CHURCHILL MINING PLC

Incorporated in England and Wales with
Registered Number 5275606

Annual Report

For the year ended 30 June 2017

Directors
David Quinlivan
Nicholas Smith
Gregory Radke
Fara Luwia
Kiran Vadlamani
Nikita Rossinsky

Company Secretaries
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Russell Hardwick

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Dear Shareholder,

I present Churchill Mining Plc’s (“**Churchill**” or the “**Company**”) Full Year Report for the 12 months ended 30 June 2017.

Introduction

During the year, the Company continued actively to pursue its US$1.315 billion (plus interest) claim against the Republic of Indonesia (“**Indonesia**” or "the **State**") for unlawful measures taken by Indonesia against Churchill's interests in the East Kutai Coal Project ("**EKCP**").

The unlawful measures taken by Indonesia include Indonesia’s revocation (without compensation or due process) of the mining licences that underpinned the EKCP (the **“EKCP licences”**), which were held by Churchill and its local partner in the project, the Ridlatama Group.

At the time the EKCP licences were revoked, Churchill and its wholly-owned subsidiary Planet Mining Pty Ltd’s (“**Planet**”) held a 75% interest in the EKCP. The area covered by the EKCP licences (i.e. the EKCP) contained a JORC Resource of 2.8 billion tonnes and incorporated a JORC Reserve of 980 million tonnes.

The Adverse Award

On 6 December 2016, the ICSID Tribunal handed down its Award in relation to Indonesia’s application for dismissal of the Company’s claims based on forged Ridlatama mining licences.

In its Award the Tribunal granted Indonesia’s application to dismiss the Company’s claims for damages arising out of the revocation of the mining licenses that made up the EKCP in East Kalimantan Indonesia and made the following findings:

- thirty four (34) disputed documents were held to be not authentic;
- the forger of the disputed documents was most likely a person or persons acting for or on behalf of Churchill’s Indonesian partner the Ridlatama group in collusion with a person inside the East Kutai Regency;
- there was no finding that Churchill or its officers were involved in any forgery;
- Churchill’s due diligence investigations conducted at the time of acquiring the East Kutai Coal licenses were insufficient;
- the claims brought by Churchill in the arbitration were inadmissible and therefore dismissed; and
- Churchill was ordered to pay a total of USD 9,446,528 in costs and arbitration tribunal fees.

Whilst accepting the finding that neither Churchill nor any of its officers were in any way involved in any fraud or forgery, the Company remains deeply troubled by many aspects of this Award.

Annulment Application

On 31 March 2017, following a detailed analysis of the ICSID Award of 6 December 2016 (“**Award**”) with its solicitors Clifford Chance LLP, the Company lodged an application to annul the Award under Article 52 of the ICSID Convention ("**Annulment Application**"). In the interests of transparency, the Company posted a copy of the Annulment Application on its website.

In its Annulment Application, the Company explained how the Award is the product of a process that was tainted by a range of serious departures from fundamental rules of procedure and fairness and manifest excesses of power by the arbitrators.

Three grounds for annulment of the Award have been invoked by the Company:

(i) that the Tribunal seriously departed from a fundamental rule of procedure (ICSID Convention, Article 52(1)(d));
(ii) that the Tribunal manifestly exceeded its powers (ICSID Convention, Article 52(1)(b)); and
(iii) that the Tribunal failed to state the reasons on which the Award was based (ICSID Convention, Article 52(1)(e)).

Particular issues include:

<u>The *Minnotte* Direction</u>

In Procedural Order No 15, the Tribunal reaffirmed Procedural Order No 13 and defined the scope of the Document Authenticity Phase as "*being limited to:*

(i) *the factual question whether the impugned documents are authentic or not (including especially who signed the documents and how), and*
(ii) *legal submissions on the positions in law in a scenario where there would be forgery (including for instance the legal requirements for estoppel, <u>as opposed to the facts</u> allegedly justifying a finding of estoppel).*"

In accordance with the requirement of an ICSID Tribunal to act fairly, the President of the Tribunal stated during the course of the Document Authenticity hearing that the Tribunal must be very careful to respect due process and rule only on issues bought before it <u>in full</u>.

However, long after all of the evidence was filed and over a year after the Document Authenticity hearing, the Tribunal requested further submissions on a new legal authority that clearly related to matters well outside the scope of the Document Authenticity Phase (as that scope had been previously defined by the very same Tribunal). In doing so, the Tribunal unilaterally (and of its own volition) introduced a legal framework that neither Churchill nor Indonesia had previously relied upon (the new legal framework being that set out in the case of *Minnotte v Poland*).

In its request for submissions on the *Minnotte* decision, the Tribunal programmed two rounds of submissions on three new specific legal questions that concerned issues arising from alleged forgery by third parties namely:

(i) the admissibility in international law of claims tainted by fraud or forgery where the alleged perpetrator is a third party;
(ii) the lack of care or negligence of the investor to investigate the factual circumstances surrounding the making of an investment, and
(iii) the deliberate closing of eyes to indications of serious misconduct or crime or an unreasonable failure to perceive such indications.

In the very same request, the Tribunal restricted responses to factual *"evidence in the record"* only.

The Tribunal then went on to issue its ruling on issues clearly not bought before it in full when it disposed of the Company's case in its entirety on the basis of a new, out of scope, legal framework and a factual record that was far from complete.

The question of what "*due diligence*" was carried out (and by whom) when the Company made its investment in the EKCP was a matter that was clearly not within the defined scope of the Document Authenticity Phase.

Due Diligence was therefore a matter that the Company did not address in full in its "*Document Authenticity*" submissions.

Any evidence on the record relating to due diligence was filed to show firstly that there was an authoritative foundation for an estoppel claim by the Company and secondly that the State was aware of the Company's rights in the EKCP and had extensively recognised the validity of the disputed licences. These materials were ***not*** filed to address the issues raised by the *Minnotte* direction and in no way represented the full body of evidence on due diligence available to the Company at the time.

In denying the Company the right to be heard in full on the *Minnotte* direction and the factual issue of due diligence, the Tribunal seriously departed from and was in direct breach of a fundamental rule of ICSID procedure.

Noor's Evidence

In the Award, the Tribunal re-admitted (unilaterally and without notice) the witness evidence of the State's key witness, Mr Isran Noor (the Regent of East Kutai) – despite having previously struck Mr Noor's testimony from the record because he refused to attend the hearing to face cross-examination. The Tribunal then relied on Mr Noor's evidence in its Award, improperly giving his evidence significant weight.

Failure to Apply Indonesian Law

The Tribunal dismissed the Company's claims in respect of the exploitation licences for the EKCP (in respect of which no allegations of forgery were made by the Indonesia) without giving the Company the right to be heard on (and without applying) Indonesian law, which was critical to determining the validity of these licences as authenticated stand-alone title instruments. This is particularly so as these license documents were undisputedly hand-signed on 27 March 2009 by Mr Noor as Regent.

The Tribunal did this even though the Company expressly emphasised the importance of this Indonesian law issue at the hearing and requested notice if the Tribunal intended to rule in any way on an issue of obvious significance that was clearly not within the defined scope of the Document Authenticity phase.

The Tribunal also subsequently expressly carved-out this issue from the scope of the parties' post-hearing briefs.

State Responsibility

The Company's claim that the international principles of State responsibility prevent Indonesia from relying on its own unlawful conduct (the acts of fraud and forgery that Indonesia contended involved and were facilitated by senior Indonesian government officials) to escape liability, was rejected by the Tribunal without stating any reasons.

The Tribunal simply failed to address this claim whatsoever.

This in the Company's view constitutes a clear failure to state reasons on what was obviously an outcome-determinative point.

Stay on Enforcement of Award

The filing of the Annulment Application on 31 March 2017 automatically resulted in a provisional stay of the Award (including the costs order).

Following several rounds of submissions, on 27 June 2017, the Committee issued a decision ("**Stay Decision**") granting the Company's request for a continuance of the stay of enforcement of the Award pending its decision on the Company's application for annulment, subject to the condition that the Company pledge as security certain land it purchased in the East Kalimantan Province of Indonesia for the East Kutai Coal Project (the "**Port Land**").

The Committee directed the Company to (i) use its best efforts to pledge the Port Land (the "**Pledge**"), (ii) provide an update on the Pledge to the ICSID Secretariat within 15 days and (iii) provide a copy of the Pledge to the Committee and the ICSID Secretariat within 30 days.

Events Subsequent to 30 June 2017

<u>Annulment Proceedings</u>

Following a lack of cooperation from Indonesia in relation to the Pledge, the Company instructed its solicitors to prepare a Deed Poll under Australian law by which the Company would covenant in favour of Indonesia to cause a director of PT TCUP to execute the Power of Attorney with the Minister (or such other official as Indonesia may designate) before a notary in Jakarta ("**Deed Poll**"). This solution was developed as an alternative means of implementing the Pledge, without the need for cooperation from Indonesia.

On 27 July 2017, the Company wrote to the Committee, attaching the executed Deed Poll. The Company noted that the 30-day time limit fixed by the Committee was due to expire that day and that, due to a lack of cooperation from Indonesia, the Company had not been able to perfect the Pledge it had offered under Indonesian law. The Company explained it was therefore making the Pledge unilaterally by signing the Deed Poll. The Company stressed that it remained ready to execute the Power of Attorney and again called for Indonesia to cooperate in doing so. The Company requested urgent confirmation from the Committee that the Deed Poll, and the documents attached to it, satisfied the Pledge condition of the Decision and that the stay of enforcement would remain in place.

On 3 August 2017, the ICSID Annulment Committee ruled that by making a unilateral pledge in signing a Deed Poll under Australian law the Company has used its best efforts to pledge the Port Land and has satisfied the condition of the Committee's Stay Decision of June 27, 2017. Accordingly, the Committee decided that the stay on enforcement of the Award of December 6, 2016 in ICSID Case No. ARB/12/14 and ARB/12/40 will continue pending decision on the Company’s Annulment Application.

On 20 October 2017 Indonesia filed its Response to the Company’s Annulment Application and the Company together with its lawyers, Clifford Chance, are reviewing this Response.

The Company is scheduled to file its Reply to Indonesia’s 20 October 2017 response by 20 December 2017.

Subsequent Events - Fundraising

Convertible Notes

On 22nd November 2017 the company agreed to issue £500,000 of convertible loan notes ("Loan Notes") to its major shareholder Pala Investments Limited ("Pala").

The funds received pursuant to the issue of the Loan Notes will be used to help meet the costs of the Company's application for annulment of the adverse December 2016 award.

In consideration for the issue of the Loan Notes, Pala shall be entitled to receive a direct 25 per cent. interest in the proceeds of any future outcome from the Company's ICSID claim against the Republic of Indonesia for the unlawful expropriation of the Company's East Kutai Coal Project.

The Loan Notes are convertible into Ordinary shares of the Company at a price of approximately 2.976p per share. Full conversion of the Loan Notes by Pala would result in the issue of 16,800,000 new Ordinary Shares and would increase Pala's shareholding to 49,692,388 Ordinary Shares, representing 29.3 per cent of the Company's current issued share capital as enlarged by full conversion of the Loan Notes.

The coupon rate for the Loan Notes will be 10% per annum and interest will accrue daily (until repayment or conversion) and be capitalized annually. Interest shall be payable in cash upon repayment or conversion of the Loan Notes.

Equity Placement

On 28 November 2017, the Company conditionally raised £375,000 before expenses through a placing of 15,000,000 new Ordinary Shares of 1p each at a price of 2.5p per share together with the issue of warrants over Ordinary Shares on the basis of one warrant for every one Placing Share exercisable at a price of 5p per Ordinary Share expiring on 31 December 2020. The placing will be settled in two tranches with the first tranche of 4,830,000 shares (£120,750) to be settled on or around 30 November 2017. The second tranche is conditional on the passing of resolutions at the Company's Annual General Meeting expected to be held in late December 2017 granting the Directors the power to allot the remaining shares in respect of the Placing Shares and the Placing Warrants.

I would like to conclude by thanking our shareholders, my fellow Directors and our staff for their continued support and patience and can assure you the Board continues actively to seek a suitable outcome in the ICSID proceedings for shareholders.

Information on the progress of Churchill/Planet's claim against the Republic of Indonesia can be found at the website of the International Centre for Settlement of Investment Disputes at https://icsid.worldbank.org/apps/ICSIDWEB/Pages/default.aspx (under cases for "Churchill").

David Quinlivan
Chairman
30 November 2017

FAIR REVIEW AND COMPANY STRATEGY

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 Group's operations were subsequently halted by a decision by the East Kutai Regent to revoke the mining licences held by Churchill's Indonesian partners, the Ridlatama Group of companies ("Ridlatama") in which Churchill held a 75% interest. The East Kutai Regent's decision was challenged before the Indonesian courts, resulting initially in a negative ruling from the Samarinda Administrative Tribunal which upheld the East Kutai Regent's decision to revoke the licences. The decision was appealed, first to the Administrative High Court in Jakarta and then to the Supreme Court of Indonesia, but both appeals were unsuccessful. Churchill then took its claim for damages to the International Centre for Settlement of Investment Disputes ("ICSID").

On 6 December 2016, the ICSID Tribunal granted Indonesia's application to dismiss the Companies claims for damages including an order that Churchill pay a total of $9.46m in costs and arbitration fees. The Company has subsequently lodged an application to annul the ICSID Award of 6 December 2016 and has been granted a stay of execution of the Award including the cost orders contained in it.

In June 2017 Churchill Mining Plc ("Churchill" or "the Company") listed on the NEX Exchange Growth Market. Progressing the annulment application is Churchill's principal activity and focus for the Company. Further detail in relation to the progress of the international arbitration claim during the 2017 financial year is included in the Chairman's Statement.

STRATEGY AND OBJECTIVES

Churchill's key objective is to restore shareholder value following the revocation of the mining licences that made up the EKCP in East Kalimantan, Indonesia, in which Churchill/Planet held a 75% interest. The Company will continue to seek to restore value for shareholders by actively progressing its annulment application against the adverse ICSID award.

FINANCIAL SUMMARY

Results of Operations (All amounts in US$)

The Group incurred a loss for the year attributable to equity shareholders of the parent of $10.62 million compared to a loss of $3.15 million for the previous year. The basic loss per ordinary share for the year was 7.17c compared with the loss per share of 2.27c for the previous year.

Other administrative expenses totalled $10.65 million (June 2016: $3.27 million). Significant expenditure items and provisions during the period include:

- Legal and professional fees of $0.43 million (June 2016: $1.54 million) reflecting expenditure for the Company's arbitral claim against the ROI;
- Provision of $9.44 million (June 2016 $nil) for the adverse ICSID award (subsequently stayed pending the annulment application – Refer to the Chairman's statement);
- Consulting, directors, staff and professional fees of $0.25 million (June 2016: $0.92 million)

Net cash outflow from operating activities has decreased compared to the year ended 30 June 2016 and mainly reflects the reduction in legal and administrative costs of pursuing the ICSID claim against the ROI incurred during the period.

	30 June 2017 $'000 Audited	30 June 2016 $'000 Audited
Net cash outflows from operating activities	(1,151)	(3,058)

The balance of operating expenditure is in line with the Company's expectations and current work on the annulment filed in the ICSID arbitration proceedings.

Selected Annual Information

The Group's statement of financial position at 30 June 2017 and comparatives at 30 June 2016 and 30 June 2015 are summarised as follows:

	2017 **$'000**	**2016** **$'000**	**2015** **$'000**
Non-current assets	-	2	8
Current assets	351	1,527	2,195
Total assets	**351**	**1,529**	**2,203**
Current liabilities	172	453	921
Non-current liabilities	9,447	48	45
Total liabilities	**9,619**	**501**	**966**
Net (liabilities) / assets	**(9,268)**	**1,028**	**1,237**

As detailed in the Chairman's Statement, the ICSID tribunal granted Indonesia's application to dismiss the Churchill claims for damages arising out of the revocation of the mining licenses that made up the East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of USD 9,446,528 in costs and arbitration tribunal fees. The Company has filed an application for annulment of the ICSID award and has been granted a stay of enforcement of the Award, including the cost orders contained in it, pending determination of its Annulment Application which remains uncertain. The Company has recognised a full provision for the costs order in this report.

Liquidity & Capital

The Group began the year with $1.47 million in cash and ended the year with $0.29 million in cash assets. The Company continues to minimise other administration and corporate overheads where possible to preserve the Company's cash position.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board regularly reviews the risks to which the Group is exposed and endeavours to minimise these risks as far as possible. The following summary, which is not exhaustive, outlines some of the risks and uncertainties facing the Group in its present position following the revocation of the mining licences that made up the EKCP and adverse award received from the international arbitration against the Republic of Indonesia.

Litigation risk

As detailed in the Chairman's statement and Strategic Review, the Company is engaged in legal actions including an annulment application filed in the international arbitration against the Republic of Indonesia of which the outcome remains unknown. As part of the annulment application the Company has been granted a stay of enforcement of the Award including the cost orders contained in it. There can be no assurance that the Annulment application will be awarded in favour of the Company. An unfavourable decision may result in enforcement of the Award including the costs order. The Company has engaged experienced international counsel to assist in mitigating this risk and providing the best possible chance of recovering value for shareholders.

Sovereign risk

During the year the Group had an administration office in Indonesia where there are a number of associated risks over which it will have no control. Potential risks in Indonesia could include economic, social or political instability, terrorism, currency instability, government participation and taxation.

Reliance on key management

The Group's future success is substantially dependant on the continued services and performance of its key personnel. The Company's aim is to ensure that key personnel are rewarded and incentivised for their contribution to the Group and are motivated to enhance the return to Shareholders. There can be no assurance that the Company's current personnel, systems, procedures and controls will be adequate to support the litigation or any future operations or expansion.

Funding risk

The ability of the Group to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the general performance of the Company and the progress of the annulment proceedings. There can be no assurance that additional capital or other forms of finance may be available if needed, or that, if available the terms of such financing will be favourable to the Group. The Directors have a reasonable expectation that the Group will have access to the necessary resources to continue its pursuit of the ICSID litigation.

Currency risk

The Company is exposed to exchange rate risk in its daily operations and mitigates this risk where possible by holding currency in GBP, USD and AUD based on budgeted expenditure.

ANALYSIS USING KEY PERFORMANCE INDICATORS

The International arbitration claim and subsequent annulment proceedings has in effect become Churchill's principal activity and focus. The key performance indicator is to manage the arbitration claim in an efficient and cost-effective manner and raise sufficient funds to support the claim. The Directors regularly monitor available cash to meet on-going administration and legal costs with the aim of a recovery of value for Shareholders.

APPROVAL OF THE BOARD

This strategic report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties with a Company that has a legal claim as its main principal activity and focus. Whilst the Directors believe that any expectation reflected herein to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors beyond the Group's control. Accordingly, no reliance may be placed on any forward-looking statements.

By order of the Board

David Quinlivan
Chairman - 30 November 2017

David Quinlivan (aged 62)
Executive Chairman

Mr Quinlivan is a Mining Engineer and Principal of Borden Mining Services. Mr Quinlivan has over 35 years' experience on projects throughout the world. He has significant mining and executive leadership experience with 11 years of service at WMC Resources Ltd, followed by a number of high-profile mining development positions. Since 1989, Mr Quinlivan has served as Chief Executive Officer ("CEO") of Sons of Gwalia Ltd (during the corporate reconstruction of the company and post appointment of administrators), Chief Executive Officer and Chief Operating Officer of Mt. Gibson Mining Ltd. Mr Quinlivan also served as President and CEO of Alacer Gold Corp from August 2012 to August 2013 and is currently Chairman of ASX listed Silverlake Resources Limited.

Mr Quinlivan is a Fellow of the Australian Institute of Mining and Metallurgy, Fellow of the Financial Services Institute of Australia and a Member of the Mining Industry Consultants Association.

Nicholas Smith (aged 65)
Managing Director

Mr Smith has some 36 years' experience in the international resource/resource development industry, including significant experience in project management of major international litigation and arbitration disputes. Mr Smith also has significant experience in mergers and acquisitions as well as project financing.

Mr Smith holds a Bachelor of Laws from the University of Western Australia and was admitted to practice as a Barrister and Solicitor of the Supreme Court of Western Australia in 1975. His previous experience includes more than 10 years as Group General Counsel for Normandy Mining Limited which, prior to its merger with Newmont Mining Corporation, was Australia's largest gold producer and had interests in a number of international projects enjoying the protection of bilateral investment treaties. Mr Smith has also served as a director of a number of ASX listed companies including Red 5 Limited, Mindax Limited and NiQuest Limited.

Gregory Radke (aged 52)
Non Executive Director

Mr. Radke is currently Executive Vice President/ General Counsel of IntegraMed Fertility, the largest fertility centre network in North America. For seven years through the end of 2013 he was General Counsel of Pala Investments Limited, a multi-strategy investment company dedicated to investing in, and creating value across, the mining sector in both developed and emerging markets.

Prior to joining Pala, Mr. Radke was a Vice President and Corporate Counsel at Prudential Financial, Inc., responsible for all aspects of legal and transactional oversight of the pan-Asian and Mexican/Latin American asset management businesses of its Pramerica Real Estate Investors division. He is a member of the New York Bar.

Nikita Rossinsky (aged 62)
Non Executive Director

Mr. Rossinsky commenced his banking career at Deutsche Bank AG in New York, subsequently holding corporate assignments at Deutsche Bank AG in Essen, Germany and, as Deputy General Manager, at Deutsche Bank AG in Jakarta, Indonesia. Relocating to Singapore in 2000, and until joining Lumen Capital Investors Pte Ltd as a co-founding Director at inception nearly six years ago, he spent the majority of his time developing the private wealth management business for Societe Generale as Managing Director, South East Asia.

A native of New York, Mr. Rossinsky holds a Masters Degree in International Affairs from Columbia University. He has been living in Asia since 1995.

Fara Luwia (aged 49)
Non Executive Director

Ms Luwia is a successful Indonesian businesswoman. As President Director and owner of PT. Lumbung Padi Indonesia, she leads one of the largest modern rice mills in Indonesia. Ms Luwia signed a joint venture agreement with Satake Corporation Japan, the biggest machineries manufacturer within the agriculture industry. She is positively impacting the world through her involvement in the production of rice, one of the world's largest staple foods consumed.

Mr Hari Kiran Vadlamani (aged 54)
Non-Executive Director

Mr Vadlamani is an investor based out of Singapore. He was previously involved in building two companies in the Indian power sector.

The Directors present their Report and audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2017.

1. RESULTS AND DIVIDENDS

Loss of the Group after taxation amounted to $10.617 million (2016 Loss: $3.15 million). The Directors do not recommend the payment of a dividend (2016: Nil).

2. CORPORATE STRUCTURE

Churchill Mining Plc is a company limited by shares and is incorporated in England and Wales. Refer to Note 10 to the financial statements for an analysis of the subsidiary entities within the Group, and the respective beneficial interests.

3. FUTURE DEVELOPMENTS

Likely developments in the operations of the Group have been included in the Strategic Report and Chairman's Statement.

4. DIRECTORS

The following individuals have been Directors of the Company during the financial year ended 30 June 2017:
David Quinlivan
Nicholas Smith
Gregory Radke
Fara Luwia
Nikita Rossinsky
Kiran Vadlamani

Directors' Interests in Shares and Options

The following tables show the beneficial interests of the directors who held office during the financial year in the ordinary shares and options of the Company.

Ordinary shares	Shares held at 1 July 2015	Additions	Shares held at 30 June 2016	Additions	Shares held at 30 June 2017
David Quinlivan	4,103,575	824,559	4,928,134	108,931	5,037,065
Nicholas Smith	425,542	310,753	736,295	108,931	845,226
Fara Luwia	10,087,694	52,496	10,140,190	47,658	10,187,848
Kiran Vadlamani	17,550,018	1,342,010	18,892,028	47,658	18,939,686
Gregory Radke	272,748	104,993	377,741	47,658	425,399
Nikita Rossinsky	12,875	63,909	76,784	47,658	124,442

Share Options & Warrants 2017	Options & Warrants held at 1 July 2016	Date of grant/issue	Net changes during the year	Balance at 30 June 2017	Option exercise price	Expiry date
David Quinlivan	1,000,000	19 Aug 2011	(1,000,000)	-	50p	19 Aug 2016
	1,000,000	21 Mar 2013	-	1,000,000	28p	21 Mar 2018
	850,000	09 Dec 2013	-	850,000	50p	09 Dec 2018
	1,300,000	02 Apr 2015	-	1,300,000	25p	02 April 2020
	550,000	20 May 2015	-	550,000	15p	30 June 2018
	147,170	07 Oct 2015	-	147,170	27p	31 Oct 2018
	1,000,000	23 Dec 2015	-	1,000,000	35p	23 Dec 2020
	202,341	04 Apr 2016	-	202,341	20p	31 Mar 2018
Nicholas Smith	1,000,000	29 Oct 2012	-	1,000,000	50p	29 Oct 2017
	800,000	21 Mar 2013	-	800,000	28p	21 Mar 2018
	575,000	09 Dec 2013	-	575,000	50p	09 Dec 2018
	600,000	02 Apr 2015	-	600,000	25p	02 Apr 2020
	150,000	20 May 2015	-	150,000	15p	30 Jun 2018
	73,586	07 Oct 2015	-	73,586	27p	31 Oct 2018
	1,000,000	23 Dec 2015	-	1,000,000	35p	23 Dec 2020
	35,000	04 Apr 2016	-	35,000	20p	31 Mar 2018
Kiran Vadlamani	825,000	20 May 2015	-	825,000	15p	30 Jun 2018
	183,230	07 Oct 2015	-	183,230	27p	31 Oct 2018
	300,000	23 Dec 2015	-	300,000	35p	23 Dec 2020
	478,570	04 Apr 2016	-	478,570	20p	31 Mar 2018
Fara Luwia	800,000	19 Aug 2011	(800,000)	-	50p	19 Aug 2016
	150,000	09 Dec 2013	-	150,000	50p	09 Dec 2018
	400,000	02 Apr 2015	-	400,000	25p	02 Apr 2020
	575,000	20 May 2015	-	575,000	15p	30 Jun 2018
	300,000	23 Dec 2015	-	300,000	35p	23 Dec 2020
Gregory Radke	800,000	19 Aug 2011	(800,000)	-	50p	19 Aug 2016
	800,000	21 Mar 2013	-	800,000	28p	21 Mar 2018
	575,000	09 Dec 2013	-	575,000	50p	09 Dec 2018
	400,000	02 Apr 2015	-	400,000	25p	02 Apr 2020
	300,000	23 Dec 2015	-	300,000	35p	23 Dec 2020
Nikita Rossinsky	400,000	02 Apr 2015	-	400,000	25p	20 Apr 2020
	300,000	23 Dec 2015	-	300,000	35p	23 Dec 2020
Total	**17,869,897**		**(2,600,000)**	**15,269,987**		

Share Options & Warrants 2016	Options & Warrants held at 1 July 2015	Date of grant/issue	Net changes during the year	Balance at 30 June 2016	Option exercise price	Expiry date
David Quinlivan	1,000,000	19 Aug 2011	-	1,000,000	50p	19 Aug 2016
	1,000,000	21 Mar 2013	-	1,000,000	28p	21 Mar 2018
	850,000	09 Dec 2013	-	850,000	50p	09 Dec 2018
	1,300,000	02 Apr 2015	-	1,300,000	25p	02 April 2020
	550,000	20 May 2015	-	550,000	15p	30 June 2018
	-	07 Oct 2015	147,170	147,170	27p	31 Oct 2018
	-	23 Dec 2015	1,000,000	1,000,000	35p	23 Dec 2020
	-	04 Apr 2016	202,341	202,341	20p	31 Mar 2018
Nicholas Smith	1,000,000	29 Oct 2012	-	1,000,000	50p	29 Oct 2017
	800,000	21 Mar 2013	-	800,000	28p	21 Mar 2018
	575,000	09 Dec 2013	-	575,000	50p	09 Dec 2018
	600,000	02 Apr 2015	-	600,000	25p	02 Apr 2020
	150,000	20 May 2015	-	150,000	15p	30 Jun 2018
	-	07 Oct 2015	73,586	73,586	27p	31 Oct 2018
	-	23 Dec 2015	1,000,000	1,000,000	35p	23 Dec 2020
	-	04 Apr 2016	35,000	35,000	20p	31 Mar 2018
Kiran Vadlamani	825,000	20 May 2015	-	825,000	15p	30 Jun 2018
	-	07 Oct 2015	183,230	183,230	27p	31 Oct 2018
	-	23 Dec 2015	300,000	300,000	35p	23 Dec 2020
	-	04 Apr 2016	478,570	478,570	20p	31 Mar 2018
Fara Luwia	800,000	19 Aug 2011	-	800,000	50p	19 Aug 2016
	150,000	09 Dec 2013	-	150,000	50p	09 Dec 2018
	400,000	02 Apr 2015	-	400,000	25p	02 Apr 2020
	575,000	20 May 2015	-	575,000	15p	30 Jun 2018
	-	23 Dec 2015	300,000	300,000	35p	23 Dec 2020
Gregory Radke	800,000	19 Aug 2011	-	800,000	50p	19 Aug 2016
	800,000	21 Mar 2013	-	800,000	28p	21 Mar 2018
	575,000	09 Dec 2013	-	575,000	50p	09 Dec 2018
	400,000	02 Apr 2015	-	400,000	25p	02 Apr 2020
	-	23 Dec 2015	300,000	300,000	35p	23 Dec 2020
Nikita Rossinsky	400,000	02 Apr 2015	-	400,000	25p	20 Apr 2020
	-	23 Dec 2015	300,000	300,000	35p	23 Dec 2020
Total	**13,550,000**		**4,319,897**	**17,869,897**		

Directors' remuneration and other interests

The aggregate remuneration of the directors of the Company was as follows:

	2017 $000	2016 $000
Directors Fees	-	223
Consultancy Fees & Salaries	114	338
	114	**561**
Share based payments (options) expensed during year	168	271
	282	**832**
Average number of directors during the year	6	6

The following table shows the directors who served during the year together with an analysis of their remuneration:

2017	Directors Fees $000	Salary / Consultancy Fees $000	Share Based Payments (Options) $000	Total $000
Executive directors				
David Quinlivan	-	57	52	109
Nicholas Smith	-	57	52	109
Non-executive directors				
Greg Radke	-	-	16	16
Kiran Vadlamani	-	-	16	16
Fara Luwia	-	-	16	16
Nikita Rossinsky	-	-	16	16
	-	**114**	**168**	**282**

2016	Directors Fees $000	Salary / Consultancy Fees $000	Share Based Payments (Options) $000	Total $000
Executive directors				
David Quinlivan	58	169	91	318
Nicholas Smith	56	169	77	302
Non-executive directors				
Greg Radke	37	-	29	66
Kiran Vadlamani	20	-	19	39
Fara Luwia	24	-	28	52
Nikita Rossinsky	28	-	27	55
	223	**338**	**271**	**832**

Re-election of Directors

The Articles of Association require one third of the Directors who are subject to retirement by rotation to retire and submit themselves for re-election each year.

5. ANNUAL GENERAL MEETING

Details of the Company's forthcoming annual general meeting are set out in a separate circular that will be sent to all Shareholders with the Annual Report and Accounts.

6. DIRECTORS' INDEMNITY PROVISIONS

All of the current Directors benefited from qualifying third party indemnity insurance in place during the year ended 30 June 2017 and as at the date of approval of the financial statements.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risks the entity is exposed to, as well as the related policies, objectives and management thereof are set out in detail in Note 18 of the financial statements.

8. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in Note 21 of the financial statements

9. GOING CONCERN

As at 30 June 2017 the Group has cash and cash equivalents of $0.29m. As noted in the Events after the Reporting Period, the Company has recently issued £500,000 of convertible loan notes to its major shareholder Pala Investments Limited. In addition, the Company has conditionally raised £375,000 before expenses through a placing of 15,000,000 new Ordinary Shares of 1p each at a price of 2.5p per share together with the issue of warrants over Ordinary Shares on the basis of one warrant for every one Placing Share exercisable at a price of 5p per Ordinary Share expiring on 31 December 2020. The placing will be settled in two tranches with the first tranche of 4,830,000 shares (£120,750) to be settled on or around 30 November 2017. The second tranche is conditional on the passing of resolutions at the Company's Annual General Meeting expected to be held in late December 2017 granting the Directors the power to allot the remaining shares in respect of the Placing Shares and the Placing Warrants. The funds raised will be used to meet the costs of the Company's application for annulment of the December 2016 award.

As detailed in the Chairman's Statement, the ICSID tribunal granted Indonesia's application to dismiss the Churchill claims for damages arising out of the revocation of the mining licenses that made up the East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of USD 9,446,528 in costs and arbitration tribunal fees. The Company has filed an application for annulment of the ICSID award and has been granted a stay of enforcement of the Award, including the cost orders contained in it, pending determination of its Annulment Application. The Company has recognised a full provision for the costs order in this report.

Whilst the directors believe the annulment application has reasonable prospects of success, there can be no guarantee that the tribunal will grant a partial or full annulment of the ICSID award and an unfavourable decision may result in enforcement of the Award including the costs order.

The directors have concluded that these events or conditions, indicate material uncertainties exist that may cast significant doubt on the Group and the Company's ability to continue as a going concern.

Subject to the progress of the annulment application it is likely that additional funding will be needed in the form of a further equity raise and/or debt funding to pursue any future ICSID arbitration claim. The group continue to hold discussions with interested parties and the Directors have a reasonable expectation that subject to the progress of the annulment application, the group will have access to the necessary resources to continue its pursuit of the ICSID litigation and for this reason, they continue to adopt the going concern basis in preparing these accounts.

10. AUDITORS

BDO LLP has indicated its willingness to accept appointment as auditor of the Group for the year ended 30 June 2017. A resolution proposing their reappointment is contained in the Notice of Annual General Meeting and will be put to the Shareholders at the Annual General Meeting.

11. DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors, who were all members of the Board at the time of approving the Annual Report, confirms that:

- So far as the Directors are aware, there is no relevant information of which the Company's Auditors are unaware; and
- They have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

By Order of the Board

David Quinlivan
Chairman
Churchill Mining Plc
30 November 2017

The Company's shares are admitted to trading on the NEX Exchange Growth Market ("NEX) and the Company recognises the importance of and is committed to high standards of Corporate Governance. Although the Board has not formally adopted the UK Corporate Governance Code for the year ended 30 June 2017, it has sought to adopt procedures to institute good governance insofar as is practical and appropriate for a group of its size, while retaining its primary focus on the success of the business. The Company has adopted a Corporate Governance Manual that details the Corporate Governance principles and practices in place.

The Board currently consists of an Executive Chairman, Managing Director and four Non-Executive Directors. The Board is satisfied that, having considered the background and current circumstances of each of the Non-Executive Directors, there are no relationships or other matters which could affect their respective judgement in carrying out their duties. All of the Directors bring judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties.

The current structure of the Board ensures that no one individual or Group is able to dominate the decision making process. All Directors have access to the Company Secretary and may take independent professional advice at the Company's expense. The Company does not make any formal provision for training of new Directors but any new Director is briefed and made fully aware of the Company's activities.

The Board has a process for reporting and managing any conflicts of interests held by Directors. Under the Company's articles of association, the Board has the authority to approve any potential conflicts.

Board Meetings

During the year ended 30 June 2017, nine board meetings were held. In addition, various matters were dealt with by circular resolution signed by all parties. Attendance by the Directors who were members of the Board during the year is as follows:

Board of Directors	Meetings entitled to attend	Attendance
David Quinlivan	9	9
Nicholas Smith	9	8
Gregory Radke	9	8
Fara Luwia	9	0
Nikita Rossinsky	9	8
Kiran Vadlamani	9	9

A formal schedule of matters specifically reserved for the Board is in place. The Board receives detailed proposal papers in advance of meetings, together with any management presentations to facilitate proper consideration and debate of matters brought before it. The Board is primarily responsible for the strategic direction of the Group. Major strategic initiatives involving significant cost and perceived or actual risk are only undertaken following their full evaluation by the Board. Matters of an operational nature are delegated to the Chairman, Managing Director or Company Secretary.

Internal Control and Audit

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems have been designed to meet the current needs of the Group and reduced operations.

The Company Secretary reviews the internal controls and reports to the audit and risk committee with any identified concerns. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate for the nature and scale of the operations of the Group.

Due to the relatively small size of the Group's operations, it is not considered economically viable or necessary to employ Internal Auditors.

Audit and Risk Committee

Chaired by Gregory Radke, the Committee comprises Mr Radke and Mr Rossinsky. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on and where required meet with the Group's auditors and review their Reports on the accounts and the Group's internal controls.

The Committee also reviews the performance of the Group's auditors to ensure an independent, objective, professional and cost-effective relationship is maintained. As well as reviewing the Company's published financial results, the Committee reviews the Group's corporate governance processes (including risk analysis), accounting policies and procedures, reporting to the Board on any control issues identified.

The Audit Committee meets twice per year to review the interim and annual financial statements and to consider any other associated matters. The Auditors have unrestricted access to the Chairman of the Audit Committee.

Remuneration Committee

With the reduced activities of the Group, all matters pertaining to remuneration are dealt with by the full Board, taking independent advice if required. The Board is responsible for reviewing the performance of Directors and Executive Management, setting remuneration, considering the grant of options under any share option scheme and, in particular the price per share and the application of performance standards which may apply to any such grant.

Shareholder Relations

Communications with Shareholders are undertaken through face-to-face meetings, general news releases and the release of interim and full-year results. The Company's website (www.churchillmining.com) facilitates the publication of results and the posting of news regarding the Group and its developments.

The Directors are responsible for preparing the strategic report, directors' report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the NEX market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps in the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor’s report to the members of Churchill Mining plc

Opinion

We have audited the financial statements of Churchill Mining plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 June 2017 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union ;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern

We draw attention to note 1 in respect of the annulment application made against the adverse ICSID award which included a US$9.4 million costs order against the parent company during the year. The costs order has been stayed pending the outcome of the annulment proceedings which is expected to take place in 2018. There can be no guarantee that the ICSID Committee will grant a partial or full annulment of the ICSID award and an unfavourable decision may result in enforcement of the Award including the costs order. This would require the parent company to raise further funds or seek other options.

The parent company has announced an £500,000 convertible debt and equity fundraise to support working capital and fund the current annulment process and general overheads. The equity fundraise will be completed in two tranches and the second tranche is subject to shareholder approval. At the date of this report there is no certainty that this approval will be received.

These events or conditions, indicate material uncertainties exists that may cast significant doubt on the Group and the Company’s ability to continue as a going concern. Our opinion is not modified in this respect.

Given the conditions and uncertainties noted above we considered going concern to be a key audit matter. We have performed the following work as part of our audit -

We challenged the directors' forecasts to assess the group and parent company's ability to meet its financial obligations as they fall due for a period of at least 12 month from the date of approval of the financial statements. We reviewed the consistency of committed cash flows against contractual arrangements and compared general overheads to current run rates.

We reviewed the terms of the latest fundraise to understand the conditions attached to both the debt and equity raise. We assessed these in line with the disclosures in the financial statements to ensure these had been adequately disclosed.

We have reviewed the disclosures regarding the ICSID annulment process and note the uncertainties disclosed regarding the success of the annulment and potential impact on the Group's ability to continue as a going concern has been factually disclosed.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER
Completeness and accuracy of disclosures and accounting related to the group's claim against the Republic of Indonesia The completeness and accuracy of transactions and disclosures linked with the group's claim against the Republic of Indonesia at 30 June 2017 represented a significant risk for our audit given they are fundamental to the financial statements and could be subject to management bias. Further details are provided throughout the Annual Report.
OUR RESPONSE
Our procedures in relation to the completeness and accuracy of disclosures included: Review of current status of the case on International Centre for Settlement of Investment Disputes ("ICSID") website and consistency with disclosures provided in the annual report. Receipt of letter from the group's legal advisor confirming the current status of the legal claim and annulment process and consistency with the annual report. Review of Board minutes and press releases for completeness and accuracy of disclosures. Review of the accounting treatment adopted in respect of the cost award against the Group and subsequent stay on enforcement of award against the criteria for recognition within International Accounting Standard 37 *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37").

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Our basis for the determination of materiality has remained unchanged from prior year. We consider total expenditure to be the most significant determinant of the group's financial performance used by shareholders and use a three year average of total expenditure to eliminate fluctuations arising from one-off transactions. The benchmark percentage for calculating materiality has remained unchanged from the prior year at 10%.

Whilst materiality for the financial statements as a whole was US$550,000, each significant component of the group was audited to a lower level of materiality which is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

Performance materiality was set at 75 per cent of the above materiality levels.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of $10,000. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

Materiality levels are not significantly different from those applied in the previous year.

No revisions were made to materiality levels during the course of the audit.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

The Group has one single activity which is the pursuit of its claim against the Republic of Indonesia for what, it believes were, unlawful measures taken by Indonesia against Churchill's interests in the East Kutai Coal Project.

All of the Group's activity pertaining to its claim about the Republic of Indonesia is conducted through the parent company and accounts for 95% of the Group's total activity which was subject to a full scope audit. The remaining non-significant entities of the group were principally subject to analytical review procedures.

All of the audits were conducted by BDO LLP in London.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group’s and the parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 November 2017

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Other operating income		1	-
Other administrative expenses		(1,200)	(3,275)
Provision for ICSID costs award		(9,447)	-
Total administrative expenses	3	**(10,647)**	**(3,275)**
Loss from operations		**(10,646)**	**(3,275)**
Finance income	2	**31**	**128**
Finance expense	3	**(2)**	**(4)**
Loss before taxation		**(10,617)**	**(3,151)**
Tax expense	5	-	-
Loss for the year attributable to equity shareholders of the parent		**(10,617)**	**(3,151)**
Other comprehensive expense:			
Foreign exchange differences on translating foreign operations		(59)	(262)
Other comprehensive expense for the year		**(59)**	**(262)**
Total comprehensive loss for the year attributable to equity shareholders of the parent		**(10,676)**	**(3,413)**
Loss for the year attributable to:			
Owners of the parent		(10,617)	(3,151)
		(10,617)	**(3,151)**
Total comprehensive loss for the year attributable to:			
Owners of the parent		(10,676)	(3,413)
		(10,676)	**(3,413)**
Loss per share attributable to owners of the parent:			
Basic and diluted loss per share (cents)	6	(7.17c)	(2.27c)

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2017

Company number 5275606		Consolidated		Company	
	Note	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
ASSETS					
Current assets					
Cash and cash equivalents		298	1,466	298	1,452
Other receivables	9	53	61	52	51
Total current assets		**351**	**1,527**	**350**	**1,503**
Non-current assets					
Property, plant and equipment		-	2	-	-
Total non-current assets		**-**	**2**	**-**	**-**
TOTAL ASSETS		**351**	**1,529**	**350**	**1,503**
LIABILITIES					
Current Liabilities					
Trade and other payables	11	172	453	149	443
Total current liabilities		**172**	**453**	**149**	**443**
Non-current liabilities					
Provisions	13	9,447	48	9,447	-
Total non-current liabilities		**9,447**	**48**	**9,447**	**-**
TOTAL LIABILITIES		**9,619**	**501**	**9,596**	**443**
NET ASSETS		**(9,268)**	**1,028**	**(9,246)**	**1,060**
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	15	2,602	2,595	2,602	2,595
Share premium	15	81,241	81,112	81,241	81,112
Other reserves		3,317	3,357	4,195	4,370
Retained deficit		(96,428)	(86,036)	(97,284)	(87,017)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(9,268)**	**1,028**	**(9,246)**	**1,060**
TOTAL EQUITY		**(9,268)**	**1,028**	**(9,246)**	**1,060**

The accompanying notes form part of these financial statements. The Company loss for the year was $10,491,758 (2016: Loss $3,063,884).

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2017 and were signed on its behalf by:

David Quinlivan
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

Consolidated	Share Capital	Share premium reserve	Retained deficit	Other Reserves: Foreign exchange	Other Reserves: Warrant Reserve	Other Reserves: Equity settled share options	Total Equity attributable to equity holders of Company	Non-controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Changes in equity for year to 30 June 2016									
Balance at 1 July 2015	2,381	79,235	(82,885)	(73)	-	2,579	1,237	-	1,237
Loss for the period	-	-	(3,151)	-	-	-	(3,151)	-	(3,151)
Other comprehensive expense	-	-	-	(262)	-	-	(262)	-	(262)
Recognition of share based payments	-	-	-	-	-	412	412	-	412
Issue of shares	214	2,671	-	-	-	-	2,885	-	2,885
Issue of warrants	-	(701)	-	-	701	-	-	-	-
Share issue costs	-	(93)	-	-	-	-	(93)	-	(93)
Balance at 30 June 2016	**2,595**	**81,112**	**(86,036)**	**(335)**	**701**	**2,991**	**1,028**	**-**	**1,028**
Changes in equity for year to 30 June 2017									
Balance at 1 July 2016	2,595	81,112	(86,036)	(335)	701	2,991	1,028	-	1,028
Loss for the period	-	-	(10,617)	-	-	-	(10,617)	-	(10,617)
Other comprehensive expense	-	-	-	(59)	-	-	(59)	-	(59)
Recognition of share based payments	-	-	-	-	-	244	244	-	244
Issue of shares	7	129	-	-	-	-	136	-	136
Expiry of share options	-	-	225	-	-	(225)	-		-
Balance at 30 June 2017	**2,602**	**81,241**	**(96,428)**	**(394)**	**701**	**3,010**	**(9,268)**	**-**	**(9,268)**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

Company	Share Capital	Share premium reserve	Retained deficit	Foreign Exchange reserve	Warrant Reserve	Equity settled share options reserve	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Changes in equity for year to 30 June 2016							
Balance at start of the year	2,381	79,235	(83,953)	1,014	-	2,579	1,256
Total comprehensive loss for the year	-	-	(3,064)	-	-	-	(3,064)
Other comprehensive income	-	-	-	(336)	-	-	336
Issue of shares	214	2,671	-	-	-	-	2,885
Issue of warrants		(701)	-	-	701	-	-
Share issue costs	-	(93)	-	-	-	-	(93)
Recognition of share based payments	-	-	-	-	-	412	412
Balance at 30 June 2016	**2,595**	**81,112**	**(87,017)**	**678**	**701**	**2,991**	**1,060**
Changes in equity for year to 30 June 2017							
Balance at start of the year	2,595	81,112	(87,017)	678	701	2,991	1,060
Total comprehensive profit/ (loss) for the year	-	-	(10,492)	-	-	-	(10,492)
Other comprehensive expense	-	-	-	(194)	-	-	(194)
Issue of shares	7	129	-	-	-	-	136
Recognition of share based payments	-	-	-	-	-	244	244
Expiry of share options			225			(225)	-
Balance at 30 June 2017	**2,602**	**81,241**	**(97,284)**	**484**	**701**	**3,010**	**(9,246)**

The accompanying notes form part of these financial statements.

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Company 2017 $'000	Company 2016 $'000
Cash flows used in operating activities	17	(1,151)	(3,058)	(1,073)	(2,979)
Net cash used in operating activities		**(1,151)**	**(3,058)**	**(1,073)**	**(2,979)**
Cash flows used in investing activities					
Advances to subsidiaries		-	-	(76)	(101)
Cash flows generated from/(used in) investing activities		**-**	**-**	**(76)**	**(101)**
Cash flows from financing activities					
Proceeds from issue of share capital	15	11	2,715	11	2,715
Expense of share issue	15	-	(126)	-	(126)
Cash flows from financing activities		**11**	**2,589**	**11**	**2,289**
Net decrease in cash and cash equivalents		(1,140)	(469)	(1,138)	(491)
Cash and cash equivalents at beginning of year		1,466	2,050	1,452	2,030
Effect of foreign exchange rate differences		(28)	(115)	(16)	(87)
Cash and cash equivalents at the end of year		**298**	**1,466**	**298**	**1,452**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 2016 are reflected in these financial statements and have had no material effect.

As at 30 June 2017 the Group has cash and cash equivalents of $0.29m. As noted in the Events after the Reporting Period, the Company has recently issued £500,000 of convertible loan notes to its major shareholder Pala Investments Limited. In addition, the Company has conditionally raised £375,000 before expenses through a placing of 15,000,000 new Ordinary Shares of 1p each at a price of 2.5p per share together with the issue of warrants over Ordinary Shares on the basis of one warrant for every one Placing Share exercisable at a price of 5p per Ordinary Share expiring on 31 December 2020. The placing will be settled in two tranches with the first tranche of £120,750 to be settled on or around 30 November 2017. The second tranche is conditional on the passing of resolutions at the Company's Annual General Meeting expected to be held in late December 2017 granting the Directors the power to allot the remaining shares in respect of the Placing Shares and the Placing Warrants. The funds raised will be used to meet the costs of the Company's application for annulment of the December 2016 award. .

As detailed in the Chairman's Statement, the ICSID tribunal granted Indonesia's application to dismiss the Churchill claims for damages arising out of the revocation of the mining licenses that made up the East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of USD 9,446,528 in costs and arbitration tribunal fees. The Company has filed an application for annulment of the ICSID award and has been granted a stay of enforcement of the Award, including the cost orders contained in it, pending determination of its Annulment Application. The Company has recognised a full provision for the costs order in this report.

Whilst the directors believe the annulment application has reasonable prospects of success, there can be no guarantee that the tribunal will grant a partial or full annulment of the ICSID award and an unfavourable decision may result in enforcement of the Award including the costs order. This would require the parent company to raise further funds or seek other options.

These events or conditions, indicate material uncertainties exists that may cast significant doubt on the Group and the Company's ability to continue as a going concern.

Subject to the progress of the annulment application it is likely that additional funding will be needed in the form of a further equity raise and/or debt funding to pursue any future ICSID arbitration claim. The group continue to hold discussions with interested parties and the Directors have a reasonable expectation that subject to the progress of the annulment application, the group will have access to the necessary resources to continue its pursuit of the ICSID litigation and for this reason, they continue to adopt the going concern basis in preparing these accounts.

NEW STANDARDS AND INTERPRETATIONS APPLIED

New standards and interpretations not yet adopted

The Group has elected not to early adopt the following revised and amended standards, which are not yet mandatory in the EU. The list below includes only standards and interpretations that could have an impact on the

Consolidated Financial Statements of the Group and the Company.

		Effective period commencing on or after
IFRS 9	Financial instruments	*1 Jan 2018*
IFRS 16	Leases	*1 Jan 2019*
IAS 12	Amendment – Recognition of deferred tax assets for unrealised losses	*1 Jan 2017*
IAS 7	Amendment – Disclosure initiative	*1 Jan 2017*
IFRS 2	Amendment – Classification and measurement of share based payment transactions	*1 Jan 2018*

IFRS 9 Financial instruments
The complete standard was issued in July 2014 including the requirements previously issued and additional amendments. The new standard replaces IAS 39 and includes a new expected loss impairment model, changes to the classification and measurement requirements of financial assets as well as to hedge accounting. The new standard becomes effective for financial years beginning on or after 1 January 2018. The Group will assess the impact on its Consolidated Financial Statements.

IFRS 16 Leases
The new standard was issued in January 2016 replacing the previous leases standard, IAS 17 Leases, and related Interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as either operating or finance as is required by IAS 17 and, instead, introduces a single lessee accounting model requiring a lessee to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. This new standard applies to annual reporting periods beginning on or after 1 January 2019 subject to EU endorsement. The Group will review its arrangements in place in order to evaluate the potential impact of the new standard.

New standards and interpretations not yet effective

It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board but are not yet effective will have a material impact on the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective dates. The Group is in the process of assessing the impact of these new standards and amendments on the financial statements.

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
The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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.

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.

On the 1st May 2015, the parent Company's ("Churchill Mining Plc") functional currency changed to GBP from USD as this appropriately reflects the Company's primary economic environment, being the United Kingdom, in which it primarily generates its funding and expends part of its operating cash. The consolidated and company financial information continues to be presented in US dollars ($), which is the presentation currency of the Company to ensure consistency with prior periods.

On consolidation, the results of the Group's and parent's operations are translated into $ 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 and equity instruments 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 category – Loans and Receivables. The Group's and Company's accounting policy for each category is as follows:

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.

Equity instruments

The warrants are recorded as an equity financial instrument as the Group will receive a fixed amount of cash on exercise of the warrant in the functional currency of the relevant entity for issuing a fixed number of shares.

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.

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.

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.

Impairment of non-financial assets
Impairment tests are carried out when an indicator of 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 Directors evaluate estimates and judgements incorporated into the Financial Report based on historical knowledge and best available current information. 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:

- Employee, corporate advisory and consulting services received and settled by equity securities are assessed to be equity settled share based payments. 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.

- As detailed in the Chairman's Statement, the ICSID tribunal granted Indonesia's application to dismiss the Churchill claims for damages arising out of the revocation of the mining licenses that made up the East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of USD 9,446,528 in costs and arbitration tribunal fees. The Company has filed an application for annulment of the ICSID award and has been granted a stay of enforcement of the Award, including the cost orders contained in it, pending determination of its Annulment Application. The Company has recognised a full provision for the costs order in this report. There can be no guarantee the company's application will be successful and the timing of the tribunals decision remains uncertain.

NOTE 2: FINANCE INCOME

	Consolidated 2017 $'000	Consolidated 2016 $'000
Finance income – foreign exchange gains	30	128
Finance income - Bank interest	1	-
Total finance income	**31**	**128**

NOTE 3: LOSS FROM OPERATIONS

	Consolidated 2017 $'000	Consolidated 2016 $'000
Loss before tax includes the following expense items:		
Administrative expenses		
Audit & accounting and other fees	49	60
Consulting & professional fees	233	645
Legal fees & Tribunal costs	426	1,538
Depreciation & amortisation	2	5
Employee salaries and benefits	13	279
Operating lease expense	45	44
Travel expenses	47	171
Public relations consultancy	-	15
Other administrative costs	144	118
Equity settled share based payment expense	241	400
Provision for ICSID Award and Tribunal Costs	9,447	-
	10,647	**3,275**
Finance expense		
Foreign exchange losses	2	4
Total administrative and finance expenses	**10,649**	**3,279**

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

	Consolidated 2017 $'000	Consolidated 2016 $'000
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	25	28
Other services – interim review	5	6
Fees payable for the audit of the subsidiaries	5	5
Total	**35**	**39**

NOTE 4: SALARIES

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Company 2017 $'000	Company 2016 $'000
Staff costs (including Directors' fees) comprise:					
Employee/Consultants (as staff) salaries and benefits		67	313	54	257
Directors' fees		-	223	-	223
Share-based payments		220	354	220	354
		287	**890**	**274**	**834**
Average number of employees		**Number**		**Number**	
Administration and Finance		4	4	2	4
Directors		6	6	6	6

Directors' remuneration and Other Key Management disclosures	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Directors' short term benefits				
Directors' fees and benefits	-	223	-	223
Consultancy fees/Salaries	114	338	114	338
Sub Total	**114**	**561**	**114**	**561**
Directors' share based payments				
Share based payments (options)	168	271	168	271
Total Director Remuneration	**282**	**832**	**282**	**832**
Other Key management short term benefits				
Consultancy fees	57	232	57	232
Sub-Total	**57**	**232**	**57**	**232**
Key management share based payments				
Share based payments (options)	53	83	53	83
Total Other Key Management Remuneration	**53**	**83**	**53**	**83**
Total Director and Key Management Remuneration	**392**	**1,147**	**392**	**1,147**
The amounts set out above include emoluments for the highest paid Director as follows:				
Short term benefits	57	227	57	227
Long term benefits	52	91	52	91
Total	**109**	**318**	**109**	**318**

Key management consists of the Board of Directors and the Company Secretary/Chief Financial Officer.

The Company provides Directors' & Officers' liability insurance at a cost of $26,488 (2016: $25,897). This cost is not included in the above table.

NOTE 5: TAXATION ON LOSS FOR THE YEAR

	Consolidated	
	2017	2016
	$'000	$'000
Major components of income tax expense for the years ended 30 June 2017 and 2016 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 2017 and 2016 is as follows:

Accounting loss before income tax	**(10,617)**	**(3,151)**
At the Australian statutory income tax rate of 27.5% (2016 – 28.5%)	(2,920)	(898)
Effects of:		
Non-deductible expenses	2,761	677
Tax losses not brought to account as a deferred tax asset	159	221
Income tax expense	**-**	**-**
Effective income tax rate	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 Australian domestic tax losses being approximately US$27,661,000 (2016: US$22,941,000) 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
2012/2013	2018	1,086
2013/2014	2019	277
2014/2015	2020	140
2015/2016*	2021	120
2016/2017*	2022	54

*Estimate based on the actual loss for 2016/2017

NOTE 6: LOSS PER SHARE

	Consolidated	
	2017 $'000	2016 $'000
Loss attributable to owners of the parent company	(10,617)	(3,151)
	Number	
Weighted average number of shares used in the calculation of basic loss per share	147,996,320	138,922,131
	Cents	
Basic and diluted loss per share	(7.17c)	(2.27c)

20,093,038 (2016: 26,929,515) potential ordinary shares have been excluded from the above calculations as the exercise price is higher than the average share price for the period 1 July 2016 to 6 December 2017 when the Companies shares were suspended from trading on the AIM market. The effect of the potential ordinary shares is also considered to be anti-dilutive, as it will result in decrease in the loss per share.

NOTE 7: PARENT COMPANY PROFIT 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 $10,491,758 (2016: Loss $3,063,884).

NOTE 8: 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 reporting provided to the board.

Consolidated 2017	**Australia – Corporate office $'000**	**Indonesia – Administration Office $'000**	**Total $'000**
Administration expenses	(1,137)	(65)	(1,202)
Provision for ICSID Costs Award and Tribunal expenses	(9,447)	-	(9,447)
Exchange differences (finance income)	30	2	32
Exchange differences (finance expense)	-	-	-
Loss for the year after taxation	**(10,554)**	**(63)**	**(10,617)**
Non-current assets	-	-	-
Other receivables	53	-	53
Cash and cash equivalents	297	1	298
Segment assets	**350**	**1**	**351**
Trade and other payables	149	23	172
Provisions	9,447	-	9,447
Segment liabilities	**9,596**	**23**	**9,619**
Segment net assets	**(9,246)**	**(22)**	**(9,268)**

Consolidated 2016	Australia – Corporate office $'000	Indonesia – Administration Office $'000	Total $'000
Administration Expense	(3,172)	(103)	(3,275)
Exchange differences (finance income)	105	23	128
Exchange differences (finance expense)	(4)	-	(4)
Loss for the year after taxation	**(3,071)**	**(80)**	**(3,151)**
Non-current assets	-	2	2
Other receivables	51	10	61
Cash and cash equivalents	1,452	14	1,466
Segment assets	**1,503**	**26**	**1,529**
Trade and other payables	443	10	453
Provisions	-	48	48
Segment liabilities	**443**	**58**	**501**
Segment net assets	**1,060**	**(32)**	**1,028**

NOTE 9: OTHER RECEIVABLES

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Related party receivables	2,960	3,034	-	-
Impairment for non-recovery	(2,960)	(3,034)	-	-
Prepayments and other receivables	53	61	52	51
	53	**61**	**52**	**51**

The Group's exposure to credit and currency risk related to other receivables is disclosed in Note 19. Details on the impairment of the unverified related party receivables are provided in Note 19.

NOTE 10: INVESTMENT IN SUBSIDIARIES AND BENEFICIALLY CONTROLLED ENTITIES

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

Name/Address	Country of Incorporation	Primary Activity	Proportion of ownership or beneficial interest
Planet Mining Pty Ltd Suite1, 346 Barker Road Subiaco, Western Australia 6008, Australia	Australia	Exploration & Mining Investment	100%
PT Indonesia Coal Development Wisma Kosgoro Building 18th Floor, JI M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	100%
PT Techno Coal Utama Prima* Wisma Kosgoro Building 18th Floor, JI M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	100%
PT Ridlatama Tambang Mineral* Wisma Kosgoro Building 18th Floor, JI M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%
PT Ridlatama Trade Powerindo* Wisma Kosgoro Building 18th Floor, JI M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%
PT Ridlatama Steel* Wisma Kosgoro Building 18th Floor, JI M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%
PT Ridlatama Power* Wisma Kosgoro Building 18th Floor, JI M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%

*Undertaking held indirectly or beneficially by the Company.

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

Previously 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. The Company filed two separate appeals that were ultimately unsuccessful. It remains the Group's position that it has a 75% beneficial interest in PT Ridlatama Tambang Mineral and PT Ridlatama Trade Powerindo. Powerindo however given the rulings the company has lost control under the provisions of IFRS 10. There is no impact on either the company or group financial statements.

Movements of investments in subsidiaries during the period are:

	Company	
	2017 $'000	2016 $'000
Loans to subsidiaries – Non-current assets		
- Loan Balance	49,303	49,202
- Loans to subsidiaries	76	101
- Impairment of loans to subsidiary	(49,379)	(49,303)
Total loans to subsidiaries – non-current assets	**-**	**-**

The total of subsidiary loans at 30 June 2017 is $49,379,171 (2016: $49,302,933), 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 11: TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Trade payables	87	225	87	225
Accruals and other payables	85	228	62	218
	172	**453**	**149**	**443**

The Group's exposure to credit and currency risk related to trade and other payables is disclosed in Note 18.

NOTE 12: LOANS AND BORROWINGS

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Related party payables	2,199	2,255	-	-
Reassessment of related party loan payable	(2,199)	(2,255)	-	-
	-	**-**	**-**	**-**

Included in the loans and borrowings are amounts potentially payable of $2,198,993 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. The loan payable was reassessed to nil, during the year ended 30 June 2015. There have been no changes in this assessment.

NOTE 13: PROVISIONS

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Provision for ICSID costs award	9,447	-	9,447	-
Employee benefits	-	48	-	-
	9,447	**48**	**9,447**	**-**

Non-Current

As detailed in the Chairman's Statement, the ICSID tribunal granted Indonesia's application to dismiss the Churchill claims for damages arising out of the revocation of the mining licenses that made up the East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of USD 9,446,528 in costs and arbitration tribunal fees. The Company has filed an application for annulment of the ICSID Award. As part of that application, the Company has been granted a stay of enforcement of the Award, including the cost orders contained in it, pending determination of its Annulment Application. The Company has recognised a full provision for the costs order in the Interim Report and this report.

NOTE 14: COMMITMENTS

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Operating lease commitments				
The total future aggregate minimum lease payments under non-cancellable operating leases:				
Within one year	12	11	12	11
Within two to five years	-	-	-	-
	12	**11**	**12**	**11**

The above amount relates to a property sub-lease for Suite 1, 346 Barker Road Subiaco Western Australia with the term expiring on 31 December 2017 with rent payable monthly in advance.

	Consolidated		Company	
Consultant and Key Management compensation commitments				
Commitments under consulting contracts not provided for in the financial statements and payable:				
Within one year	-	135	-	135
	-	**135**	**-**	**135**

NOTE 15: SHARE CAPITAL, SHARE PREMIUM, RESERVES, AND WARRANTS

The Companies Act 2006 (as amended) abolishes the requirement for a company to have an authorised share capital. The Company's articles of association do not include any provisions relating to authorised share capital.

	Company		Company	
	2017 Number	2016 Number	2017 $'000	2016 $'000
Allotted, called up and fully paid				
Ordinary shares at 1p each				
At start of year	147,453,239	132,775,613	2,595	2,381
Additions	562,879	14,677,626	7	214
At end of year	**148,016,118**	**147,453,239**	**2,602**	**2,595**

		Allotted, called up and fully paid		Share premium
Date	Details	Number Ordinary	$'000	$'000
30/6/2015	**Closing balance at 30 June 2015**	**132,775,613**	**2,381**	**79,235**
02/10/2015	Issue of shares @ 18p per share for cash	4,166,664	63	1,074
02/10/2015	Share issue expense	-	-	(51)
02/10/2015	Issue of warrants exercisable @27p	-	-	(297)
06/01/2016	Issue of shares in lieu of cash fees @ 27p per share	510,963	7	207
15/03/2016	Issue of shares @ 11p per share for cash	7,272,727	104	1,041
15/03/2016	Share issue expense	-	-	(86)
15/03/2016	Issue of warrants exercisable @20p	-	-	(300)
04/04/2016	Issue of shares @ 11p per share for cash	2,727,272	40	393
04/04/2016	Issue of warrants exercisable @20p	-	-	(104)
30/06/2016	**Closing balance at 30 June 2016**	**147,453,239**	**2,595**	**81,112**
01/07/2016	Issue of shares in lieu of cash fees @ 18p per share	517,425	6	118
24/11/2016	Exercise of 20p warrants into shares	45,454	1	11
30/06/2017	**Closing balance at 30 June 2017**	**148,016,118**	**2,602**	**81,241**

Share premium

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

Warrants granted with share placements

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
2016						
15p	14/05/2015	4,200,000	-	-	4,200,000	30/06/2018
27p	01/10/2015	-	2,083,332	-	2,083,332	31/10/2018
20p	15/03/2016	-	3,636,363	-	3,636,363	31/03/2019
20p	04/04/2016	-	1,363,636	-	1,363,636	31/03/2019
Total		**4,200,000**	**7,083,331**	**-**	**11,283,331**	
2017						
15p	14/05/2015	4,200,000	-	-	4,200,000	30/06/2018
27p	01/10/2015	2,083,332	-	-	2,083,332	31/10/2018
20p	15/03/2016	3,636,363	(45,454)	-	3,590,909	31/03/2019
20p	04/04/2016	1,363,636	-	-	1,363,636	31/03/2019
Total		**11,283,331**	**(45,454)**	**-**	**11,237,877**	

Other Reserves -

Other Reserves include

(i) 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.

(ii) 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.

(iii) Warrant reserve

The amount relates to the fair value of free attaching warrants issued as part of share placements by the Company.

Fair value

The fair value of the warrants attaching to share placements has been derived using the Black-Scholes model that takes into account factors such as the option/warrant life, the volatility of share price and expected early exercise of warrants. Volatility has been based on the historic volatility of the Company's shares over the expected period over which the warrants may be exercised. The assumptions inherent in the use of the models are as follows (assumptions presented below are in GBP, as the options/warrants are denominated in GBP):

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 16: SHARE BASED PAYMENTS

Share options and warrants issued as compensation

The Company has previously issued share options, some of which have vested immediately on grant and others with vesting periods. The options are unlisted. Share options are exercisable for ordinary shares which when exercised 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
2016						
50p	19/08/2011	3,900,000	-	-	3,900,000	19/08/2016
50p	29/10/2012	1,250,000	-	-	1,250,000	29/10/2017
28p	21/03/2013	5,400,000	-	-	5,400,000	21/03/2018
48p	03/05/2013	50,000	-	-	50,000	03/05/2018
50p	09/12/2013	3,000,000	-	-	3,000,000	09/12/2018
25p	02/04/2015	5,000,000	-	-	5,000,000	02/04/2020
15p	20/05/2015	100,000	-	-	100,000	30/06/2018
27p	01/10/2015	-	70,379	-	70,379	31/10/2018
35p	23/12/2015	-	4,600,000	-	4,600,000	23/12/2020
Total		**18,700,000**	**4,670,379**	**-**	**23,370,379**	
2017						
50p	19/08/2011	3,900,000	-	(3,900,000)	-	19/08/2016
50p	29/10/2012	1,250,000	-	-	1,250,000	29/10/2017
28p	21/03/2013	5,400,000	-	-	5,400,000	21/03/2018
48p	03/05/2013	50,000	-	-	50,000	03/05/2018
50p	09/12/2013	3,000,000	-	-	3,000,000	09/12/2018
25p	02/04/2015	5,000,000	-	-	5,000,000	02/04/2020
15p	20/05/2015	100,000	-	-	100,000	30/06/2018
27p	01/10/2015	70,379	-	-	70,379	31/10/2018
35p	23/12/2015	4,600,000	-	-	4,600,000	23/12/2020
Total		**23,370,379**	**-**	**-**	**19,470,379**	

	Weighted average exercise price 2017	Number 2017	Weighted average exercise price 2016	Number 2016
Outstanding at beginning of the year	36p	23,370,379	37p	18,700,000
Expired during the year	50p	(3,900,000)	-	-
Issued during the year	-	-	35p	4,670,379
Outstanding at end of the year	**34p**	**19,470,379**	**36p**	**23,370,379**
Exercisable at the end of the year	**34p**	**19,470,379**	**37p**	**18,770,379**

The weighted average share price for the period 1 July 2016 to 6 December 2017 when the Companies shares were suspended from trading on the AIM market during the year was 30.66p (2016: 21.18p).

The weighted average remaining contractual life of options outstanding at year end 30 June 2017 was 1.99 years.

Fair value

The fair value of the share options and warrants granted as compensation has been derived using the Black-Scholes model that takes into account factors such as the option/warrant life, the volatility of share price and expected early exercise of share options/warrants. Volatility has been based on the historic volatility of the Company's shares over the expected period over which the share options or warrants may be exercised. The assumptions inherent in the use of the models are as follows (assumptions presented below are in GBP, as the options/warrants are denominated in GBP):

2017

There were no options or warrants granted for the 2017 year.

2016

Grant date	**23/12/2015**	**01/10/2015**
Granted to	**Key Management Personnel**	**Broker warrants**
Number granted	4,600,000	70,739
Fair value at grant date	**8.64p**	**10.20p**
Assumptions used		
Share price	20.13p	23.25p
Exercise price	35.00p	27.00p
Expected volatility	96%	104%
Average Option life	2.50	1.50
Risk free interest rate	0.5%	0.5%

Equity settled share based payment expense

The share based payment expense for the year ended 30 June 2017 was $242,698 (2016: $412,114).

Shares

On 1st July 2016, the Company issued 517,425 Ordinary shares to directors, executives and the company secretary at a deemed issue price of 18.36 pence per share in lieu of the payment of cash fees.

NOTE 17: NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Reconciliation of (loss) after tax to cash from operating activities				
(Loss) after tax	**(10,617)**	**(3,151)**	**(10,492)**	**(3,064)**
Share option expense	241	400	241	400
Shares issue in lieu of fees	-	215	-	215
Depreciation expense	2	5	-	4
Impairment expense	-	-	76	101
(Gain)/ Loss on exchange rates	(29)	(125)	(174)	(227)
Excess provision reversed	-	(22)	-	(22)
Decrease / (Increase) in receivables	9	84	(2)	84
(Decrease) / Increase in payables	(156)	(320)	(169)	(326)
(Decrease) / Increase in provisions	9,399	(144)	9,447	(144)
Cash flow from operating activities	**(1,151)**	**(3,058)**	**(1,073)**	**(2,979)**

NOTE 18: 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;
- 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;
- Trade and other payables; and
- Loans and borrowings.

Categories of financial assets

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current financial assets classified as loans and receivables				
Other receivables	50	24	50	13
Cash and cash equivalents	298	1,466	298	1,452
Total current financial assets	**348**	**1,490**	**348**	**1,465**
Total financial assets	**348**	**1,490**	**348**	**1,465**

Categories of financial liabilities

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current financial liabilities measured at amortised cost				
Trade and other payables	172	453	149	443
Total current financial liabilities	**172**	**453**	**149**	**443**
Total financial liabilities	**172**	**453**	**149**	**443**

There is no material difference between the book value and fair value of the Group's financial instruments, due to the short-term nature of these instruments.

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.

Cash forecasts identifying the liquidity requirements of the Group and Company are produced frequently for review by the management and the Board.

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**
2017	**$'000**	**$'000**	**$'000**
Current financial liabilities			
Trade and other payables	172	172	172
	172	**172**	**172**

Company	**Carrying amount**	**Contractual cash flows**	**6 months or less**
2017	**$'000**	**$'000**	**$'000**
Current financial liabilities			
Trade and other payables	149	149	149
	149	**149**	**149**

Consolidated	**Carrying amount**	**Contractual cash flows**	**6 months or less**
2016	**$'000**	**$'000**	**$'000**
Current financial liabilities			
Trade and other payables	453	453	453
	453	**453**	**453**

Company	**Carrying amount**	**Contractual cash flows**	**6 months or less**
2016	**$'000**	**$'000**	**$'000**
Current financial liabilities			
Trade and other payables	443	443	443
	443	**443**	**443**

CREDIT RISK

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

The Group holds its cash balances 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	**2017**		**2016**	
	Carrying value $'000	**Maximum exposure $'000**	**Carrying value $'000**	**Maximum exposure $'000**
Current assets				
Cash and cash equivalents	298	298	1,466	1,466
Other receivables	50	50	24	24
	348	**348**	**1,490**	**1,490**

Company	**2017**		**2016**	
	Carrying value $'000	**Maximum exposure $'000**	**Carrying value $'000**	**Maximum exposure $'000**
Current assets				
Cash and cash equivalents	298	298	1,452	1,452
Other Receivable	50	50	13	13
	348	**348**	**1,465**	**1,465**

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 risk is considered to be minimal with the current low rates available for GBP and USD deposits. The cash balances maintained by the Group and Company are 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.

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 and raises its equity finance in British Pounds. Foreign exchange risk is inherent in the Group's activities. 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 2016/2017	0.7882	1.3254	13,263
At 30 June 2017	0.7692	1.3012	13,301
Average for 2015/2016	0.6951	1.3725	13,619
At 30 June 2016	0.7466	1.3441	13,180

At the year end, the Group had a cash balance of $298,354 (2016: $1,466,012) which was made up as follows:

	Consolidated		**Company**	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Great British Pound	143	574	143	574
United States Dollar	78	511	79	507
Australian Dollar	76	371	76	371
Indonesian Rupiah	1	10	-	-
	298	**1,466**	**298**	**1,452**

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 2017	23	143	-	165
At 30 June 2016	314	447	13	774

A 10% strengthening of the US dollar against the Australian dollar at 30 June 2017 would have increased the loss by $6,925 (2016: increased loss by $33,691) and reduced equity by $6,925 (2016: $33,691). 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 ("GBP") at 30 June 2017 would have increased the cash balance held by $13,023 (2016: $52,228) and decrease equity by $13,023 (2016: $52,228). 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 with the Group 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 Shareholders, principally though the ICSID damages claim. In order to achieve and maximise this return objective, the Group and Company will, in future, seek to maintain any 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 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 19: RELATED PARTY TRANSACTIONS

The Group had the following material transactions (excluding Directors' salaries and fees) with related parties during the year ended 30 June 2017.

a) The amounts receivable and payable to Ms Florita were impaired in full in previous reporting periods. No events or conditions were noted throughout the year ended 30 June 2017 to indicate that the impairment should be reversed. Ms Florita is the partner of Mr Mudjiantoro who are both related parties of Churchill by way of their Directorships in Indonesian subsidiary companies.

b) The amounts receivable and payable to Ms Ani Setiawan were impaired in full in previous reporting periods. No events or conditions were noted throughout the year ended 30 June 2017 to indicate that the impairment should be reversed. Ani Setiawan 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.

On the 1st December 2015, the company entered into a lease agreement for office premises with Borden Holdings Pty Ltd a company controlled by Mr David Quinlivan. The terms of the lease were approved by the Independent Directors and are on normal commercial terms. During the year the Company paid $30,582 to Borden Holding Pty Ltd under the terms of the lease.

The Key Management personnel disclosures (composition and compensation) are included in Note 4 to the financial statements.

NOTE 20: CONTINGENCIES

Previously 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. The Company filed two separate appeals that were ultimately unsuccessful. The Group has previously impaired the remaining receivable of $2,960,112 and also reassessed the loan payable to nil. It remains the Group's position that this receivable and payable are able to be offset in the future if required.

The Group is involved in litigation as detailed in the Chairman's Statement and Strategic Report. 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 21: EVENTS AFTER THE REPORTING PERIOD

On 21st November 2017 the company agreed to issue £500,000 of convertible loan notes ("Loan Notes") to its major shareholder Pala Investments Limited ("Pala").

On 28 November 2017, the Company conditionally raised £375,000 before expenses through a placing of 15,000,000 new Ordinary Shares of 1p each at a price of 2.5p per share together with the issue of warrants over Ordinary Shares on the basis of one warrant for every one Placing Share exercisable at a price of 5p per Ordinary Share expiring on 31 December 2020. The placing will be settled in two tranches with the first tranche of 4,830,000 shares (£120,750) to be settled on or around 30 November 2017. The second tranche is conditional on the passing of resolutions at the Company's Annual General Meeting expected to be held in late December 2017 granting the Directors the power to allot the remaining shares in respect of the Placing Shares and the Placing Warrants.

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.