



EURASIA MINING PLC

Interim Report



I write this in the aftermath of the attacks on the World Trade Centre in New York and on the Pentagon in Washington. With the images of the disaster still on every screen and in every newspaper it is far too early to assess the short-term effect that this will have on the world economy and on our small section of it. The important point however is that, as an exploration and mine development company, we look to the long term and in the medium and longer term the outlook for our industry and for our progress in that industry continues to look good.

In the annual report, I described the actions that Eurasia has taken to strengthen its technical management, cut costs and focus its exploration effort. These actions are now producing positive results.

### **Alluvial Platinum Joint Venture**

In the Urals region of Russia, our alluvial platinum joint venture with Anglo Platinum, building on the solid foundation of the research work in 2000, secured two licences covering the key parts of the former producing districts of Vissim and Sosvinsky. Field work started immediately.

At Vissim the processing of three widely separated bulk samples of former dredge tailings indicated that potentially economic concentrations of platinum and chromite could be recovered. Eurasia has therefore initiated a series of parallel studies including drilling, processing, environmental recording and marketing. Key factors in assessing the viability of this project will be the quality and marketability of the chromite co-product to local ferrochrome production facilities and the volume of material available for processing. Results of these studies should begin to become available in December.

On the Sosvinsky project seismic surveys have indicated the presence of a previously untested area at the confluence of two rivers that could have trapped platinum draining off the Deneshkin Kamen complex. This basin is some distance downstream from the known source rocks and although platinum has been panned from the modern stream bank, exploration drilling is necessary to determine whether economic concentrations developed at the time that sediment filled the basin. This drilling commenced in September.

Regional work continues in order to define, acquire and test other targets in the 350 kilometre long Urals platinum belt. We are very encouraged both by the early results and the speed of progress in testing the targets.

### **South African Platinum Project**

In July, Eurasia announced the acquisition of options over 3,900 hectares of mineral rights covering 7.5 kilometres of the Eastern margin of the Bushveld Complex immediately South of the ground hosting the 5 million ounce Everest South deposit. Mapping and sampling has now located platinum bearing UG2 and Merensky Reefs at surface on Eurasia's ground and defined a major basin that provides an immediate drill target for a potentially economic deposit.

Application has been made for a licence to conduct exploration including drilling and discussions have been held with companies to initiate this work immediately following the award which is expected before the year end.

The Company has received several approaches from major companies to farm into and to explore the Kliprivier project. We appreciate our peer group's



recognition of the value of this strategic target in the world's largest platinum-producing province. The Company also recognises the advantages that a strategic alliance could give through access to processing, refining and other joint projects. Any such agreement would only be entered into after detailed discussions and on favourable terms.

### **Urals Palladium Project**

In May, Eurasia was able to announce a substantial increase in the area under licence for Palladium exploration in its 66% owned joint venture on the Baronskoye-Baranchar layered intrusion with the award of the long awaited 330 sq km Barachinskoye exploration licence. Drilling has continued throughout the summer using the in-house drill rig on both the Kluevsky and Baronskoye targets. The use of this drill provides a major advantage in terms of the flexibility of the programme and in terms of cost.

The reinterpretation of the controls on the mineralisation, described in the annual report, has greatly improved our targeting. At Kluevsky, new surface mapping and geochemistry has defined a 50-100m wide Palladium anomaly along a brecciated and altered fault zone. The first two drill holes in this target have intersected 11.5-36 metres assaying 1.03 and 1.01 gm/t Palladium plus Gold

respectively. The mineralisation extends from the surface. Assay results from several other holes completed or currently in progress are needed to determine the shape and size of the occurrence. It must be stressed that this is the first of the new open-pit type targets within the 380 sq km Baronskoye-Baranchar licences to be tested and whilst this is an encouraging start we will need to test several such targets to be sure of testing the best.

### **Outlook**

Eurasia has made major progress in the past six months. The economic and minerals legislation position of Russia has also progressed very positively with, for example, a new unified Minerals Resources Tax. Our new landholdings and the results already coming out of our policy of rapid testing of targets on them, bode well for the future. Despite the present difficult economic conditions your Board continues to view the long-term prospects for your Company with optimism.



**John Mitchell**  
*Chairman*

27 September 2001



# Consolidated Balance Sheet

*As at 30 June 2001*

	30 June 2001 (unaudited) £	31 December 2000 (audited) £
<b>Fixed assets</b>		
Tangible – Exploration, development and production interests	2,737,246	2,341,148
Tangible – Other	251,713	233,242
Investments	71,014	66,859
<b>Total fixed assets</b>	<u>3,059,973</u>	<u>2,641,249</u>
<b>Current assets</b>		
Debtors	193,475	95,574
Cash at bank	507,364	504,266
<b>Total current assets</b>	<u>700,839</u>	<u>599,840</u>
<b>Creditors – amounts falling due within one year</b>		
Other creditors and accruals	(262,598)	(215,441)
<b>Net current assets</b>	<u>438,241</u>	<u>384,399</u>
<b>Total assets less current liabilities</b>	<u>3,498,214</u>	<u>3,025,648</u>
<b>Creditors – amounts falling due after more than one year</b>		
Convertible loan stock	(822,225)	(951,223)
<b>Net assets</b>	<u>2,675,989</u>	<u>2,074,425</u>
<b>Capital and reserves</b>		
Called-up share capital	1,668,335	1,391,942
Share premium account	6,318,155	5,792,289
Capital redemption reserve	3,539,906	3,539,906
Profit and loss account	(8,880,328)	(8,671,698)
<b>Equity shareholders' funds</b>	<u>2,646,068</u>	<u>2,052,439</u>
Minority interest	29,921	21,986
	<u>2,675,989</u>	<u>2,074,425</u>

*Notes:*

- 1 No dividend is proposed to be paid in respect of the period.
- 2 The results for the period are all derived from continuing activities. The Director's termination payment arose on Mr Andrew Counsell's retirement as Managing Director in February 2001.
- 3 The calculations of loss per share have been based on the retained loss after taxation for the period and on a weighted average of 30,272,980 ordinary shares in issue during the period.
- 4 The unaudited results have been prepared on a going concern basis and on the basis of the accounting policies adopted in the audited accounts for the year ended 31 December 2000.
- 5 The interim report is unaudited and does not constitute Statutory Accounts as defined in section 240 of the Companies Act 1985. A copy of the Group's 2000 Statutory Accounts has been filed with the Registrar of Companies. The auditors opinion on these Statutory Accounts was unqualified, but drew attention to the fundamental uncertainty as to the adequacy and availability of funding to the Group.
- 6 The Interim Report for the six months to 30 June 2001 was approved by the Directors on 27 September 2001.



## Consolidated Profit and Loss Account

For the six month period ended 30 June 2001

	<b>6 month period to 30 June 2001 (unaudited) £</b>	6 month period to 30 June 2000 (unaudited) £	12 month period to 31 December 2000 (audited) £
Administrative expenses	(237,766)	(248,756)	(506,602)
Director's termination payment	(75,000)	–	–
Loss or impairment of intangible and tangible fixed assets	–	–	(3,721,489)
<b>Loss from continuing activities before interest</b>	<b>(312,766)</b>	<b>(248,756)</b>	<b>(4,228,091)</b>
Interest receivable & similar items	<b>8,302</b>	7,932	29,599
Interest payable & similar items	<b>(453)</b>	(396)	(1,241)
Foreign exchange gain	<b>243,695</b>	215,478	256,287
<b>Loss from continuing activities before taxation</b>	<b>(61,222)</b>	<b>(25,742)</b>	<b>(3,943,446)</b>
Taxation	–	–	–
<b>Loss on continuing activities after taxation</b>	<b>(61,222)</b>	<b>(25,742)</b>	<b>(3,943,446)</b>
Minority interest	<b>(6,386)</b>	523	481
<b>Retained loss for the period</b>	<b>(67,608)</b>	<b>(25,219)</b>	<b>3,942,965</b>
Loss per share	<b>(0.22)p</b>	<b>(0.14)p</b>	<b>(17.10)p</b>

## Consolidated statement of total recognised gains and losses

For the six month period ended 30 June 2001

	<b>6 month period to 30 June 2001 (unaudited) £</b>	12 month period to 31 December 2000 (audited) £
Loss for the period	<b>(67,608)</b>	(3,942,965)
Exchange adjustments on foreign currency net investments	<b>(141,022)</b>	(49,706)
Total recognised gains and losses for the financial year	<b>(208,630)</b>	(3,992,671)



# Company Information

## Directors

J A Mitchell	(Non Executive Chairman)
M P Martineau	(Executive Deputy Chairman)
W B Anderson	(Operations Director)
R J G Jenkins	(Finance Director)
A H Counsell	(Non Executive)
G C FitzGerald	(Non Executive)
M V St Giles	(Non Executive)

## Secretary

R J G Jenkins

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## Advisers

### Auditors

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London EC4Y 8BB

### Solicitors

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Senator House  
85 Queen Victoria Street  
London EC4V 4JL

### Bankers

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### Stockbrokers

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