploitation of the coal resource. The Company's operations were subsequently halted by a decision by the East Kutai Regent revoking the licences to mine held by Churchill's Indonesian partners, the Ridlatama group of companies ("Ridlatama"). The East Kutai Regent's decision was challenged before the Indonesian courts, resulting initially in a negative ruling from the Samarinda Administrative Tribunal that upheld the East Kutai Regent's decision to revoke Ridlatama's licences. The Samarinda Administrative Tribunal's decision was appealed, first to the Administrative High Court in Jakarta and then to the Supreme Court of Indonesia, but both of those appeals were unsuccessful.

FILING OF INTERNATIONAL ARBITRATION CLAIM

In May 2012 Churchill filed a Request for Arbitration at the International Centre for Settlement of Investment Disputes ("ICSID") against the Republic of Indonesia ("ROI") alleging breaches by ROI of ROI's obligations under the UK-Indonesia Bilateral Investment Treaty. In addition, Churchill's Australian subsidiary, Planet Mining Pty Ltd ("Planet"), also filed a Request for Arbitration at ICSID against the ROI pursuant to the Australia-Indonesia Bilateral Investment Treaty. The Churchill and Planet arbitrations have subsequently been consolidated into a single proceeding.

During May 2013 a hearing took place to determine whether the Arbitral Tribunal has jurisdiction to hear Churchill's and Planet's claims, following a challenge to jurisdiction made by ROI. At the date of this report, ICSID's decision on jurisdiction has not been received.

RIDLATAMA GROUP

Two years ago the Company's Indonesian subsidiary, PT Indonesia Coal Development ("ICD"), commenced arbitration proceedings in Singapore under the rules of the International Chamber of Commerce against members of Ridlatama for their alleged breaches of Investor's Agreements entered into between Ridlatama and ICD. During this past year, ICD and Ridlatama agreed to withdraw these proceedings. In addition, a separate claim by Ridlatama at the Singapore International Arbitration Centre was also withdrawn.

Separately, In November 2011, ICD received notices that members of Ridlatama had filed two unlawful act claims in the South Jakarta District Court seeking orders that ICD's 75% interest in PT Ridlatama Tambang Mineral and PT Ridlatama Trade Powerindo, held through PT Techno Coal Utama Prima ("TCUP"), be declared null and void. In November 2012 the South Jakarta District Court issued a decision in favour of Ridlatama. ICD/TCUP has appealed this decision to the Jakarta High Court. A hearing to determine this appeal has not yet taken place. Should PT ICD and PT TCUP be unsuccessful in all avenues of appeal then the receivables in the Statement of Financial Position before impairment would be reduced by US$2.01 million due to these companies no longer being consolidated in the Group accounts. In addition the payables in the Statement of Financial Position would be reduced by US$1.49 million. It remains the Group's position that the receivable and payable in the Statement of Financial Position are able to be offset. In the event that the balances cannot be offset the payable owing by the Group would not be settled until members of the Ridlatama group settled the receivable.

OTHER ASSETS

In addition to the EKCP, Churchill continued to maintain its direct interest in the original South Woodie Woodie Manganese Project in Western Australia, with the balance held by ASX listed Spitfire Resources Limited (ASX: SPI). During the year, the Group's direct shareholding in Spitfire Resources Limited was diluted from 15.99% to 9.80% by additional equity issues by Spitfire in which the Company did not participate.

OUTLOOK

The Company is awaiting the ICSID Tribunal's decision on the jurisdiction objections raised by the ROI. Should Churchill/Planet be successful in the jurisdiction challenge, the proceedings will continue to a merits hearing.

The cash position at 30 June 2013 of US$4.8 million is anticipated to be sufficient for the Company and Planet to continue Arbitrations over the coming year as Churchill seeks to recover value for shareholders.

CORPORATE

FINANCIAL SUMMARY

Results of Operations

The Group incurred a loss for the year attributable to equity shareholders of the parent of US$11,601,978 compared to a loss of US$10,443,956 for the previous year. The basic loss per ordinary share for the year was 9.45c compared with the loss per share of 8.61c for the previous year.

Significant expenditure items during the period include:

- Legal and professional fees of US$4.2 million (2012: US$2.64 million) incurred to progress the Arbitrations against the ROI;

- Impairment of the carrying value of the proposed EKCP Port Land of US$1.76 million;
- Impairment of the carrying value of financial assets of US$2.26 million;
- Consulting, directors and professional fees of US$0.8 million (2012: US$2.18 million);
- Public relations and media outreach programs of US$0.62 million (2012: US$1.26 million).

The balance of operating expenditure is in line with the Company's expectations and resources allocated to progressing the ICSID legal proceedings.

Selected Annual Information

The Group's statement of financial position at 30 June 2013 and comparatives at 30 June 2012 and 30 June 2011 are summarised as follows:

	2013 $'000	2012 $'000	2011 $'000
Non-current assets	295	4,099	6,585
Current assets	8,075	15,604	26,207
Total assets	**8,370**	**19,703**	**32,792**
Current liabilities	3,967	4,341	5,084
Non-current liabilities	44	73	66
Total liabilities	**4,011**	**4,414**	**5,150**
Net assets	**4,359**	**15,289**	**27,642**

Liquidity & Capital

The Group began the year with US$12 million in cash and ended the year with US$4.8 million cash holdings. Total operating cash expenditure was US$7.01 million (2012: US$8.97 million). During the year the Company made advances to subsidiaries of US$1,343,335. The Group has engaged experienced lawyers Quinn Emanuel Urquhart & Sullivan in connection with the international arbitration proceedings against the ROI on a fixed fee basis. The Group remains sufficiently funded to pursue the international arbitration at ICSID against the ROI which has now become the main focus for the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Other operating income		4	20
Impairment of other financial assets	8	(2,258)	-
Other administrative expenses		(7,110)	(8,888)
Impairment of exploration expenditure	12	(399)	(1,460)
Impairment of land	11	(1,757)	-
Total administrative expenses	3	**(11,524)**	**(10,348)**

	Note		
Loss from operations		**(11,520)**	**(10,328)**
Finance income – interest received	2	16	34
Finance income – foreign exchange gains	2	63	343
Total finance income		**79**	**377**
Finance expense – foreign exchange losses	3	(160)	(493)
Total finance expense		**(160)**	**(493)**
Loss before taxation		**(11,601)**	**(10,444)**
Tax expense	5	-	-
Loss for the year attributable to equity shareholders of the parent		**(11,601)**	**(10,444)**
Other comprehensive income:			
Transfer of Available for Sale Reserve to Income Statement		533	-
Net loss on revaluation of financial assets		-	(2,254)
Foreign exchange differences on translating foreign operations		(49)	(295)
Other comprehensive income for the year		**484**	**(2,549)**
Total comprehensive loss for the year attributable to equity shareholders of the parent		**(11,117)**	**(12,993)**
Loss for the year attributable to:			
Owners of the parent		(11,601)	(10,444)
Non-controlling interest		-	-
		(11,601)	**(10,444)**
Total comprehensive loss for the year attributable to:			
Owners of the parent		(11,117)	(12,993)
Non-controlling interest		-	-
		(11,117)	**(12,993)**
Loss per share attributable to owners of the parent:			
Basic and diluted loss per share (cents)	6	(9.45c)	(8.61c)

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2013

		Consolidated		Company	
	Note	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
ASSETS					
Current assets					
Cash and cash equivalents		4,848	12,000	4,821	11,517
Other receivables	10	3,227	3,604	202	160
Total current assets		**8,075**	**15,604**	**5,023**	**11,677**
Non-current assets					
Property, plant and equipment	11	21	1,842	10	44
Intangible assets	12	-	251	-	-

	Note				
Other financial assets	8	274	2,006	-	-
Investment in subsidiaries	13	-	-	158	2,205
Total non-current assets		**295**	**4,099**	**168**	**2,249**
TOTAL ASSETS		**8,370**	**19,703**	**5,191**	**13,926**
LIABILITIES					
Current Liabilities					
Trade and other payables	14	974	1,207	832	419
Loans and borrowings	15	2,993	3,134	-	-
Total current liabilities		**3,967**	**4,341**	**832**	**419**
Non-current liabilities					
Provisions	16	44	73	-	-
Total non-current liabilities		**44**	**73**	**-**	**-**
TOTAL LIABILITIES		**4,011**	**4,414**	**832**	**419**
NET ASSETS		**4,359**	**15,289**	**4,359**	**13,507**
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	18	2,230	2,220	2,230	2,220
Share premium	18	77,641	77,537	77,641	77,537
Available for sale reserve		-	(533)	-	-
Merger reserve	18	-	6,828	-	6,828
Other reserves	18	2,180	3,425	2,239	3,435
Retained deficit		(78,796)	(75,292)	(77,751)	(76,513)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**3,255**	**14,185**	**4,359**	**13,507**
Non-controlling interest		1,104	1,104	-	-
TOTAL EQUITY		**4,359**	**15,289**	**4,359**	**13,507**

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 17 October 2013 and were signed on its behalf by:

David Quinlivan
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

					Other Reserves					
Consolidated	**Share Capital**	**Share premium reserve**	**Merger reserve**	**Retained deficit**	**Foreign exchange**	**Equity settled share options**	**Available for sale**	**Total Equity attributable to equity holders of Company**	**Non-controlling Interest**	**Total Equity**

	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Changes in equity for year to 30 June 2012										
Balance at 1 July 2011	2,195	77,257	6,828	(64,911)	285	3,163	1,721	26,538	1,104	27,642
Loss for the period	-	-	-	(10,444)	-	-	-	(10,444)	-	(10,444)
Other comprehensive income	-	-	-	-	(295)	-	(2,254)	(2,549)	-	(2,549)
Expiry of share options	-	-	-	63	-	(63)	-	-	-	-
Recognition of share based payments	-	-	-	-	-	335	-	335	-	335
Issue of shares	25	280	-	-	-	-	-	305	-	305
Balance at 30 June 2012	**2,220**	**77,537**	**6,828**	**(75,292)**	**(10)**	**3,435**	**(533)**	**14,185**	**1,104**	**15,289**
Changes in equity for year to 30 June 2013										
Balance at 1 July 2012	2,220	77,537	6,828	(75,292)	(10)	3,435	(533)	14,185	1,104	15,289
Loss for the period	-	-	-	(11,601)	-	-	-	(11,601)	-	(11,601)
Other comprehensive income	-	-	-	-	(49)	-	533	484	-	484
Transfer of Merger Reserve to retained deficit	-	-	(6,828)	6,828	-	-	-	-	-	-
Expiry of share options	-	-	-	1,269	-	(1,269)	-	-	-	-
Recognition of share based payments	-	-	-	-	-	73	-	73	-	73
Issue of shares	10	104	-	-	-	-	-	114	-	114
Balance at 30 June 2013	**2,230**	**77,641**	**-**	**(78,796)**	**(59)**	**2,239**	**-**	**3,255**	**1,104**	**4,359**

The accompanying notes form part of these financial statements.

Company	**Share Capital**	**Share premium reserve**	**Merger reserve**	**Retained deficit**	**Equity settled share options reserve**	**Total Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Changes in equity for year to 30 June 2012						
Balance at start of the year	2,195	77,257	6,828	(65,152)	3,163	24,291
Total comprehensive	-	-	-	(11,424)	-	(11,424)

loss for the year						
Issue of shares	25	280	-	-	-	305
Expiry of share options	-	-	-	63	(63)	-
Recognition of share based payments	-	-	-	-	335	335
Balance at 30 June 2012	**2,220**	**77,537**	**6,828**	**(76,513)**	**3,435**	**13,507**
Changes in equity for year to 30 June 2013						
Balance at start of the year	2,220	77,537	6,828	(76,513)	3,435	13,507
Total comprehensive loss for the year	-	-	-	(9,335)	-	(9,335)
Transfer of Merger reserve to retained deficit	-	-	(6,828)	6,828	-	-
Issue of shares	10	104	-	-	-	114
Expiry of share options	-	-	-	1,269	(1,269)	-
Recognition of share based payments	-	-	-	-	73	73
Balance at 30 June 2013	**2,230**	**77,641**	**-**	**(77,751)**	**2,239**	**4,359**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2013

	Note	Consolidated		Company	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash flows from operating activities	20	(7,017)	(8,965)	(5,320)	(4,570)
Net cash used in operating activities		**(7,017)**	**(8,965)**	**(5,320)**	**(4,570)**
Cash flows used in investing activities					
Finance income		16	34	14	29
Payments for exploration and evaluation assets		(146)	(1,464)	(1)	-
Receipts from sale of property, plant and equipment		4	36	-	-
Acquisition of property, plant and equipment		(1)	(8)	-	(8)
Advances to subsidiaries		-	-	(1,343)	(6,043)
Cash flows used in investing activities		**(127)**	**(1,402)**	**(1,330)**	**(6,022)**
Cash flows from financing activities					
Proceeds from issue of share capital		114	305	114	305

Cash flows from financing activities	**114**	**305**	**114**	**305**
Net (decrease) in cash and cash equivalents	(7,030)	(10,062)	(6,536)	(10,287)
Cash and cash equivalents at beginning of year	12,000	22,385	11,517	22,061
Effect of foreign exchange rate differences	(122)	(323)	(160)	(257)
Cash and cash equivalents at the end of year	**4,848**	**12,000**	**4,821**	**11,517**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users; that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. All amounts presented are in thousands of US dollars ($'000) unless otherwise stated.

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union and in accordance with applicable United Kingdom Law. The adoption of all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the operations and effective for annual reporting periods beginning on 1 July 2012 are reflected in these financial statements.

Given the year end cash balance of $4.8m, the Directors confirm that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue its operational existence and for this reason, they continue to adopt the going concern basis in preparing these accounts.

NEW STANDARDS AND INTERPRETATIONS APPLIED

The IASB has issued the following new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 July 2012 which have been adopted by the Group for the first time this year and which have not had a material effect:

		Effective period commencing on or after	Impact on Group
IAS 12	Amendment – Deferred Tax: Recovery of Underlying Assets	1 January 2012	No material impact
IAS 1	Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012	No material impact

New standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 July 2012 or later periods and which the Group has decided not to adopt early or which are yet to be EU endorsed. These are:

Effective period

		commencing on or after
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IFRS 7	Disclosures—Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 27	Amendment – Separate Financial Statements	1 January 2013
IAS 28*	Amendment – Investments in Associates and Joint Ventures	1 January 2014
IAS 19	Amendment – Employee Benefits	1 January 2013
	Annual improvements to IFRSs (2009–2011 Cycle)	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 9*	Financial Instruments	1 January 2015

* Not yet adopted by the European Union.

The above standards are not expected to have a significant impact on the Group.

SIGNIFICANT ACCOUNTING POLICIES

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The financial statements of subsidiaries are included in the Group's financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented in the statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company and in respect of the statement of comprehensive income are presented on the face as an allocation of the total profit or loss and other comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Business combinations

The consolidated financial statements incorporate the results of the business combinations using the acquisition method of accounting.

In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of investment in an associate is subject to impairment. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income.

The consolidated financial information is presented in US dollars ($), which is the functional and presentation currency of the Company. On consolidation, the results of overseas operations are translated into US$ at rates approximating to those when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in the statement of changes in equity (the "foreign exchange reserve"). Exchange differences recognised in the statement of comprehensive income of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Company or the overseas operation concerned. On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial instruments

Financial assets and financial liabilities are recognised when the Group and Company become party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow expires or when all the risks and rewards of ownership are substantially transferred. Financial liabilities are derecognised when the obligations specified in the contract are either discharged or cancelled.

Financial assets

The Group and Company classify their financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group’s and Company’s accounting policy for each category is as follows:

(i) **Available-for-sale**

Financial assets designated as available for sale are initially recognised at fair value, being the consideration given including, where appropriate, acquisition costs associated with the investment. The Group’s investments in quoted shares are designated as ‘available-for-sale’ financial assets and are included in non-current assets. Such investments are subsequently carried at fair value, with any gains or losses arising from changes in fair value being recognised in equity. Financial assets are derecognised when the rights to receive cashflows from the investments have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. Fair value is based on market value at the date of the Statement of Financial Position.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available-for-sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on financial assets which are equity instruments are not reversed through the income statement.

(ii) **Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They incorporate various types of contractual monetary assets, such as advances made to affiliated entities which give rise to other receivables and cash and cash equivalents includes cash in hand and deposits held at call with banks. Other receivables are carried at cost less any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial liabilities

The Group's financial liabilities consist of trade payables, other short-term monetary liabilities and long term liabilities which are initially stated at fair value and subsequently at their amortised cost.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Share-based payments

Where share options are awarded to Directors and employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income immediately or over the vesting period if applicable. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received or where this is not possible at the fair value of the equity instruments granted. Fair value is measured by use of an option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investment in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

Exploration, evaluation and development expenditure

In line with IFRS 6 'Exploration for and Evaluation of Mineral Resources', exploration and evaluation expenditure can be capitalised as an intangible asset in respect of each area of interest. This expenditure includes:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Capitalisation of exploration and evaluation expenditure commences on the acquisition of a right to explore a specific area or evaluate a mineral resource, either by means of the acquisition of an exploration licence or an option to a mineral right and ceases either on the acquisition of a mining lease or mineral production right in respect of that specific area or mineral resource or the making of a decision by management of the Group as to the technical feasibility or economic viability of conducting mining operations in that specific area or extracting the mineral resource being evaluated.

Where management of the Group decides that it is not technically feasible or economically viable to conduct mining operations in a specific area or to extract the mineral resource being evaluated, then capitalised exploration and evaluation expenditure attributable to the exploration and evaluation of that specific area or mineral resource, as the case may be, capitalised up to the date of making such a decision, is written off and any further exploration and evaluation expenditure incurred in respect thereof is charged to profit or loss as and when incurred. Management reviews the levels of capitalised exploration and evaluation expenditure for each area of interest on a regular basis and where deemed appropriate either continues to carry forward costs or impair expenditure based on management estimates of recoverable values for each area of interest.

Assets used exclusively in activities in respect of the exploration for and evaluation of mineral resources are classified as property, plant and equipment. Depreciation charges reflecting the consumption of these assets in carrying out such activities are included in exploration and evaluation expenditure.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items if applicable. The corresponding liability is recognised within provisions. Depreciation is provided on all items of property and equipment to write off the carrying value of items over their expected useful economic lives as follows:

Freehold land	- not depreciated
Leasehold improvements	- 5 years
Furniture and fixtures	- 3 years
Office equipment	- 3 years
Motor vehicles	- 8 years

Taxation

Tax on the profit or loss from ordinary activities includes current and deferred tax.

Current tax is based on the profit or loss adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Tax is charged or credited to the statement of comprehensive income, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group Company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Tax consolidation
The Company and its 100% Australian controlled entities have formed a tax consolidation Group. Members of the tax consolidated Group intend to enter into a tax sharing arrangement which will allow for the allocation of income tax expense to the wholly controlled entities on a pro rata basis. The arrangement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The head entity of the tax consolidated Group is Churchill Mining Plc.

Leased assets
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability.

Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis. The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Impairment of non-financial assets
Impairment tests on intangible assets and tangible assets with indefinite useful economic lives are undertaken annually on 30 June or when a trigger for impairment is identified. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest level group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included within total administration expenses in the statement of comprehensive income, except to the extent that they reverse gains previously recognised in the statement of changes in equity.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is the Managing Director, under his delegated board authority, is responsible for allocating resources and assessing performance of the operating segments.

Investments
In its separate financial statements, the Company recognises its investments in subsidiaries at cost inclusive of share based payments less any provision for impairment.

Cash and cash equivalents
Cash comprises bank and cash deposits at variable interest rates. Any interest earned is accrued monthly and classified as interest income. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Employee benefits
Provision is made for the Company's liability for employee benefits arising from services rendered by employees. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

Key sources of estimation uncertainty
The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- While conducting an impairment review of its assets, the Group exercises judgement in making assumptions by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Changes in these estimates used can result in significant charges to the statement of comprehensive income ; and

- Employee, corporate advisory and consulting services received as well as the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non market vesting conditions. The fair value of share options is estimated by using an option pricing model, on the date of grant based on certain assumptions. Those assumptions are described in the Notes to the accounts where more details, including carrying values, are disclosed.

NOTE 2: FINANCE INCOME

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Finance income – foreign exchange gains	63	343
Finance income - Bank interest	16	34
Total finance income	**79**	**377**

NOTE 3: LOSS FROM OPERATIONS

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Loss before tax includes the following expense items:		
Administrative expenses		
Audit & accounting and other fees	178	154
Consulting & professional fees	535	2,176
Legal fees	4,221	2,644

VAT costs unrecovered	61	215
Depreciation & amortisation	45	102
Employee salaries and benefits	872	1,124
Operating lease expense	120	246
Travel expenses	114	269
Public relations consultancy	619	1,262
Other administrative costs	272	361
Impairment of land	1,757	-
Impairment of other financial assets	2,258	-
Impairment of exploration and evaluation expenditure	399	1,460
Equity settled share based payment expense	73	335
	11,524	**10,348**
Finance expenses		
Foreign exchange losses	160	493
Total administrative and finance expenses	**11,684**	**10,841**

During the year the following fees were paid or payable for services provided by the Auditors of the parent entity and subsidiaries:

Fees payable to the Company's Auditor for the audit of the Company's annual accounts	38	53
Other services – interim review	11	16
Fees payable for the audit of the subsidiaries	22	25
Total	**71**	**94**

NOTE 4: SALARIES

		Consolidated	
		2013	**2012**
	Note	**$'000**	**$'000**
Staff costs (including Directors' fees) comprise:			
Employee salaries and benefits		704	939
Superannuation/pension costs		25	25
Directors' fees and benefits		147	160
Share-based payments	19	73	335
		949	**1,459**
		Number	
Average number of employees (including Directors)		17	55
		2013	**2012**
Directors' remuneration and Other Key Management disclosures		**$'000**	**$'000**
Directors' short term benefits			
Directors' fees and benefits		147	160
Consultancy fees/Salaries		415	831
Sub-Total		**562**	**991**

Directors' long term benefits		
Share based payments (options)	51	288
Total Director Remuneration	**613**	**1,279**
Other Key management short term benefits		
Consultancy fees	229	609
Key management salaries	116	568
Sub-Total	**345**	**1,177**
Key management long term benefits		
Share based payments (options)	9	46
Total Other Key Management Remuneration	**354**	**1,223**
Total Director and Key Management Remuneration	**967**	**2,502**
The amounts set out above include emoluments for the highest paid Director as follows:		
Short term benefits	333	684
Long term benefits (share based payments)	25	58
Total	**358**	**742**

Key management consists of the Board of Directors, the Company Secretary/Chief Financial Officer and the Community Development Manager (part-year).

The Company provides Directors' & Officers' liability insurance at a cost of $38,821 (2012: $40,278). This cost is not included in the above table.

NOTE 5: TAXATION ON LOSS FOR THE YEAR

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Major components of income tax expense for the years ended 30 June 2013 and 2012 are:		
Current tax expense	-	-
Deferred tax expense	-	-
Total tax expense	-	-
A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2013 and 2012 is as follows:		
Accounting loss before income tax	**(11,601)**	**(10,444)**
At the statutory income tax rate of 30%	(3,480)	(3,133)
Effects of:		
Non-deductible expenses	1,549	1,354
Temporary differences and tax losses not brought to account as a deferred tax asset	1,775	1,574

	Consolidated	
	2013	2012
	$'000	$'000
Less:		
Tax rate differential	156	205
Income tax expense	-	-
Effective income tax rate of 0%	0%	0%

No amounts of deferred tax assets or liabilities have been charged / (credited) to the consolidated statement of comprehensive income or reserves. The deductible temporary differences and domestic tax losses being $18,176,000 (2012: $18,897,000) do not expire under current tax legislation. Indonesian tax losses expire after five years. Deferred tax assets have not been recognised in respect of these items because at this point it is not probable that future taxable profits will be available against which the Group can utilise the benefits of tax losses. The Group has not offset deferred tax assets across different jurisdictions. Foreign tax losses in relation to the Indonesian subsidiary PT Indonesia Coal Development expire as follows:

Financial Year	Expire (year)	$'000
2008/2009	2014	1,315
2009/2010	2015	2,798
2010/2011	2016	4,351
2011/2012	2017	3,680
2012/2013*	2018	858

*Estimate based on the actual loss for 2012/2013

NOTE 6: LOSS PER SHARE

	Consolidated	
	2013	2012
	$'000	$'000
Loss attributable to owners of the parent company	(11,601)	(10,444)
	Number	
Weighted average number of shares used in the calculation of basic and diluted loss per share	122,822,049	121,332,423
	Cents	
Total loss per share		
Basic loss per share	(9.45c)	(8.61c)
Loss per share		
Basic and diluted loss per share	(9.45c)	(8.61c)

The effect of all potential ordinary shares arising from the exercise of options going forward is considered to be anti-dilutive. 7,205,068 (2012: 10,871,370) potential ordinary shares have been excluded from the above calculation as they are not dilutive.

NOTE 7: PARENT COMPANY LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of the exemption as allowed by Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company loss for the year was $9,335,223 (2012: Loss $11,424,707). In addition the amount of $6,827,771 in the Merger Reserve was transferred to Retained Deficit during the financial year.

NOTE 8: OTHER FINANCIAL ASSETS

Name	Country of incorporation	Reporting Date	Proportion of voting rights held at 30 June 2013	Proportion of voting rights held at 30 June 2012
Spitfire Resources Limited	Australia	30 June 2013	9.8%	15.99%

	$'000
2012	
Balance at 1 July 2011	4,370
Revaluation of available for sale financial assets (reserve)	(2,254)
Effect of movement in exchange rates	(110)
Balance at 30 June 2012	**2,006**
2013	
Balance at 1 July 2012	2,006
Impairment of available for sale asset	(2,258)
Reversal of available for sale reserve to income statement	533
Effect of movement in exchange rates	(7)
Balance at 30 June 2013	**274**

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 2013 of A$0.012 (US$0.011) (2012: A$0.079 (US$0.080) was $273,984 (2012: $2,006,403). Based on the sustained deterioration in equity markets in the Resources sector, the Group considers that the decline in Spitfire's share price represents a diminution in value and therefore an impairment has been recorded in the Statement of Comprehensive Income.

NOTE 9: SEGMENT INFORMATION

The Group's reportable segments are set out below and include the Indonesian and Australian corporate offices which are administrative cost centres.

Operating segments are reported in a manner consistent with the budgeted reporting provided to the board.

Consolidated 2013	Australia – Corporate office $'000	Indonesia – Administration Office $'000	Total $'000
Finance income	15	1	16
Administration expenses	(5,846)	(1,264)	(7,110)
Impairment of Land	-	(1,757)	(1,757)
Impairment of other financial assets	(2,258)	-	(2,258)
Impairment of exploration and evaluation assets	(253)	(146)	(399)
Exchange differences	(160)	67	(93)

Loss for the year after taxation	**(8,502)**	**(3,099)**	**(11,601)**
Non current assets	284	11	295
Other receivables	202	3,025	3,227
Cash and cash equivalents	4,825	23	4,848
Segment assets	**5,311**	**3,059**	**8,370**
Trade and other payables	832	3,135	3,967
Provisions	-	44	44
Segment liabilities	**832**	**3,179**	**4,011**
Segment net assets	**4,479**	**(120)**	**4,359**

Consolidated 2012	**Australia – Corporate office**	**Indonesia – Exploration Coal**	**Total**
	$'000	**$'000**	**$'000**
Finance income	29	25	54
Administration expenses	(4,664)	(4,231)	(8,895)
Impairment of exploration and evaluation assets	-	(1,460)	(1,460)
Exchange differences	(276)	133	(143)
Loss for the year after taxation	**(4,911)**	**(5,533)**	**(10,444)**
Non current assets	2,302	1,797	4,099
Other receivables	184	3,420	3,604
Cash and cash equivalents	11,533	467	12,000
Segment assets	**14,019**	**5,684**	**19,703**
Trade and other payables	452	3,877	4,329
Provisions	1	84	85
Segment liabilities	**453**	**3,961**	**4,414**
Segment net assets	**13,566**	**1,723**	**15,289**

NOTE 10: OTHER RECEIVABLES

	Consolidated		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Current				

Related party receivables	4,029	4,219	-	-
Impairment for non-recovery	(1,036)	(1,085)	-	-
Prepayments and other receivables	234	470	202	160
	3,227	**3,604**	**202**	**160**

The Group's exposure to credit and currency risk related to other receivables is disclosed in Note 21. Contingencies in relation to the recovery of related party receivables are detailed in Note 23.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Plant & Equipment				
Cost				
Balance at start of year	409	467	110	102
Disposals	(156)	(64)	-	-
Additions	1	8	1	8
Effects of movements in exchange rates	1	(2)	-	-
Balance at end of year	**255**	**409**	**111**	**110**
Accumulated Depreciation				
Balance at start of year	324	271	66	54
Depreciation expense for the year	45	102	35	12
Reversal of accumulated depreciation - disposal	(134)	(47)	-	-
Effects of movements in exchange rates	(1)	(2)	-	-
Balance at end of year	**234**	**324**	**101**	**66**
Net book value at end of the year	**21**	**85**	**10**	**44**
Freehold land				
Cost				
Balance at start and end of year	1,757	1,757	-	-
Impairment *	(1,757)	-	-	-
Balance at the end of year	**-**	**1,757**	**-**	**-**
Net book value at end of year	**-**	**1,757**	**-**	**-**
Total				
Cost				
Balance at start of year	2,166	2,224	110	102
Impairment	(1,757)	-	-	-
Disposals	(156)	(64)	-	-
Additions	1	8	1	8
Effects of movements in exchange rates	1	(2)	-	-
Balance at end of year	**255**	**2,166**	**111**	**110**
Accumulated Depreciation				
Balance at start of year	324	271	66	54
Depreciation expense for the year	45	102	35	12
Reversal of accumulated depreciation - disposal	(134)	(47)	-	-
Effect of movements in exchange rates	(1)	(2)	-	-
Balance at end of year	**234**	**324**	**101**	**66**
Net book value at end of year	**21**	**1,842**	**10**	**44**
Net book value at start of year	**1,842**	**1,953**	**44**	**48**

* During the year a review of the Freehold land was undertaken. Management are of the opinion that at present, it is unlikely that the carrying value of the land will be realised through a sale or via generation of future economic benefits. Therefore, the cost of the land has been impaired in full.

NOTE 12: INTANGIBLE ASSETS

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Exploration and evaluation assets				
Capitalised exploration expenditure:				
Balance at start of year	185	194	-	-
Additions	146	1,460	-	-
Impairment of exploration expenditure *	(146)	(1,460)	-	-
Impairment of exploration assets **	(167)	-		
Effects of movements in exchange rates	(18)	(9)	-	-
Balance at end of year	**-**	**185**	**-**	**-**
Exploration and evaluation assets				
Cost of acquisition:				
Balance at start of year	66	68	-	220
Impairment of exploration assets **	(59)	-	-	(220)
Effects of movements in exchange rates	(7)	(2)	-	-
Balance at end of year	**-**	**66**	**-**	**-**
Total				
Cost:				
Balance at start of year	251	262	-	220
Additions	146	1,460	-	-
Impairment of exploration and evaluation expenses	(146)	(1,460)	-	-
Impairment of exploration assets	(226)	-	-	(220)
Effects of movements in exchange rates	(25)	(11)	-	-
Balance at end of year	**-**	**251**	**-**	**-**

* During the year the Group incurred $145,750 in staff redundancies and costs associated with ceasing operations for the East Kutai Coal Project. This amount was impaired in full during the year.

** After a review by management, an amount of US$225,445 which relates to the Group's 20% interest in the original South Woodie Woodie Manganese Project has been impaired in full. The Group is "free-carried" on its share of exploration costs in respect of its 20% interest until a decision to mine is made in relation to the project.

NOTE 13: INVESTMENT IN SUBSIDIARIES

The principal subsidiaries of Churchill Mining Plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of Incorporation	Proportion of ownership interest
Planet Mining Pty Ltd	Australia	100%
PT Indonesia Coal Development	Indonesia	100%
PT Techno Coal Utama Prima*	Indonesia	100%
PT Ridlatama Tambang Mineral*	Indonesia	75%
PT Ridlatama Trade Powerindo*	Indonesia	75%

PT Ridlatama Steel*	Indonesia	75%
PT Ridlatama Power*	Indonesia	75%

*Undertaking held indirectly by the Company.

Churchill Mining Plc owns 95% of the shares in PT Indonesia Coal Development with the balance (5%) held by Planet Mining Proprietary Ltd.

Movements of investments in subsidiaries during the period are:

	Company	
	2013	**2012**
	$'000	**$'000**
Loans to subsidiaries – Non-current assets		
- Opening Balance	-	355
- Loans to subsidiaries	1,343	6,043
- Impairment of subsidiary carrying value	(1,343)	(6,398)
Total loans to subsidiaries – non-current assets	**-**	**-**
Equity investment in subsidiaries		
- Opening Balance	2,205	2,431
- Investment in subsidiary	-	-
- Impairment of subsidiary carrying value	(2,047)	(226)
Total equity investment in subsidiaries	**158**	**2,205**
Total investment in subsidiaries	**158**	**2,205**

The total of subsidiary loans at 30 June 2013 is $48,979,805 (2012: $47,851,915), the recovery of which has been impaired in full. The intercompany loans are unsecured, non-interest bearing and repayable on demand. Following impairment of the underlying assets held within the relevant subsidiaries, Churchill Mining Plc has accordingly reduced the carrying value of investments held at a parent company level.

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade payables	847	910	721	179
Accruals and other payables	127	297	111	240
	974	**1,207**	**832**	**419**

The Group's exposure to credit and currency risk related to trade and other payables is disclosed in Note 21.

NOTE 15: LOANS AND BORROWINGS

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Related party payables	2,993	3,134	-	-

	2,993	**3,134**	**-**	**-**

Included in the loans and borrowings are amounts payable of $2,992,749 due to the non-controlling shareholders of the IUP Companies PT Ridlatama Tambang Mineral, PT Ridlatama Trade Powerindo, PT Ridlatama Steel and PT Ridlatama Power. Contingencies in relation to the payment of related party loans are detailed in Note 23.

NOTE 16: PROVISIONS

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current				
Employee benefits	44	73	-	1
	44	**73**	**-**	**1**

The provision relates to the estimated liability for post-employment benefits at year end for PT Indonesia Coal Development.

NOTE 17: COMMITMENTS

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Operating lease commitments				
The total future aggregate minimum lease payments under non-cancellable operating leases:				
Within one year	18	78	16	58
Within two to five years	-	2	-	-
	18	**80**	**16**	**58**

The above amount relates to a property lease for:

- 41 York Street, Subiaco which is a 12 month sub-lease term expiring on 31 May 2014 with rent payable monthly in advance.

Consultant and Key Management compensation commitments				
Commitments under consulting contracts not provided for in the financial statements and payable:				
Within one year	249	264	249	264
	249	**264**	**249**	**264**

Other commitments

In February 2013 the Company entered into an engagement letter with Quinn Emanuel Urquhart & Sullivan ("QE")"in connection with the international arbitration proceedings against the Republic of Indonesia. As part of this engagement the Group is committed to pay a fixed monthly fee of $200,000 up to and including the calendar month in which QE files any post hearing briefs in respect of the jurisdiction hearing held in May 2013. As at the date of this report, the Company has committed to pay the fixed monthly fee for July & August 2013.

NOTE 18: SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Company 2013 Number	Company 2012 Number	Company 2013 $'000	Company 2012 $'000
Allotted, called up and fully paid				
At start of year	122,520,368	120,920,368	2,220	2,195
Additions	647,727	1,600,000	10	25
At end of year	**123,168,095**	**122,520,368**	**2,230**	**2,220**

Date	Details	Allotted, called up and fully paid Number	Allotted, called up and fully paid $'000	Share premium $'000
01/07/2011	Opening balance at 1 July 2011	120,920,368	2,195	77,257
28/3/2012	Conversion of options @ 12p per share	1,200,000	19	210
28/3/2012	Conversion of options @ 12p per share	400,000	6	70
30/6/2012	**Closing balance at 30 June 2012**	**122,520,368**	**2,220**	**77,537**
11/1/2013	Issue of shares to directors @ 11p per share	647,727	10	104
30/6/2013	**Closing balance at 30 June 2013**	**123,168,095**	**2,230**	**77,641**

Share premium

The share premium reserve amount arises from subscriptions for or issue of shares in excess of nominal value.

Other Reserves

Date	Details	Merger Reserve $'000	Other Reserves: Foreign exchange reserve $'000	Other Reserves: Equity settled share options reserve $'000	Other Reserves: Total other reserves $'000
01/7/2011	Opening balance at 1 July 2011	6,828	285	3,163	3,448
30/6/2012	Exchange differences on translation of foreign operations	-	(295)	-	(295)
30/6/2012	Recognition of share based payments	-	-	335	335
30/6/2012	Expiry of share options	-	-	(63)	(63)
30/6/2012	**Closing balance at 30 June 2012**	**6,828**	**(10)**	**3,435**	**3,425**
01/7/2012	Opening balance at 1 July 2012	6,828	(10)	3,435	3,425
30/6/2013	Exchange differences on translation of foreign operations	-	(49)	-	(49)
30/6/2013	Recognition of share based payments	-	-	73	73
30/6/2013	Expiry of share options	-	-	(1,269)	(1,269)
30/6/2013	Transfer of Merger Reserve to retained deficit	(6,828)	-	-	-

30/6/2013	**Closing balance at 30 June 2013**	**-**	**(59)**	**2,239**	**2,180**

Merger reserve

During the year, the merger reserve which arose previously from the availability of merger relief in connection with the acquisition of PT Indonesia Coal Development by a share for share exchange that represented the difference between the fair value of consideration given for the shares and the nominal value of those instruments, was transferred to Retained Deficit due to the impairment of the investments in the subsidiary companies.

Foreign exchange reserve

The amount represents gains/losses arising from the translation of the financial statements of foreign operations, the functional currency of which is different from the presentation currency of the Group. The reserve is dealt with in accordance with the accounting policy set out in note 1 to these financial statements.

Equity settled share options reserve

The amount relates to the fair value of the share options that have been expensed through the statement of comprehensive income less amounts, if any, that have been transferred to the retained earnings/deficit upon exercise.

Retained deficit

Retained deficit represents the cumulative net gains and losses recognised in the statement of comprehensive income less any amounts reflected directly in other reserves.

NOTE 19: SHARE BASED PAYMENTS

Share options

The Company has issued share options, some of which have vested immediately on grant and others with vesting periods. The options are not traded. Share options are exercisable for ordinary shares which rank equally with existing ordinary shares.

Exercise price	Grant date	Outstanding at start of year	(Exercised)/ Granted during the year	(Lapsed/ Expired) during the year	Outstanding at end of year	Final exercise date
2012						
12p	28/03/2007	2,000,000	(1,600,000)	(400,000)	-	28/03/2012
60p	17/12/2007	250,000	-	-	250,000	17/12/2012
70p	17/12/2007	250,000	-	-	250,000	17/12/2012
80p	17/12/2007	250,000	-	-	250,000	17/12/2012
75p	09/05/2008	3,100,000	-	-	3,100,000	09/05/2013
50p	19/08/2011	-	5,800,000	(800,000)	5,000,000	19/08/2016
Total		**5,850,000**	**4,200,000**	**(1,200,000)**	**8,850,000**	
2013						
60p	17/12/2007	250,000	-	(250,000)	-	17/12/2012
70p	17/12/2007	250,000	-	(250,000)	-	17/12/2012
80p	17/12/2007	250,000	-	(250,000)	-	17/12/2012
75p	09/05/2008	3,100,000	-	(3,100,000)	-	09/05/2013
50p	19/08/2011	5,000,000	-	(300,000)	4,700,000	19/08/2016

50p	29/10/2012	-	1,500,000	-	1,500,000	29/10/2017
28p	21/03/2013	-	5,400,000	-	5,400,000	21/03/2018
48p	03/05/2013	-	50,000	-	50,000	02/05/2018
Total		**8,850,000**	**6,950,000**	**(4,150,000)**	**11,650,000**	

	Weighted average exercise price 2013	Number 2013	Weighted average exercise price 2012	Number 2012
Outstanding at beginning of the year	60p	8,850,000	53p	5,850,000
Exercised during the year	-	-	12p	(1,600,000)
Expired during the year	72p	(4,150,000)	37p	(1,200,000)
Issued during the year	33p	6,950,000	50p	5,800,000
Outstanding at end of the year	**40p**	**11,650,000**	**60p**	**8,850,000**
Exercisable at the end of the year	**40p**	**11,650,000**	**60p**	**8,850,000**

The weighted average share price during the year was 19.89p (2012: 16.68p).

Fair value

The fair value of the share options granted has been derived using the Black-Scholes model that takes into account factors such as the option life, the volatility of share price and expected early exercise of share options. Volatility has been based on an estimate of comparable listed companies to Churchill.

2013 **Grant date**	**29/10/2012**	**21/3/2013**	**3/5/2013**
Granted to	**Key Management Personnel**	**Key Management Personnel**	**Key Management Personnel**
Number granted	1,500,000	5,400,000	50,000
Fair value at grant date	**1.80c**	**3.07c**	**11.26c**
Assumptions used			
Share price	18.00c	15.86c	40.43c
Exercise price	80.51c	42.30c	74.64c
Expected volatility	70%	70%	70%
Average Option life	2.65	2.65	2.65
Risk free interest rate	2%	2%	2%

Equity settled share based payment expense

The share based payment for the year ended 30 June 2013 was US$73,759 (2012: 335,000).

NOTE 20: NOTES TO THE CASH FLOW STATEMENT

	Consolidated 2013	Consolidated 2012	Company 2013	Company 2012

	$'000	$'000	$'000	$'000
Reconciliation of (loss) after tax to cash from operating activities				
(Loss) after tax	**(11,601)**	**(10,444)**	**(9,335)**	**(11,424)**
Share option expense	73	335	73	317
Depreciation expense	45	102	35	11
Impairment expense	399	1,464	3,175	6,624
Impairment of land	1,757	-	-	-
Impairment of other financial assets	2,258	-	-	-
Loss on exchange rates	96	150	160	276
Loss on subsidiary loans & investment	-	-	216	-
Net gain on disposal of property, plant and equipment	(4)	(20)	-	-
Finance income	(16)	(34)	(14)	(28)
Decrease / (Increase) in receivables	237	(103)	(42)	(32)
(Decrease) / Increase in payables	(261)	(415)	412	(314)
Cash flow from operating activities	**(7,017)**	**(8,965)**	**(5,320)**	**(4,570)**
Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows are reconciled to the related items in the statement of financial position as follows:				
Cash and cash equivalents	4,848	12,000	4,821	11,517

NOTE 21: FINANCIAL INSTRUMENTS

Significant accounting policies
Details of the significant accounting policies in respect of financial instruments are disclosed in Note 1 of the financial statements.

Financial risk management
The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge exposure of the Group's and Company's activities to the exposure to currency risk or interest risk. No derivatives or hedges were entered into during the year.

General objectives, policies and processes
The Board has overall responsibility for the determination of the Group and Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group is exposed through its operations to the following financial risks:

- Liquidity risk;
- Credit risk;
- Cashflow interest rate risk;
- Foreign exchange risk.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group and Company's competitiveness and flexibility. There have been no substantive changes in the Group and Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Further details regarding these policies are set out below:

Principal financial instruments
The principal financial instruments used by the Group and Company, from which financial instrument risk arises are as follows:

- Loans and receivables;
- Other receivables;
- Cash and cash equivalents;
- Available for sale financial instruments;
- Trade and other payables; and
- Loans and borrowings.

Categories of financial assets

	Consolidated		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current financial assets classified as loans and receivables				
Other receivables	3,024	3,198	2	-
Cash and cash equivalents	4,848	12,000	4,821	11,517
Total current financial assets	**7,872**	**15,198**	**4,823**	**11,517**
Non-current financial assets classified as loans and receivables				
Intergroup receivables	-	-	48,980	47,852
Impairment for non-recovery	-	-	(48,980)	(47,852)
Non-current financial assets classified as available for sale				
Other financial assets	274	2,006	-	-
Total non-current financial assets	**274**	**2,006**	**-**	**-**
Total financial assets	**8,146**	**17,204**	**4,823**	**11,517**

The Group was exposed to movements in the fair value of its ASX-listed shares in Spitfire Resources Limited which at the 30 June 2013 are held as an available for sale asset with its fair value determined by its share price at 30 June 2013. The available for sale asset was measured in accordance with level 1 in the fair value hierarchy.

Categories of financial liabilities

	Consolidated		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current financial liabilities measured at amortised cost				
Trade and other payables	974	1,207	832	419
Loans and borrowings	2,993	3,134	-	-
Total current financial liabilities	**3,967**	**4,341**	**832**	**419**

Total financial liabilities	**3,967**	**4,341**	**832**	**419**

At the year end, the Group had a cash balance of US$4,847,872 (2012: US$11,999,730) which was made up as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Great British Pound	3,942	7,318	3,942	7,318
United States Dollar	844	4,537	831	4,173
Australian Dollar	52	31	48	26
Indonesian Rupiah	10	114	-	-
	4,848	**12,000**	**4,821**	**11,517**

There is no material difference between the book value and fair value of the Group's cash.

The Group and Company received interest for the year as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest from bank deposits	16	34	15	29
Total interest from bank deposits	**16**	**34**	**15**	**29**

LIQUIDITY RISK

The Group's and Company's policy is to ensure that it has sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances to meet expected requirements for a period of at least 60 days. The Group currently has no long term borrowings.

Cash forecasts identifying the liquidity requirements of the Group and Company are produced frequently. These are reviewed regularly by management and the Board to ensure that sufficient financial headroom exists for at least a 12 month period.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months
2013	$'000	$'000	$'000	$'000
Current financial liabilities				
Trade and other payables	974	974	974	-
Loans and borrowings	2,993	2,993	-	2,993
	3,967	**3,967**	**974**	**2,993**

Company	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months
2013	$'000	$'000	$'000	$'000

Current financial liabilities				
Trade and other payables	832	832	832	-
	832	**832**	**832**	**-**

Consolidated **2012**	**Carrying amount** **$'000**	**Contractual cash flows** **$'000**	**6 months or less** **$'000**	**Greater than 6 months** **$'000**
Current financial liabilities				
Trade and other payables	1,207	1,207	1,207	-
Loans and borrowings	3,134	3,134	-	3,134
	4,341	**4,341**	**1,207**	**3,134**

Company **2012**	**Carrying amount** **$'000**	**Contractual cash flows** **$'000**	**6 months or less** **$'000**	**Greater than 6 months** **$'000**
Current financial liabilities				
Trade and other payables	419	419	419	-
	419	**419**	**419**	**-**

CREDIT RISK

Credit risk arises principally from the Group's other receivables and investments in cash deposits. It is the risk that the counterparty fails to discharge its obligations in respect of the instrument.

As detailed in Note 23, the group is awaiting a decision on the appeal in relation to a dispute with the Ridlatama Group. Should PT ICD and PT TCUP be unsuccessful in all avenues of appeal then the receivables in the Statement of Financial Position before impairment would be reduced by $2.01 million due to these companies no longer being consolidated in the Group accounts. In addition the payables in the Statement of Financial Position would be reduced by $1.49 million.

The Group holds its cash balances across several bank accounts. The Groups seeks to deposit its cash with reputable financial institutions with strong credit ratings.

The Group and Company's maximum exposure to credit risk by class of individual financial instrument is shown in the table below:

Consolidated	**2013**		**2012**	
	Carrying value **$'000**	**Maximum exposure** **$'000**	**Carrying value** **$'000**	**Maximum exposure** **$'000**
Current assets				
Cash and cash equivalents	4,848	4,848	12,000	12,000
Other receivables	3,024	3,024	3,198	3,198
	7,872	**7,872**	**15,198**	**15,198**

Company	2013		2012	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	$'000	$'000	$'000	$'000
Current assets				
Cash and cash equivalents	4,821	4,821	11,517	11,517
Non – current assets				
Loans to subsidiaries	48,980	48,980	47,852	47,852
Impairment for non-recovery	(48,980)	(48,980)	(47,852)	(47,852)
	4,821	**4,821**	**11,517**	**11,517**

CASH FLOW INTEREST RATE RISK

The Group and Company is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group and Company are proactively managed in order to ensure that the maximum level of interest is received for the available funds without affecting the working capital flexibility the Group and Company require.

The Group and Company is not at present exposed to cash flow interest rate risk on borrowings as they are not interest bearing. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without prior consent of the Company.

Interest rates on financial assets and liabilities

The Group and Company's financial assets consist of cash and cash equivalents, loans, listed investments and other receivables. The interest rate profile at 30 June 2013 of these assets was as follows:

Consolidated 2013	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Great British Pound	493	3,449	-	-	3,942
Australian Dollar	36	15	-	-	51
United States Dollar	89	759	-	32	880
Indonesian Rupiah	6	-	-	2,993	2,999
	624	**4,223**	**-**	**3,025**	**7,872**
Weighted average interest rate	0%	0.22%			
Financial liabilities					
Great British Pound	-	-	-	149	149
Australian Dollar	-	-	-	32	32
United States Dollar	-	-	-	777	777
Indonesian Rupiah	-	-	-	3,009	3,009
	-	**-**	**-**	**3,967**	**3,967**

Company	Floating	Fixed	Fixed	Non-interest	Total

2013	interest rate $'000	interest maturing in 1 year or less $'000	interest maturing over 1 to 5 years $'000	bearing loan $'000	$'000
Financial assets					
Great British Pound	493	3,449	-	-	3,942
Australian Dollar	32	15	-	-	47
United States Dollar	73	759	-	48,980	49,812
Impairment for non-recovery	-	-	-	(48,980)	(48,980)
	598	**4,223**	**-**	**-**	**4,821**
Weighted average interest rate	0%	0.22%			
Financial liabilities					
Great British Pound	-	-	-	149	149
Australian Dollar	-	-	-	32	32
United States Dollar	-	-	-	651	651
	-	**-**	**-**	**832**	**832**

Consolidated 2012	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Great British Pound	121	7,197	-	-	7,318
Australian Dollar	29	2	-	-	31
United States Dollar	12	4,525	-	64	4,601
Indonesian Rupiah	114	-	-	3,134	3,248
	276	**11,724**	**-**	**3,198**	**15,198**
Weighted average interest rate	0%	0.20%			
Financial liabilities					
Great British Pound	-	-	-	199	199
Australian Dollar	-	-	-	147	147
United States Dollar	-	-	-	837	837
Indonesian Rupiah	-	-	-	3,231	3,231
	-	**-**	**-**	**4,414**	**4,414**

Company 2012	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing over 1 to 5 years $'000	Non-interest bearing loan $'000	Total $'000
Financial assets					
Great British Pound	121	7,197	-	-	7,318

Australian Dollar	24	2	-	-	26
United States Dollar	-	4,173	-	47,852	52,025
Impairment for non-recovery	-	-	-	(47,497)	(47,497)
	145	**11,372**	**-**	**355**	**11,872**
Weighted average interest rate	0%	0.20%			
Financial liabilities					
Great British Pound	-	-	-	199	199
Australian Dollar	-	-	-	147	147
United States Dollar	-	-	-	73	73
	-	**-**	**-**	**419**	**419**

Sensitivity Analysis

Interest Rate Risk

The Group and Company have performed sensitivity analysis relating to its exposure to their interest rate risk at reporting date. The sensitivity analysis demonstrates the effect on the current financial year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2013, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	Consolidated		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
- Increase in interest rate by 1%	72	172	65	143
- Decrease in interest rate by 1%	(16)	(34)	(14)	(29)
Change in equity				
- Increase in interest rate by 1%	72	172	65	143
- Decrease in interest rate by 1%	(16)	(34)	(14)	(29)

Net Fair Value

The carrying value and net fair value of financial assets and liabilities at the reporting date are:

Consolidated	**2013**		**2012**	
	Carrying Amount	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents	4,848	4,848	12,000	12,000
Other receivables	3,179	3,179	3,269	3,269
Other financial assets	274	274	2,006	2,006
	8,301	**8,301**	**17,275**	**17,275**

Financial liabilities				
Trade and other payables	974	974	1,207	1,207
Financial liabilities	2,993	2,993	3,134	3,134
	3,967	**3,967**	**4,341**	**4,341**

Company	**2013** Carrying Amount $'000	Net Fair Value $'000	**2012** Carrying Amount $'000	Net Fair Value $'000
Financial assets				
Current assets				
Cash and cash equivalents	4,821	4,821	11,517	11,517
Other receivables	156	156	71	71
Non currents assets				
Loans to subsidiaries	48,980	48,980	47,852	47,852
Impairment for non-recovery	(48,980)	(48,980)	(47,852)	(47,852)
	4,977	**4,977**	**11,588**	**11,588**
Financial liabilities				
Trade and other payables	832	832	419	419
	832	**832**	**419**	**419**

FOREIGN EXCHANGE RISK

The Group has overseas subsidiaries, in Australia and Indonesia, whose expenses are mainly denominated in US dollars with some expenses in Australian Dollars and Indonesian Rupiah. In addition, the Parent Company incurs some expenses in British Pounds. Foreign exchange risk is inherent in the Group's activities and is accepted as such. The Group mitigates foreign exchange risk by transferring appropriate amounts to match the budgeted spend in each currency. Although its geographical spread reduces the Group's operational risk, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains and losses on retranslation into US dollars. No formal arrangements have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible. The Group considers that this policy minimises any unnecessary foreign exchange exposure.

In order to monitor the continuing effectiveness of this policy, the Board, through its approval of both corporate and capital expenditure budgets, and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an on-going basis.

The following table discloses the exchange rates of the major currencies utilised by the Group:

	Pounds Sterling	**Australian Dollar**	**Indonesian Rupiah**
Foreign currency units to US $1			
Average for 2012/2013	0.6378	0.9747	9,679

At 30 June 2013	0.6572	1.0934	9,901
Average for 2011/2012	0.6312	0.9693	8,942
At 30 June 2012	0.6403	0.9841	9,407

Currency exposures & Sensitivity analysis

The monetary assets and liabilities of the Group that are not denominated in US dollars and therefore exposed to currency fluctuations are shown below. The amounts shown represent the US dollar's equivalent of local currency balances.

	Australian Dollar $'000	Pound Sterling $'000	Indonesian Rupiah $'000	Total $'000
US Dollar equivalent of exposed net monetary assets and liabilities				
At 30 June 2013	302	4,208	27	4,537
At 30 June 2012	1,907	7,220	369	9,496

A 10% strengthening of the US dollar against the Australian dollar at 30 June would have reduced loss by $2,655 (2012: reduced loss by $411) and reduced equity by $17,687 (2012: $220,084). This analysis assumed that all other variables, in particular interest rates, remain constant.

A 10% weakening of the US dollar against the above currency at 30 June would have had approximately the equivalent but opposite effects on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

A 10% strengthening of the US dollar against the Great British Pound at 30 June would have increased loss by $394,180 (2012: $731,808) and decrease equity by $394,180 (2012: $731,808). This analysis assumed that all other variables, in particular interest rates, remain constant

A 10% weakening of the US dollar against the above currency at 30 June would have had approximately the equivalent but opposite effects on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital

The objective of the Directors is to maximise Shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. To date the Group has minimised risk by being mainly equity financed.

In managing their capital, the Group and Company's primary objective is to ensure their ability to provide a sufficient return for their equity Shareholders, principally though capital growth. In order to achieve and maximise this return objective, the Group and Company will, in future, seek to maintain a gearing ratio that balances risks and returns at an acceptable level while also maintaining a sufficient funding base to enable the Group and Company to meet their working capital and strategic investment needs.
In making decisions to adjust their capital structure to achieve these aims, either through new share issues, increases or reductions in debt, or altering a dividend or share buyback policies, the Group considers not only its short term position but also its medium and longer term operational and strategic objectives.

NOTE 22: RELATED PARTY TRANSACTIONS

The Group had the following material transactions (excluding Directors' salaries and fees) with related parties during the year ended 30 June 2013.

a) During the year, the Group paid Borden Holdings Pty Ltd $10,540 (2012: $683,996) for the consultancy services of Mr David Quinlivan who is the Chairman of the Company. There was no amount owing to Borden Holdings Pty Ltd as at 30 June 2013 (2012: $7,908).

b) In May 2011, the Company entered into an extension of a lease agreement with Borden Holdings Pty Ltd, a related party of Mr David Quinlivan who is a Director of the Company. The lease is for the office at Suite 1, 346 Barker Road, Subiaco, Western Australia. The terms of the lease are no more favourable than normal market rates and the lease expired in May 2013. The amount paid for the year ended 30 June 2013 was $36,708 (2012: $33,695).

c) During the year the Group paid Pala Investments AG (""Pala") $25,000 (2012: $287,500) for consultancy services and expenses. The Pala group is the major shareholder of Churchill Mining Plc (25.57%). The terms of the advisory agreement were reviewed and approved by the independent Directors. There was no amount owing to Pala at 30 June 2013 (2012: $12,500).

d) As at 30 June 2013 US$2,014,301 (2012: US$2,109,705) was receivable from and US$1,582,737 (2012: US$ 1,657,700) was payable to Ms Florita who is the partner of Mr Anang Mudjiantoro. Both Ms Florita and Mr Mudjiantoro are related parties of Churchill by way of their Directorships in Indonesian subsidiary companies. The amount of the receivable has been impaired to equal the amount of the payable US$1,582,737. These amounts remain outstanding at 30 June 2013.

e) As at 30 June 2013 US$2,104,301 (2012: US$2,109,705) was receivable from and US$1,410,011 (2012: US$ 1,476,793) was payable to Ms Ani Setiawan who is the partner of Mr Andreas Rinaldi. Ms Ani Setiawan is a related party of Churchill as she holds the position of Commissioner with some of the Indonesian subsidiary companies. The amount of the receivable has been impaired to equal the amount of the payable US$1,410,011.These amounts remain outstanding at 30 June 2013.

The Key Management personnel disclosures are included in Note 4 to the financial statements.

NOTE 23: CONTINGENCIES

On 28th November 2012 the South Jakarta District Court held that the deeds of grant by which members of the Ridlatama Group transferred 75% of the issued share capital in two of the four licence companies that made up the East Kutai Coal Project (PT Ridlatama Tambang Mineral and PT Ridlatama Trade Powerindo) to PT TCUP are null and void on the basis that the requirements for a valid grant under Indonesian laws had not been satisfied. On 6th Dec 2012 PT ICD and PT TCUP filed a notice of appeal with the High Court in respect of the South Jakarta District Court's decision. The decision of the South Jakarta District Court is therefore not final and binding. Should PT ICD and PT TCUP be unsuccessful in all avenues of appeal then the receivables in the Statement of Financial Position before impairment would be reduced by $2.01 million due to these companies no longer being consolidated in the Group accounts. In addition the payables in the Statement of Financial Position would be reduced by $1.49 million. It remains the Group's position that the receivable and payable in the Statement of Financial Position are able to be offset. In the event that the balances cannot be offset the payable owing by the Group would not be settled until members of the Ridlatama group settled the receivable.

The Group is involved in various litigation disputes as detailed in the Chairman's Statement and the Review of Operations and Finance. As at the date of this report the disclosure of any further information about the above matters would be prejudicial to the interests of the Group.

NOTE 24: EVENTS AFTER THE REPORTING PERIOD

There has not been any other matter or circumstance occurring subsequent to the end of the financial year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.