



Incorporated in England and Wales with
Registered Number 5275606

Annual Report

For the year ended
30 June 2018

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CHAIRMAN'S STATEMENT

Dear Shareholder,

I present Churchill Mining Plc's ("Churchill" or the "Company") Annual Report for the 12 months ended 30 June 2018.

Introduction

During the year the Company continued to pursue annulment of the adverse Award handed down by the ICSID Tribunal in December 2016 in relation to the Company's US\$1.315 billion (plus interest from May 2010) claim against the Republic of Indonesia ("**Indonesia**") for the unlawful measures taken by Indonesia against the Company's investments in the East Kutai Coal Project ("**EKCP**").

A brief recap of the key stages in the annulment proceedings follows:

Chronological History of Key Annulment Proceedings Dates

Award Rendered	6 December 2016
Churchill's Annulment Application Filed	31 March 2017
Annulment Committee Appointed & Proceedings Commence	15 May 2017
Stay on Enforcement of Award Ruling	3 August 2017
Indonesia's Counter Memorial on Annulment Filed	20 October 2017
Churchill's Reply Filed	15 February 2018
Indonesia's Rejoinder Filed	10 April 2018
Annulment Hearing Held	16 & 17 July 2018
Annulment Cost Submissions Filed	31 August 2018

Annulment - Discussion

A copy of both the Annulment Application lodged by the Company and our Reply to Indonesia's Counter Memorial on Annulment are available on the Company's website at www.churchillmining.com/investor-information/icsid-damages-claim-v-republic-of-indonesia and I urge shareholders to read these documents for a fuller understanding of our case for annulment of the Award rendered by the Tribunal. I would also encourage shareholders to read the Award, if they have not done so already.

In my report to shareholders this year, I have concentrated on the Annulment Hearing in Singapore albeit that it was held post year end (on 16 and 17 July 2018), as it was the culmination of the events of the year just past.

Given the two-day time limit set aside for this hearing, Churchill concentrated its oral submissions on explaining six manifest errors within the Award that we believe individually justify annulment. These being:

The Tribunal Went Radically Beyond the Scope of the Document Authenticity Phase it had Defined

The Company's first major complaint with the Award was that having circumscribed the scope of the Document Authenticity phase in Procedural Orders 15 and 20 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, as opposed to the facts allegedly justifying a finding of estoppel)",*

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The Tribunal simply ignored the scope of its own Procedural Orders and disregarded the clarifications it had previously provided on what it meant in the second limb of Procedural Orders 15 and 20 ("*Submissions on the Legal Consequences*"). The Tribunal then went on to make a final dispositive determination of all Churchill's claims without a full factual record on the basis of a new and obscure legal framework (based on the *Minnotte* decision, i.e. inadmissibility of claims for lack of due care or negligence in investigating the factual circumstances around the making of an investment or unreasonable failure to perceive third-party wrongdoing). This framework was introduced by the Tribunal itself and was clearly not within the scope of this phase of the proceedings.

By way of background the Tribunal went to considerable lengths to expressly provide clarification on "what it meant" by *Submissions on the Legal Consequences* but at no time did it give any indication that "what it meant" extended beyond the scope of the clarifications it had provided or more specifically that a finding of forgery would render "*inadmissible*" the Company's submissions on all other claims (such as estoppel, acquiescence, fair and equitable treatment and intellectual property rights) without even considering the facts relevant to each of those matters.

In summary the Award shows that the Tribunal:

- (i) disregarded the clarifications it had provided on what it had meant by *Submissions on the Legal Consequences*;
- (ii) ignored its own Procedural Orders; and
- (iii) made a final dispositive determination of all Churchill's claims without a full factual record on the basis of a legal framework that was clearly not within the scope of this phase of the proceedings.

It is the Company's firm belief that it was a manifest excess of power for the Tribunal to make a finding of inadmissibility in these circumstances and when this finding is considered in conjunction with the Tribunal's shocking disregard for due process there is little question that this Award should be annulled on this basis alone.

The manifest excess of power I have described above was further exacerbated by the Tribunal's improper reliance on "*International Public Policy*" in its attempt to justify a finding of inadmissibility in the Award. What is clear from the evidentiary record however is that the Tribunal's reliance on "*International Public Policy*" was based on its own conclusion, contrary to its prior orders and explanations, that these matters fell within the scope of the Document Authenticity phase it had defined and more particularly within the confines of what it meant by *Submissions on the Legal Consequences*.

Prior to the Award, the Tribunal provided numerous clarifications on what it meant by *Submissions on the Legal Consequences* but at no time did it give even the slightest hint that these submissions encompassed obscure areas of international law such as "*Nelsonian knowledge*" and "*International Public Policy*" or that its enquiries on such topics could lead to a determinative finding of inadmissibility within the narrowly defined scope of the Document Authenticity phase.

Put another way, having knowingly chosen to ignore the clarifications it had previously provided on what it had meant by *Submissions on the Legal Consequences* it was a manifest excess of power for the Tribunal to then invoke these novel principles to justify its finding of inadmissibility in the Award.

In an attempt to buttress its unsound finding of inadmissibility, the Tribunal went even further outside the scope it had prescribed for the Document Authenticity phase when, at the eleventh hour, it resorted to the unilateral introduction of a new legal framework (*Minnotte*) that neither party had referred to or relied on.

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It was obvious that the *Minnotte* legal framework raised numerous new legal and factual matters (such as Churchill's due care in carrying out its investment and whether in fact there had been a deliberate closing of eyes to serious misconduct by a third party) and that these matters were clearly way beyond the scope of what the Tribunal had prescribed for the Document Authenticity phase. Churchill raised these concerns with the Tribunal at the time.

Moreover, the part of paragraph 163 in *Minnotte* that the Tribunal introduced long after the Hearing and relied on in the Award as the basis for a legal framework justifying inadmissibility was not at the time and is not now reflective of international law. Indeed, as Churchill explained at the Annulment Hearing, paragraph 139 of the *Minnotte* decision shows that the Minnotte arbitrators themselves were unwilling to accept that the legal framework ultimately applied by the Churchill tribunal was reflective of international law (the *Minnotte* tribunal expressly stated "[n]or does the Tribunal consider that any principle of international law [...] would bar its jurisdiction in the case of the Claimants whose connection with an alleged fraud consists in a negligent failure to make inquiries which might (or might not) have unearthed evidence of fraud").

In calling for the parties to provide their legal submissions on *Minnotte*, the Tribunal, in the very same letter, ordered that no factual evidence on any matters relating to *Minnotte* was to be submitted.

At the commencement of the Document Authenticity phase the Tribunal ordered that a full enquiry into many of the Company's counter-arguments would not be included in this phase of the proceedings. Having excluded enquiry into many of the Company's counter-arguments it was improper for the Tribunal to then introduce a new and radical legal framework (*Minnotte*) without allowing Churchill the right to file the evidence it needed to defend itself under this new framework.

Even more shocking was the fact that the Tribunal then went on to disingenuously apply the one-sided legal framework it had introduced itself to make a determinative finding of inadmissibility of all Churchill's claims.

In summary nothing justified the Tribunal departing from the procedure it had prescribed and nothing justified declaring all of Churchill's claims inadmissible before hearing argument and evidence relating to all of the alternative claims and any consequential issues.

Radical Change in Legal Framework - The *Minnotte* Direction

The Company's second major complaint also concerns *Minnotte*.

It is our view that even if the Tribunal was within its powers to unilaterally introduce *Minnotte* as an authority and potentially make a determinative ruling based upon it, it was a clear and outcome-determinative breach of natural justice not to reopen the factual enquiry.

As I have mentioned above, Procedural Orders 15 and 20 expressly limited the factual enquiry of the Document Authenticity phase to the specific issues of document authenticity and authorization. Moreover, because neither party had relied on or referred to *Minnotte* in the Document Authenticity phase, Churchill could not have anticipated this case being relevant and led evidence accordingly.

Minnotte however raised very different factual issues to those going to document authenticity and authorization including:

- (i) the lack of due care or negligence of the investor to investigate the factual circumstances surrounding the making of an investment; and
- (ii) the deliberate "closing of eyes" to indications of serious misconduct or crime, or an unreasonable failure to perceive such indications even if they were committed by a third party.

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We have referred to these issues as the *Minnotte factors* in our Annulment submissions.

As I have mentioned above the Tribunal's eleventh-hour letter calling for submissions on *Minnotte* expressly limited submissions to the existing factual record, making it abundantly clear that no new factual evidence relevant to the *Minnotte factors* was allowed.

In the Annulment proceedings, the Company has accordingly argued that barring us from submitting this factual evidence resulted in a clear and outcome-determinative breach of ICSID procedure because the full factual record that would be required to address these complex *Minnotte factors* was not before the Tribunal.

We say categorically that by calling for submissions on *Minnotte* in the way it did, the Tribunal put Churchill in a position where, long after the hearing, it was forced into arguing about the application of a radical new legal framework with its evidentiary hands tied behind its back and the serious miscarriage of justice that occurred as a result of the Tribunal's deliberate actions is self-evident.

Reflecting on the requirement to act fairly, the President of the Tribunal stated during the Document Authenticity hearing that the Tribunal must be very careful to respect due process and rule only on issues brought before it **in full**. It was therefore, by any objective measure, grossly unfair for the Tribunal to punish Churchill for the absence of evidence the Tribunal had not heard and had expressly acknowledged at the end of the hearing that it had not heard.

We believe that the Tribunal's approach regarding *Minnotte* and its failure to reopen the factual record is a serious departure from a fundamental rule of procedure – the right to be heard– warranting annulment.

State Responsibility

The Company's third major complaint with the Award was that having found that someone senior inside the Indonesian Government was complicit in the fraud, the Tribunal failed to address the legal consequences of that finding for Indonesia and its objection to admissibility. Specifically, in the arbitration, Churchill argued that Indonesia could not raise an objection to admissibility based on a fraud in which its own senior officials were involved, as that would mean Indonesia would be allowed to benefit from its own breaches of international law (including the rule of good faith).

Under Article 7 of the International Law Commission ("ILC") Articles on State Responsibility, a State (in this case the Republic of Indonesia) will *prima facie* be liable for crimes committed by State officials when they are committed in their official capacity. The relevance and application of Article 7 are both obvious.

ILC Article 7 reads as follows:

"The conduct of an organ of a State or of a person or entity empowered to exercise elements of the governmental authority shall be considered an act of the State under International law if the organ, person or entity acts in that capacity, even if it exceeds its authority or contravenes instructions."

In the extraordinary circumstances of this case – where the State unequivocally and actively stated its own senior government officials were complicit in fraud – this principle of international law is unquestionably engaged and should therefore have been both considered and addressed by the Tribunal. Yet the Tribunal completely failed to do so.

In its Annulment Application the Company has argued that the Tribunal, having found that someone senior within the Government was complicit in the fraud:

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- (i) then failed to apply the proper law (international law and more particularly the fundamental international law principle of good faith and the doctrine of State responsibility) to this finding; and
- (ii) failed to state any reasons whatsoever for its decision on what was an obviously outcome-determinative point, i.e. if the Tribunal had ruled on Churchill's good faith/State responsibility claim, it would (or at least could) have held that Indonesia was barred from raising the fraud in which its own officials were involved as a basis of challenging the admissibility of Churchill's claims, with the result being that the arbitration would (or could) have continued.

The Company believes that the actions of the Tribunal were in clear breach of the three fundamental rules of ICSID procedure invoked by the Company in its Annulment Application.

Re-admission of Mr Noor's Evidence and Refusal to Order Production of Police Files

The Company's fourth major complaint with the Award was the Tribunal's re-admission of Mr Noor's evidence after having previously ruled that this evidence be disregarded for his outright refusal to attend the Document Authenticity hearing for cross-examination and the Tribunal's treatment of other critical evidence unfavourable to Indonesia.

Mr Noor is clearly a central character in the whole EKCP debacle.

By way of background:

- (i) he was the Deputy Regent in the period when the General Survey and Explorations were supposedly forged and he approved final internal drafts of these licences
- (ii) he attended a number of meetings between Ridlatama and other government officials regarding the long-term Exploitation Licences;
- (iii) he hand signed the Exploitation licences; and
- (iv) he issued a raft of related licences for EKCP after having hand signed the Exploitation Licences;

There can be no question that Mr Noor was right in the thick of things from the very beginning. He clearly knew what was going on and was the primary Indonesian government official who was accountable on a day-to-day basis for what was going on.

Mr Noor's inexplicable actions regarding the EKCP have however raised serious questions about his motivations. As just one example of these inexplicable actions, on the very same day he hand-signed two letters – one to the London Stock Exchange denouncing Churchill by claiming there were indications of forgery in Ridlatama's Licences and the other to the Minister of Forestry supporting Ridlatama's application for a forestry permit that made specific reference to the Exploitation Licences he had issued six months earlier (without any suggestion of forgery or that he was deceived into signing those Exploitation Licences).

Mr Noor provided a written witness statement for the Document Authenticity phase in which he said he had been deceived when he signed the Exploitation Licences and that he would not have signed them if he knew the preceding General Survey and Exploration Licences were forged. Yet he did not attempt to disown these two, manifestly inconsistent letters.

Churchill had many questions to put to Mr Noor in cross examination about his knowledge of EKCP, Ridlatama and his role in the assessment of the earlier licences, and these two inconsistent letters. The Tribunal also indicated that it too had many questions for Mr Noor. However, he outright refused to attend the hearing.

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On Churchill's motion, the Tribunal declared Mr Noor's witness statement had been disregarded. That should have been the end of any mention of his evidence.

The Award however shows that the Tribunal did not disregard his witness statement and did in fact give it significant weight. No matter how many ways one might look at the relevant paragraph of the Award (512) it is simply impossible to escape the conclusion that the Tribunal re-admitted without notice Mr Noor's evidence. There is no alternative evidentiary foundation for Mr Noor's "*misguided assumption*" referred to in paragraph 512 of the Award simply because Mr Noor and Mr Noor alone could testify to his own subjective state of mind at the time he signed the Exploitation Licences.

What makes the Tribunal's action in re-admitting Mr Noor's evidence truly shocking is that the exclusion of this evidence was presented by the Tribunal as a remedy for the prejudice the Company clearly suffered for not being able to cross examine him. For the Tribunal to then knowingly deprive the Company of the remedy it had itself prescribed without notice or any opportunity to make submissions was a gross violation of the principles of natural justice.

The manifest injustice here is that without re-admitting Mr Noor's evidence, it was simply not possible for the Tribunal to impugn the authenticity of the Exploitation Licences he had undisputedly hand signed. It was therefore highly improper for the Tribunal to make a positive finding that the Exploitation Licences were also invalid on the back of an obviously tainted process.

By making this ruling the Tribunal had effectively decided that the Exploitation Licences could not be viewed as standalone instruments of title with their own independent validity and that they were "*infected*" by the forgery of previous licences. We submitted that this "*infection*" issue was first and foremost a question of Indonesian law, on which the parties would need to be heard (all the more so given the exclusion of Mr Noor's evidence). Yet the Tribunal did not allow Churchill to file any Indonesian law evidence on this issue, thereby aggravating the breach of natural justice that it committed when it unilaterally and without notice re-admitted Mr Noor's evidence.

The inequitable reality of the Tribunal's actions in regard to Mr Noor's evidence is that the evidence was improperly re-admitted and given serious weight, thereby denying Churchill a remedy for Mr Noor's outright refusal to attend the hearing.

A further inequitable effect of the Tribunal's improper re-admittance of Mr Noor's witness statement evidence was that it automatically reversed the burden of proof such that it was then for Churchill to prove that Mr Noor was *not* deceived when he signed the Exploitation Licences. Any reasonable judge or arbitrator would have known that Churchill could not meet this burden without the opportunity to question Mr Noor.

The evidentiary bias suffered by Churchill throughout the proceedings was further exacerbated by the Tribunal's partisan treatment of other relevant evidence such as the results of the various Indonesian police investigations into the alleged forgery. Churchill requested the production of these files and the Tribunal ordered that these files be produced as they were "*relevant and material*". Even though clearly relevant, Indonesia outright refused to provide these documents.

The result of Indonesia's refusal to provide this information was that Churchill was denied access to information that was clearly relevant and material to the Document Authenticity phase. Not only did Churchill not have access to relevant and material information, the Tribunal actively rewarded Indonesia for its shameful behaviour by later rejecting our request that adverse inferences be drawn against Indonesia for failing to produce this information it had ordered.

In light of the above it is difficult, in our view, to see any how any argument that the parties were treated fairly and equitably could have any credibility.

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Status of the Exploitation Licences & Other Claims

The Company's fifth major complaint with the Award is that the Tribunal failed to address the legal status of the Exploitation Licences or consider any of the Company's other claims.

As I have explained above, if (for the sake of argument) the Tribunal was entitled to make a determination of inadmissibility at the end of the Document Authenticity phase, it was also then obligated to consider and provide a ruling on all other claims the Company had made (e.g. the legal status of the Exploitation Licences under Indonesian law (the "infection issue") and our other arguments relating to issues such as estoppel). The procedural treatment of these important issues was discussed at length with the Tribunal on the last day of the Document Authenticity hearing.

In the directions it issued after the Hearing, the Tribunal specifically excluded any factual enquiry into these issues of Indonesian law and indeed excluded any argument at all on the status of the Exploitation Licences. In these circumstances it was clearly wrong for the Tribunal to make a final decision on the inadmissibility of all claims when it had specifically ordered that Churchill was not to provide evidence in regard to any of these claims.

It is our view that the Tribunal's conduct in relation to these matters constituted a manifest excess of power and was also a serious departure from a fundamental rule of procedure.

Lack of Reasoning

The Company's sixth major complaint with the Award is that the Tribunal failed to give reasons in respect of several of its most important conclusions. Below are six examples.

1. The Tribunal failed to state reasons for its conclusion at paragraph 508 of the Award that "*International Public Policy*" was engaged on the facts it found.

It is our view that the Tribunal was fixated on dismissing all of Churchill's claims and improperly resorted to creating its own fanciful notions of what "International Public Policy" was without any proper reasoning or justification.

2. The Award fails to state the reasons for the Tribunal's decision that Churchill's due diligence failed to meet the standard of a "*reasonable investor in the Indonesian mining sector*" (which is the standard the Tribunal found was applicable).

This is an objective test that requires detailed evidence of what other investors are doing at the time – specifically whether their due diligence programs included forensically checking whether signatures on official government documents were forged. The Tribunal did not provide any reasons for how it applied this objective standard in the complete absence of any such evidence.

3. The Tribunal did not refer to ILC Article 7 at all in its Award even though this was raised multiple times by Churchill. Nor did the Tribunal refer to the arguments we raised that the involvement of senior Indonesian government officials in the fraud had legal consequences for Indonesia's ability to object admissibility based on fraud.

The Tribunal did not rule or provide any reason at all on whether a party could benefit from its own wrongdoing. As explained above, Churchill expressly argued that this principle barred Indonesia's admissibility objection.

In paragraph 494 of the Award it can be seen that the Tribunal stated that "*the legal consequences of fraudulent conduct depend to a large extent on the circumstances of each*

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case" and that these circumstances include "*the role of the disputing parties in the fraud*". But, having said that the role of *both parties* was relevant, the Tribunal provided no reasons for its decision that the role of Indonesia's senior government officials was not relevant.

4. No reasons were stated as to why the Tribunal re-admitted (or at the very least did not disregard) Mr Noor's evidence.

The Award does not provide any reasons for the Tribunal's re-admission or failure to disregard this crucial evidence and is also internally inconsistent in that it says at paragraph 84 that Mr Noor's evidence was disregarded.

5. The Tribunal failed to state reasons for its conclusion that the Exploitation Licences were invalid under Indonesian law but the point was moot anyway.

We say on this issue that the proper application of Article 42(1) of the ICSID Convention required the Tribunal to give reasons why Indonesian law conflicted with International law before it could have recourse to international law to decide the issue was moot.

6. The Tribunal failed to provide reasons as to why Churchill could not bring its alternative claims.

As the *Minnotte* tests were clearly tainted by serious breaches of natural justice and manifest excesses of power, the Tribunal was under a duty to give reasons for its decision on each of the alternate claims. In particular the Tribunal was required to give reasons for how the nexus in *Minnotte* was established for each of these claims, namely unjust enrichment, intellectual property and denial of justice, such as to find them inadmissible.

In summary, the Company has submitted that these annulment proceedings concern an Award issued by an ICSID Tribunal that failed in its basic duties:

- to issue clear procedural orders and then stay within the scope of those orders;
- to give the parties the full opportunity to present their cases (not just on the law, but also on the facts);
- to properly apply the burden of proof;
- to apply the law to the facts (including and especially the law of State responsibility); and
- to render a reasoned award.

Fundraising

Convertible Notes

On 22 November 2017, the Company announced that it 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 are being used to help meet the costs of the Company's annulment proceedings.

In consideration for the issue of the Loan Notes, Pala is 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. 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.

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The coupon rate for the Loan Notes is 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 announced that it had conditionally raised £375,000 before expenses through a placing of 15,000,000 new Ordinary Shares at a price of 2.5p per share together with the issue of warrants over Ordinary Shares on the basis of one warrant for each Placing Share exercisable at a price of 5p per Ordinary Share expiring on 31 December 2020. The placing was settled in two tranches with the first tranche of 4,830,000 shares (£120,750) issued in late November 2017. The second tranche of 10,170,000 shares was subsequently issued on the passing of the necessary resolutions granting the Directors the power to allot the remaining shares in respect of the Placing Shares and the Placing Warrants at the Company's Annual General Meeting held on 29 December 2017. The net proceeds of the placing provided the Company with additional funding to help meet the costs of the Company's annulment proceedings.

Performance Rights

On 18 January 2018, following approval by shareholders, the Company issued 22,750,000 Performance Rights to Directors, Employees and Consultants. The rights expire 4 years from the date of issue and include vesting conditions that are directly linked to the success or otherwise of the ICSID Annulment application.

Events Post 30 June 2018

The following significant events have occurred post 30 June 2018.

Annulment Hearing

The formal Annulment hearing was held in Singapore on 16 and 17 July 2018.

Submission on Costs

The Company provided its submission on costs for the Annulment phase on 31 August 2018.

At the time of writing, no indication has been given by the Annulment Committee as to the timing of its decisions on the above matters.

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. I would also like to thank Mr Greg Radke (who resigned during the year) for his contribution and support over the last 7 years.

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
16 October 2018

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 Company's claims for damages including an order that Churchill pay a total of \$9.46m in costs and arbitration fees. The Company 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. Indonesia subsequently made an application that the stay on enforcement of the award be terminated and a security for cost order be made.

A hearing on annulment was held on 16/17th July 2018 with oral submissions also made on Indonesia's application that the stay on enforcement of the award be terminated and a security for cost order be made. As at the date of this report the decision is pending. Progressing the annulment application has been Churchill's principal activity and focus for the Company. Further detail in relation to the progress of the international arbitration claim during the 2018 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 \$0.66 million compared to a loss of \$10.62 million for the previous year. The basic loss per ordinary share for the year was 0.43c compared with the loss per share of 7.17c for the previous year.

Other administrative expenses totalled \$0.59 million (June 2017: \$10.65 million). Significant expenditure items and provisions during the period include:

- Legal and professional fees of \$0.15 million (June 2017: \$0.43 million) reflecting expenditure for the Company's arbitral claim against Indonesia;
- Consulting, directors, staff and professional fees of \$0.2 million (June 2017: \$0.25 million)

STRATEGIC REPORT

Net cash outflow from operating activities has decreased compared to the year ended 30 June 2017 and mainly reflects the reduction in legal and administrative costs of pursuing the ICSID claim against Indonesia ROI incurred during the period.

	30 June 2018	30 June 2017
	\$'000	\$'000
	Audited	Audited
Net cash outflows from operating activities	(705)	(1,151)

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 2018 and comparatives at 30 June 2017 and 30 June 2016 are summarised as follows:

	2018	2017	2016
	\$'000	\$'000	\$'000
Non-current assets	-	-	2
Current assets	918	351	1,527
Total assets	918	351	1,529
Current liabilities	9,639	172	453
Non-current liabilities	601	9,447	48
Total liabilities	10,240	9,619	501
Net (liabilities) / assets	(9,322)	(9,268)	1,028

As detailed in the Chairman's Statement, the ICSID tribunal previously 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 East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of \$9.46m 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. Indonesia subsequently made an application that the stay on enforcement of the award be terminated and a security for cost order be made. A hearing on annulment was held on 16/17th July 2018 with oral submissions also made on Indonesia's application that the stay on enforcement of the award be terminated and a security for cost order be made. An unfavourable decision may result in enforcement of the Award including the costs order. The Company has recognised a full provision for the costs order in the prior year. Further information regarding the Group's ability to meet current obligations is discussed in Paragraph 9. Going Concern in the Directors report.

Liquidity & Capital

The Group began the year with \$0.29 million in cash and ended the year with \$0.71 million in cash assets. The increase resulted from an equity raise and issue of convertible bond during the year. The Company continues to minimise other administration and corporate overheads where possible to preserve the Company's cash position. Further information regarding the Group's ability to meet current obligations is discussed in Paragraph 9 - Going Concern in the Directors' Report.

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. Indonesia subsequently made an application that the stay on enforcement of the award be terminated and a security for cost order be made. 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.

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.

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.

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 – 16 October 2018

David Quinlivan (aged 63)
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 66)
Managing Director

Mr Smith has over 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.

Nikita Rossinsky (aged 63)
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 seven 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.

Mr Hari Kiran Vadlamani (aged 55)
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.

Fara Luwia (aged 50)
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.

Gregory Radke (aged 53)- resigned 6 July 2018
Non-Executive Director

Mr. Radke served as 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.

The Directors present their Report and audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2018.

1. RESULTS AND DIVIDENDS

Loss of the Group after taxation amounted to \$0.663 million (2017 Loss: \$10.617 million). The Directors do not recommend the payment of a dividend (2017: 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. Please also refer to Paragraph 9. Going Concern in this Directors report for further details.

4. DIRECTORS

The following individuals have been Directors of the Company during the financial year ended 30 June 2018:

David Quinlivan
Nicholas Smith
Gregory Radke (Resigned 6 July 2018)
Fara Luwia
Nikita Rossinsky
Kiran Vadlamani

Directors' Interests in Shares, Options and Performance Rights

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

Ordinary shares	Shares held at 1 July 2016	Net changes during the year	Shares held at 30 June 2017	Net changes during the year	Shares held at 30 June 2018
David Quinlivan	4,928,134	108,931	5,037,065	-	5,037,065
Nicholas Smith	736,295	108,931	845,226	-	845,226
Fara Luwia	10,140,190	47,658	10,187,848	-	10,187,848
Kiran Vadlamani	18,892,028	47,658	18,939,686	-	18,939,686
Gregory Radke	377,741	47,658	425,399	-	425,399
Nikita Rossinsky	76,784	47,658	124,442	-	124,442
Total	35,151,172	408,494	35,559,666	-	35,559,666

DIRECTORS REPORT
For the year ended 30 June 2018

Performance Rights	Rights held at 1 July 2017	Date of grant/issue	Net changes during the year	Rights held at 30 June 2018
David Quinlivan	-	18 Jan 2018	7,500,000	7,500,000
Nicholas Smith	-	18 Jan 2018	4,750,000	4,750,000
Kiran Vadlamani	-	18 Jan 2018	2,000,000	2,000,000
Gregory Radke	-	18 Jan 2018	2,000,000	2,000,000
Nikita Rossinsky	-	18 Jan 2018	1,000,000	1,000,000
Total	-		17,250,000	17,250,000

Share Options & Warrants 2018	Options & Warrants held at 1 July 2017	Date of grant/issue	Net changes during the year	Balance at 30 June 2018	Option exercise price	Expiry date
David Quinlivan	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
Nicholas Smith	202,341	04 Apr 2016	-	202,341	20p	31 Mar 2019
	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
Kiran Vadlamani	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 2019
	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
Fara Luwia	478,570	04 Apr 2016	-	478,570	20p	31 Mar 2019
	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
Gregory Radke	300,000	23 Dec 2015	-	300,000	35p	23 Dec 2020
	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
Nikita Rossinsky	300,000	23 Dec 2015	-	300,000	35p	23 Dec 2020
	400,000	02 Apr 2015	-	400,000	25p	20 Apr 2020
Total	15,269,897		(5,700,000)	9,569,897		

DIRECTORS REPORT
For the year ended 30 June 2018

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		

Directors' remuneration and other interests

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

	2018	2017
	\$000	\$000
Directors Fees	-	-
Consultancy Fees & Salaries	118	114
	118	114
Share based payments (options) expensed during year	24	168
	142	282
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:

2018	Directors Fees	Salary /	Share Based	Total
	\$000	Consultancy	Payments	\$000
		Fees	(Options)	
		\$000	\$000	\$000
Executive directors				
David Quinlivan	-	83	10	93
Nicholas Smith	-	35	7	42
Non-executive directors				
Greg Radke	-	-	3	3
Kiran Vadlamani	-	-	3	3
Fara Luwia	-	-	-	-
Nikita Rossinsky	-	-	1	1
	-	118	24	142

2017	Directors Fees	Salary /	Share Based	Total
	\$000	Consultancy	Payments	\$000
		Fees	(Options)	
		\$000	\$000	\$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

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 2018 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 2018 the Group has cash and cash equivalents of \$0.71m. 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 \$9.44m 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. Indonesia subsequently made an application that the stay on enforcement of the award be terminated and a security for cost order be made. A hearing on annulment was held on 16/17th July 2018 with oral submissions also made on Indonesia's application that the stay on enforcement of the award be terminated and a security for cost order be made.

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.

If the annulment process is unsuccessful and the award is enforced, the group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at amounts different from those stated in the financial statements. The financial report does not include any adjustments relating to recoverability and classification of assets or liabilities that might be necessary should the group not continue as a going concern.

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 2018. 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

16 October 2018

CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

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 2018, 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 three 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 2018, six board meetings were held. 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	6	6
Nicholas Smith	6	6
Gregory Radke	6	6
Fara Luwia	6	0
Nikita Rossinsky	6	4
Kiran Vadlamani	6	4

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 requirement of the Group.

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

The Board will consider the role and membership of the Audit Committee following the resignation of Mr Radke in July 2018.

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 any incentive options or performance rights under any scheme and, in particular the vesting conditions and 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.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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 2018 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 2018 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 related to going concern

We draw attention to note 1 to the financial statements which discloses that the group has net liabilities of \$9.3m as a result of an adverse award made by the international Centre for Settlement of Investment Disputes (ICSID) in relation to the parent company's ongoing claim against the government of Indonesia. The company has been granted a stay of enforcement of the award pending the determination of an annulment application. An unfavourable decision may result in enforcement of the award. This would require the parent company to raise further funds or seek other options. In addition, further funding would also be needed to pursue any future ICSID arbitration claim.

These events or conditions, indicate material uncertainties exists that may cast significant doubt on the group's and the parent 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 performed the following work as part of our audit -

We have verified confirmation of the stay in the \$9.4m claim made against the company in 2017.

We have reviewed the directors' and management's disclosure regarding the uncertainty regarding the claim being enforced and corroborated this against the facts surrounding the annulment process.

We obtained the directors' and management's cash flow forecast to assess the group's ability to fund all other liabilities and general overheads as they fall due for a period of 12 months from the date of approval of the financial statements.

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. In addition to the matters described in the Material uncertainty related to going concern section we have determined the matter described below to be the key audit matter to be communicated in our report.

KEY AUDIT MATTER

Completeness and accuracy of disclosures and accounting related to the group's claim against the Republic of Indonesia including classification of potential liabilities.

The completeness and accuracy of transactions and disclosures linked with the group's claim against the Republic of Indonesia at 30 June 2018 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 in the Chairman's statement of the Annual Report, Note 13 Provisions, and Note 1 of the financial statements as a key judgement.

OUR RESPONSE

Our procedures in relation to the completeness and accuracy of disclosures included:

Review of current status of the case on 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*.

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.

Materiality has been based on an average of total expenditure over the previous 3 financial years eliminating fluctuations arising from on-off transactions. The benchmark percentage for calculating materiality was 6.5% (2017 – 10%).

Whilst materiality for the financial statements as a whole was US\$110,000, 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 90 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 \$2,200. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

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 on page 26, 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

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.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London

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 2018

	Note	2018 \$'000	2017 \$'000
Other administrative expenses		(591)	(1,200)
Provision for ICSID costs award		-	(9,447)
Total administrative expenses	3	(591)	(10,647)
Loss from operations		(591)	(10,646)
Finance income	2	-	31
Finance expense	3	(72)	(2)
Loss before taxation		(663)	(10,617)
Tax expense	5	-	-
Loss for the year attributable to equity shareholders of the parent		(663)	(10,617)
Other comprehensive income:			
Foreign exchange differences on translating foreign operations		18	(59)
Other comprehensive income for the year		18	(59)
Total comprehensive loss for the year attributable to equity shareholders of the parent		(645)	(10,676)
Loss for the year attributable to:			
Owners of the parent		(663)	(10,617)
		(663)	(10,617)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(645)	(10,676)
		(645)	(10,676)
Loss per share attributable to owners of the parent:			
Basic and diluted loss per share (cents)	6	(0.43c)	(7.17c)

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2018

<i>Company number 5275606</i>		Consolidated		Company	
	Note	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents		714	298	713	298
Other receivables	9	204	53	204	52
Total current assets		918	351	917	350
TOTAL ASSETS		918	351	917	350
LIABILITIES					
Current Liabilities					
Trade and other payables	11	192	172	183	149
Provisions	13	9,447	-	9,447	-
Total current liabilities		9,639	172	9,630	149
Non-current liabilities					
Borrowings	12	601	-	601	-
Provisions	13	-	9,447	-	9,447
Total non-current liabilities		601	9,447	601	9,447
TOTAL LIABILITIES		10,240	9,619	10,231	9,596
NET ASSETS		(9,322)	(9,268)	(9,314)	(9,246)
CAPITAL AND RESERVES					
ATTRIBUTABLE TO OWNERS					
OF THE COMPANY					
Share capital	15	2,805	2,602	2,805	2,602
Share premium	15	81,269	81,241	81,269	81,241
Other equity	12	86	-	86	-
Other reserves		3,422	3,317	4,284	4,195
Retained deficit		(96,904)	(96,428)	(97,758)	(97,284)
TOTAL EQUITY ATTRIBUTABLE		(9,322)	(9,268)	(9,314)	(9,246)
TO OWNERS OF THE PARENT					
TOTAL EQUITY		(9,322)	(9,268)	(9,314)	(9,246)

The accompanying notes form part of these financial statements. The Company loss for the year was \$662,837 (2017: Loss \$10,491,758).

The financial statements were approved by the Board of Director and authorised for issue on 16 October 2018 and were signed on its behalf by:



David Quinlivan
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

Consolidated	Share Capital	Other Equity (Convertible Note)	Share premium reserve	Retained deficit	Other Reserves			Total Equity attributable to equity holders of Company	Total Equity
					Foreign exchange	Warrant Reserve	Equity settled rights and share options		
					\$'000	\$'000	\$'000		
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
Issue of warrants	-	-	-	-	-	-	-	-	-
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)
Changes in equity for year to 30 June 2018									
Balance at 1 July 2017	2,602	-	81,241	(96,428)	(394)	701	3,010	(9,268)	(9,268)
Loss for the period	-	-	-	(663)	-	-	-	(663)	(663)
Other comprehensive expense	-	-	-	-	20	-	-	20	20
Recognition of share based payments	-	-	-	-	-	-	30	30	30
Issue of shares and warrants	203	-	61	-	-	242	-	506	506
Expiry of share options	-	-	-	187	-	-	(187)	-	-
Issue of other equity (Convertible Note)	-	86	-	-	-	-	-	86	86
Share issue costs	-	-	(33)	-	-	-	-	(33)	(33)
Balance at 30 June 2018	2,805	86	81,269	(96,904)	(374)	943	2,853	(9,322)	(9,322)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

Company	Share Capital	Share premium reserve	Other Equity (Convertible Note)	Retained deficit	Foreign Exchange reserve	Warrant Reserve	Equity settled rights and share options reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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 income	-	-	-	-	(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)
Changes in equity for year to 30 June 2018								
Balance at start of the year	2602	81,241	-	(97,284)	484	701	3,010	(9,246)
Total comprehensive profit/ (loss) for the year	-	-	-	(662)	-	-	-	(662)
Other comprehensive expense	-	-	-	-	5	-	-	5
Issue of shares and warrants	203	61	-	-	-	242	-	506
Other Equity (Convertible Note)	-	-	86	-	-	-	-	86
Recognition of share based payments	-	-	-	-	-	-	30	30
Expiry of share options	-	-	-	188	-	-	(188)	-
Share issue costs	-	(33)	-	-	-	-	-	(33)
Balance at 30 June 2018	2,805	81,269	86	(97,758)	489	943	2,852	(9,314)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	Consolidated		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows used in operating activities	17	(705)	(1,151)	(687)	(1,073)
Net cash used in operating activities		(705)	(1,151)	(687)	(1,073)
Cash flows used in investing activities					
Advances to subsidiaries		-	-	2	(76)
Cash flows generated from/(used in) investing activities		-	-	2	(76)
Cash flows from financing activities					
Proceeds from issue of share capital	15	506	11	506	11
Expense of raising capital	15	(35)		(35)	
Proceeds from borrowings	12	675		675	
Expense of borrowings	12	(27)	-	(27)	-
Cash flows from financing activities		1,119	11	1,119	11
Net increase in cash and cash equivalents		414	(1,140)	434	(1,138)
Cash and cash equivalents at beginning of year		298	1,466	298	1,452
Effect of foreign exchange rate differences		2	(28)	(19)	(16)
Cash and cash equivalents at the end of year		714	298	713	298

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 2017 are reflected in these financial statements. There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the Group's financial statements, although an amendment to IAS 7 Statement of Cash Flows has resulted in a reconciliation of liabilities disclosed for the first time in note 17.

Going Concern

As at 30 June 2018 the Group has cash and cash equivalents of \$0.71m. As detailed in the Chairman's Statement and past RNS releases, the ICSID 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 East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of USD \$9.44m in costs and arbitration tribunal fees. This has resulted in a net liability in the Statement of financial position of \$9.32m. 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.

If the annulment process is unsuccessful and the award is enforced, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at amounts different from those stated in the financial statements. The financial report does not include any adjustments relating to recoverability and classification of assets or liabilities that might be necessary should the Group not continue as a going concern.

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.

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. 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 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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

IFRS 16	Leases	1 Jan 2019
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 does not expect the new standard to have a material impact.

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. The Group does not expect the new standard to have a material impact.

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 monetary 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 or performance rights are awarded to Directors and employees, the fair value of the options or rights 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 or rights that may 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 or rights 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.

Convertible Loans

The proceeds received on issue of the Group's convertible loans are allocated into their liability equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds are allocated to the conversion option and is recognised in the "convertible loan reserve" within shareholders equity, net of income tax effects.

Derivatives embedded in host debt contracts, such as convertible loan notes, are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial liability out of the fair value through profit or loss.

Warrants

The company grants share options and warrants to employees as compensation at no consideration and also has issued attaching warrants as part of share placements. The fair value of any options or warrants issued is measured by use of a 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.

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:

Estimations

- 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 or performance rights is estimated by using a rights or 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.

Judgements

- As detailed in the Chairman's Statement, the ICSID 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 East Kutai Coal Project in East Kalimantan ("EKCP") Indonesia. Included in the tribunal's decision Churchill was ordered to pay a total of \$9.44m 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. There can be no guarantee the Company's application will be successful and the timing of the tribunals decision remains uncertain. Given the annulment hearing has occurred, Management expects a final ruling in the next 12 months and therefore the claim provision has been classified to current liabilities in the current year.

NOTE 2: FINANCE INCOME

	Consolidated	
	2018 \$'000	2017 \$'000
Finance income – foreign exchange gains	-	30
Finance income - Bank interest	-	1
Total finance income	-	31

NOTE 3: LOSS FROM OPERATIONS

	Consolidated	
	2018 \$'000	2017 \$'000
Loss before tax includes the following expense items:		
Administrative expenses		
Audit & accounting and other fees	21	49
Consulting & professional fees	205	233
Legal fees & Tribunal costs	151	426
Depreciation & amortisation	-	2
Employee salaries and benefits	-	13
Operating lease expense	49	45
Travel expenses	16	47
Other administrative costs	118	144
Equity settled share based payment expense	31	241
Provision for ICSID Award and Tribunal's Costs	-	9,447
	591	10,647
Finance expense		
Foreign exchange losses	18	2
Interest on Bond/Convertible Note	54	-
	72	2
Total administrative and finance expenses	663	10,649

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

	Consolidated	
	2018 \$'000	2017 \$'000
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	21	25
Other services – interim review	-	5
Fees payable for the audit of the subsidiaries	-	5
Total	21	35

NOTE 4: SALARIES

	Note	Consolidated		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Staff costs (including Directors' fees) comprise:					
Employee/Consultants (as staff) salaries and benefits		205	67	205	54
Directors' fees		-	-	-	-
Share-based payments		31	220	31	220
		236	287	236	274
Average number of employees					
		Number		Number	
Administration and Finance		2	4	2	2
Directors		6	6	6	6
Directors' remuneration and Other Key Management disclosures					
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Directors' short term benefits					
Directors' fees and benefits		-	-	-	-
Consultancy fees/Salaries		118	114	118	114
Sub Total		118	114	118	114
Directors' share based payments					
Share based payments		24	168	24	168
Total Director Remuneration		142	282	142	282
Other Key management short term benefits					
Consultancy fees		67	57	67	57
Sub-Total		67	57	67	57
Key management share based payments					
Share based payments		8	53	8	53
Total Other Key Management Remuneration		8	53	8	53
Total Director and Key Management Remuneration		217	392	217	392
The amounts set out above include emoluments for the highest paid Director as follows:					
Short term benefits		83	57	83	57
Long term benefits		10	52	10	52
Total		93	109	93	109

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 \$21,119 (2017: \$33,605). These costs are not included in the above table.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

NOTE 5: TAXATION ON LOSS FOR THE YEAR

	Consolidated	
	2018	2017
	\$'000	\$'000

Major components of income tax expense for the years ended 30 June 2018 and 2017 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 2018 and 2017 is as follows:

Accounting loss before income tax	(663)	(10,617)
At the Australian statutory income tax rate of 27.5% (2017 – 27.5%)	(182)	(2,920)
Effects of:		
Non-deductible expenses	86	2,761
Tax losses not brought to account as a deferred tax asset	96	159
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\$27,774,000 (2017: US\$27,661,000) 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
2013/2014	2019	277
2014/2015	2020	140
2015/2016	2021	120
2016/2017	2022	54
2017/2018*	2023	-

*Estimate based on the actual loss for 2017/2018

NOTE 6: LOSS PER SHARE

	Consolidated	
	2018	2017
	\$'000	\$'000
Loss attributable to owners of the parent company	(663)	(10,617)
	Number	
Weighted average number of shares used in the calculation of basic loss per share	155,898,823	147,996,320
	Cents	
Basic and diluted loss per share	(0.43c)	(7.17c)

60,152,315 (2017: 20,093,038) potential ordinary shares (options, convertible loan notes and warrants) have been excluded from the above calculations as the exercise price is higher than the average share price for the period. In addition, 22,750,000 Performance Rights have been excluded in the calculation of diluted loss per share as they have not met their vesting conditions. 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 \$662,837 (2017: \$10,491,758).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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 2018	Australia – Corporate office	Indonesia – Administration Office	Total
	\$'000	\$'000	\$'000
Administration expenses	(590)	-	(590)
Finance expenses – exchange differences	(19)	-	(19)
Finance expenses - interest	(54)	-	(54)
Loss for the year after taxation	(663)	-	(663)
Non-current assets	-	-	-
Other receivables	204	-	204
Cash and cash equivalents	713	1	714
Segment assets	917	1	918
Trade and other payables	183	9	192
Loans and borrowings	601	-	601
Provisions	9,447	-	9,447
Segment liabilities	10,231	9	10,240
Segment net assets	(9,314)	(8)	(9,322)

Consolidated 2017	Australia – Corporate office	Indonesia – Administration Office	Total
	\$'000	\$'000	\$'000
Administration Expense	(1,137)	(65)	(1,202)
Provision for ICSID Costs Award and Tribunal expenses	(9,447)	-	(9,447)
Finance expenses – exchange differences	-	-	-
Finance expenses – interest	-	-	-
Finance income – exchange differences	30	2	32
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)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

NOTE 9: OTHER RECEIVABLES

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Related party receivables	-	2,960	-	-
Impairment for non-recovery	-	(2,960)	-	-
Prepayments and other receivables	204	53	204	52
	204	53	204	52

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

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 18 th Floor, Jl M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	100%
PT Techno Coal Utama Prima* Wisma Kosgoro Building 18 th Floor, Jl M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	100%
PT Ridlatama Tambang Mineral* Wisma Kosgoro Building 18 th Floor, Jl M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%
PT Ridlatama Trade Powerindo* Wisma Kosgoro Building 18 th Floor, Jl M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%
PT Ridlatama Steel* Wisma Kosgoro Building 18 th Floor, Jl M H Thamrin 53 Jakarta Pusat 10350 Republic of Indonesia	Indonesia	Exploration & Mining Investment	75%

*Undertaking held indirectly or beneficially by the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Churchill Mining Plc owns 95% of the shares in PT Indonesia Coal Development with the balance (5%) held by Planet Mining Pty Ltd. Due to the Indonesian companies now being dormant, there is no non-controlling interest in the Group Statement of Financial position.

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 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.

The cost of the equity investments in subsidiary companies is \$8,096,632 which has been impaired in full in prior periods.

Movements of loan investments in subsidiaries during the period are:

	Company	
	2018 \$'000	2017 \$'000
Loans to subsidiaries – Non-current assets		
- Loan Balance	49,379	49,303
- Loans to subsidiaries	3	76
- Impairment of loans to subsidiary	(49,382)	(49,379)
Total loans to subsidiaries – non-current assets	-	-

The total of subsidiary loans at 30 June 2018 is \$49,381,591 (2017: \$49,379,171), 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Trade payables	130	87	130	87
Accruals and other payables	62	85	53	62
	192	172	183	149

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

NOTE 12: LOANS AND BORROWINGS

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Related party payables	2,199	2,199	-	-
Reassessment of related party loan payable	(2,199)	(2,199)	-	-
Total Current	-	-	-	-
Related Party Borrowings				
Non Current				
Bond/Convertible Note	561	-	561	-
Bond/Convertible Note Interest	40	-	40	-
Total Non Current	601	-	601	-

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.

On 22 November 2017, the Company issued £500,000 of secured convertible loan notes ("Loan Notes") to Pala Investments Limited ("Pala") a related party of the Company.

The Loan Notes are convertible at any time 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 to Pala. The Loan Notes have a term of 36 months and coupon rate of 10% per annum and interest will accrue daily (until repayment or conversion) and will be capitalized annually. Interest shall be payable in cash upon repayment or conversion of the Loan Notes. The Loan Notes are secured by a fixed and floating charge against all the assets of the Company.

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 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 Convertible loan notes are presented in the Balance sheet as follows:-

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Face value of notes issued	675	-	675	-
Other equity – value of conversion rights	(86)	-	(86)	-
	589	-	589	-
Interest expense	52	-	52	-
Interest accrued/capitalised	(40)	-	(40)	-
Non-current Liability	601	-	601	-

The initial fair value of the liability portion of the loan note was determined using an estimated market interest rate for an equivalent non-convertible unsecured bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders equity and is not subsequently re-measured.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

NOTE 13: PROVISIONS

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Provision for ICSID costs award	9,447	-	9,447	-
Non-Current				
Provision for ICSID costs award	-	9,447	-	9,447
	9,447	9,447	9,447	9,447

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 \$9.44m 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. Indonesia subsequently made an application that the stay on enforcement of the award be terminated and a security for cost order be made. The Company has previously recognised a full provision for the costs order. For further information regarding subsequent events developments related to the provision, please refer to Annulment – Discussion in the Chairman's Statement.

NOTE 14: COMMITMENTS

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Operating lease commitments				
The total future aggregate minimum lease payments under non-cancellable operating leases:				
Within one year	12	12	12	12
Within two to five years	-	-	-	-
	12	12	12	12

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 2018 with rent payable monthly in advance.

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	
	2018 Number	2017 Number	2018 \$'000	2017 \$'000
Allotted, called up and fully paid				
Ordinary shares at 1p each				
At start of year	148,016,118	147,453,239	2,602	2,595
Additions	15,000,000	562,879	203	7
At end of year	163,016,118	148,016,118	2,805	2,602

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Date	Details	Allotted, called up and fully paid		Share premium
		Number Ordinary	\$'000	\$'000
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
30/11/2017	Issue of shares @ 2.5p for cash	4,830,000	65	98
29/12/2017	Issue of shares @ 2.5p for cash	10,170,000	138	205
29/12/2017	Share issue expenses	-	-	(33)
29/12/2017	Issue of warrants exercisable at 5p	-	-	(242)
		163,016,118	2,805	81,269

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
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	
2018						
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	3,590,909	-	-	3,590,909	31/03/2019
20p	04/04/2016	1,363,636	-	-	1,363,636	31/03/2019
5p	29/12/2017	-	15,000,000	-	15,000,000	31/12/2020
Total		11,237,877	15,000,000	(4,200,000)	22,037,877	

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 rights and share options reserve

The amount relates to the fair value of the performance rights and 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):

2018	
Grant date	29/12/2017
Granted to	Placing Warrants
Number granted	15,000,000
Fair value at grant date	1.19p
<i>Assumptions used</i>	
Share price	2.5p
Exercise price	5.00p
Expected volatility	100%
Average Option life	3.00
Risk free interest rate	0.5%

Other Equity

The amount shown for other equity securities is the value of the conversion rights relating to the 10% convertible loan notes, details of which are shown in Note 12.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

NOTE 16: SHARE BASED PAYMENTS

Share options, warrants and performance rights issued as compensation

Share options

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
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	
2018						
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		19,470,379	-	(6,800,000)	12,670,379	

	Weighted average exercise price 2018	Number 2018	Weighted average exercise price 2017	Number 2017
Outstanding at beginning of the year	34p	19,470,379	36p	23,370,379
Expired during the year	32p	(6,800,000)	50p	(3,900,000)
Issued during the year	-	-	-	-
Outstanding at end of the year	34p	12,670,379	34p	19,470,379
Exercisable at the end of the year	34p	12,670,379	34p	19,470,379

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

The weighted average share price during the year was 30p (2017: 30.66p).

The weighted average remaining contractual life of options outstanding at year end 30 June 2018 was 1.7 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.

There were no options or warrants granted as compensation for the 2018 year (2017: nil).

Performance Rights

On 29 December 2017, the Company issued 22,750,000 Performance Rights to Directors and Management. If a favourable decision (full or partial annulment) is received in regard to the Company's Annulment Application, the Performance Rights will vest and the holders of these rights will be entitled to apply to exchange, at no cost to the holder (with the Company to expense the nominal value of any shares issued upon exercise), each Performance Right held for one fully paid ordinary share free of encumbrances and ranking pari passu with the other ordinary shares of the Company. The Performance Rights will expire on the date that is 4 years from the date of grant of the Performance Rights. In the event that the ICSID ad hoc Committee dismisses the Company's Annulment Application, the Performance Rights will not vest and will be automatically cancelled.

Grant Date	Expiry Date	No of Rights	Vested during the year	Rights Exercised	Rights Expired	Rights Unvested
29/12/2017	29/12/2021	22,750,000	-	-	-	22,750,000

Valuation of the performance rights was undertaken with the following factors and assumption being used in determining the fair value of each right on the grant date.

Grant Date	Period (years)	Valuation prior to probability	Valuation per right	Total Valuation \$	Expense recorded to 30 June 2018 \$
29/12/2017	4	0.025p	0.0082p	250,881	23,844

Equity settled share based payment expense

The share-based payment expense for the year ended 30 June 2018 was \$31,446 (2017: \$242,698).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

NOTE 17: NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Reconciliation of (loss) after tax to cash from operating activities				
(Loss) after tax	(663)	(10,617)	(663)	(10,492)
Share based payment expense	31	241	31	241
Depreciation expense	-	2	-	-
Impairment expense	-	-	3	76
Interest expense capitalised	40	-	40	-
Loss/(Gain) on exchange rates	19	(29)	19	(174)
(Increase)/Decrease / in receivables	(152)	9	(152)	(2)
Increase/(Decrease) in payables	20	(156)	35	(169)
(Decrease) / Increase in provisions	-	9,399	-	9,447
Cash flow from operating activities	(705)	(1,151)	(687)	(1,073)

	Consolidated Non-current loans and borrowings (Note 12)		Company Non-current loans and borrowings (Note 12)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Reconciliation of financing liabilities resulting from financing cash flows				
As at 1 July 2017	-	-	-	-
Cash flows				
Issue of convertible notes	675	-	675	-
Allocation to other equity (conversion rights)	(86)	-	(86)	-
Expenses of borrowings	(27)	-	(27)	-
Non-cash flows				
Interest accruing in period (capitalised)	40	-	40	-
Effect of foreign exchange differences	(1)	-	(1)	-
As at 30 June 2018	(601)	-	(601)	-

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current financial assets classified as loans and receivables				
Other receivables	10	50	10	50
Cash and cash equivalents	714	298	713	298
Total current financial assets	724	348	723	348
Total financial assets	724	348	723	348

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Categories of financial liabilities

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current financial liabilities measured at amortised cost				
Trade and other payables	192	172	184	149
Total current financial liabilities	192	172	184	149
Non current financial liabilities				
Convertible Note	601	-	601	-
Total financial liabilities	793	172	785	149

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 2018	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6 months or more
Current financial liabilities				
Trade and other payables	192	192	192	-
Non-Current financial liabilities				
Borrowings – Convertible Note	561	561	-	561
Borrowings – Convertible Note – Capitalised interest	40	40	-	40
	793	793	192	601

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Company	Carrying amount	Contractual cash flows	6 months or less	6 months or more
2018	\$'000	\$'000	\$'000	
Current financial liabilities				
Trade and other payables	183	183	183	-
Non-Current financial liabilities				
Borrowings – Convertible Note	561	561	-	561
Borrowings – Convertible Note – Capitalised interest	40	40	-	40
	784	784	183	601

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

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	2018		2017	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	714	714	298	298
Other receivables	10	10	50	50
	724	724	348	348

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Company	2018		2017	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	713	713	298	298
Other Receivable	10	10	50	50
	723	723	348	348

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 2017/2018	0.7424	1.2898	13,277
At 30 June 2018	0.7575	1.3440	14,262
Average for 2016/2017	0.7882	1.3254	13,263
At 30 June 2017	0.7692	1.3012	13,301

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

At the year end, the Group had a cash balance of \$713,671 (2017: \$298,354) which was made up as follows:

	Consolidated		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Great British Pound	445	143	445	143
United States Dollar	198	78	198	79
Australian Dollar	70	76	70	76
Indonesian Rupiah	1	1	-	-
	714	298	713	298

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 2018	(15)	431	-	416
At 30 June 2017	23	143	-	166

A 10% strengthening of the US dollar against the Australian dollar at 30 June 2018 would have increased the loss by \$6,391 (2017: increased loss by \$6,925) and reduced equity by \$6,391 (2017: \$6,925). 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 2018 would have increased the cash balance held by \$40,415 (2017: \$13,023) and decrease equity by \$40,415 (2017: \$13,023). 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 as well as recently issuing a convertible bond. 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 through 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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 2018.

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 \$43,125 to Borden Holding Pty Ltd under the terms of the lease.

On 22 November 2017, the Company announced that it agreed to issue £500,000 of convertible loan notes ("**Loan Notes**") to its major shareholder Pala Investments Limited ("**Pala**"). Prior to the issue of the Loan notes Pala held approximately 21.3 per cent of the Company's issued share capital. In consideration for the issue of the Loan Notes, Pala is 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. 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 is 10% per annum and interest will accrue daily (until repayment or conversion) and be capitalized annually. As at 30 June 2018, the amount of \$601,181 is owing to Pala.

The amounts receivable and payable to Ms Florita and Ms Ani Setiawan were impaired in full in previous reporting periods. No events or conditions were noted throughout the year ended 30 June 2018 to indicate that the impairment should be reversed.

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

As detailed in the Chairman's statement a hearing on annulment of the 2016 adverse ICSID award was held on 16/17 July 2018 and as at the date of this report the decision is pending. Further detail in relation to the progress of the international arbitration claim during the 2018 financial year is included in the Chairman's Statement.

On 6 July 2018, Mr Radke resigned as a Director.

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.