EURASIA MINING PLC

Interim Report

for the six months
ended 30 June 2020

Chairman's Statement

As you are aware, our Company is now in an offer period and has appointed several professional advisers including UBS on investment banking side and recently DLA Piper on the legal side to work with the Company through the sale process. This strategic decision was the culmination of many years of hard work by our team in realising the value in our projects. With the final approval of the Flanks license surrounding Monchetundra, the Company has been successful in establishing a dominant position and a first mover advantage in Kola PGM, which, coincident with developments in the PGM market, has spurred interest in the Company.

The board and executive team have now been restructured to fully focus on the sale process.

Meanwhile our mine at West Kytlim is now owner operated. Running the mine ourselves has created synergies and efficiencies particularly in the project's geological and concentrate upgrade functions. Our Definitive Feasibility Study for the project's resources, contracted to GIP (see RNS 18 August 2020) is on schedule and the new Tipil license Area (24.5km^2) is aimed at further increasing the life of mine. West Kytlim is now a sustainable and long-term low cost PGM resource in the Urals, where again we have established a dominant stance.

Lastly the Company is in a strong financial position, considerably stronger than at any point in the past decade. Following the completion of the Placing with institutional investors announced in August 2020, the Company raised US$10m.

Shareholders should recognise that the process Eurasia is in now implies that the Company is very limited in what it can discuss in the public domain. Nevertheless, we look forward to updating our many long-term supporters and new members.

Christian Schaffalitzky, Executive Chairman.

MARKET SUMMARY

Platinum prices have recovered from a reaction to the Global Pandemic in March and are now trading at greater than US$870/ounce[1]. Palladium continues to perform strongly, well established above US$2,000, a 26%[1] increase year on year, driven by predicted continuing strong demand from automakers (tighter ecological standards and higher loadings of palladium per vehicle) against tight global supply. Rhodium, now the most valuable PGM in our metals' basket has reached US$11,000/ounce[1], a 120% increase on last year. Gold is also up 26% year on year trading above US$1,800/ounce[1].

The Covid pandemic has had the effect of reducing both demand and supply in the platinum market, however early forecasts of negative impacts have been reconsidered. Revised 2020 forecasts now suggest an annual deficit of ~336 koz as a result of an expected 15% decline in production (95% of this fall from reduced South African output) and a 12% fall in recycling supply.[2] Chinese automotive demand (the largest global consumer of PGM) also recovered earlier than was predicted again driven by higher loadings per one vehicle and is expected to grow 27% year on year.[2]

1: Kitco.com

2: WPIC Quarterly: https://platinuminvestment.com/files/455578/WPIC_Platinum_Quarterly_Q2_2020.pdf

ENVIRONMENTAL AND HSE

Eurasia is committed to the highest Corporate Social Responsibility and environmental management standards at its mines. No injuries occurred for the period being reported and in general our surface mining methods do not create as significant a risk of injury as underground mining. A host of measures have been introduced to ensure the safety of our workforce. Areas mined are remediated on a schedule detailed within our mining, forestry and environmental permits. We are committed to ensuring the land disturbed by mining activities is returned in a safe and stable landform that does not cause environmental harm and is able to sustain post-mining land use.

Shareholders are encouraged to read our new corporate presentation on our HSE standards published here:

https://www.eurasiamining.co.uk/investors/presentations

OPERATIONS UPDATE

West Kytlim

On taking over production from the contractor the Company expedited the approval of the mining development plan and mining permit which was successfully approved on 30 June 2020. Although the Company had no legal right to produce prior to 30 June, the preparation works had commenced on the production sites well ahead of receiving the permit to make sure the Company meets its targets. The Company is now producing 4 PGM* (with rhodium now a significant contributor to the Company's metal revenue) and gold, according to the production plan and receives revenue from the refinery on schedule.

The Definitive Feasibility Study (DFS) commissioned to GIP (designed to upgrade all resources identified on the West Kytlim mining license to mineable categories) has now been submitted for approval to Rosnedra (Russian state agency for subsoil use) in Moscow. Assigning all resources to mineable categories removes the bottleneck in the permitting process, which had restricted building out the mine to full capacity and is designed to improve the project's development and value. On approval West Kytlim will contain the largest soft rock PGM resource globally. The DFS will allow concurrent mining of several areas, which is expected to increase production while also eliminating single asset risk. The Company has sufficient funds to launch mining at several pits at once. More updates will be provided regarding the DFS in due course.

- Platinum, Palladium, Rhodium, and Iridium

MONCHETUNDRA

Monchetundra is a palladium dominant project near the town of Monchegorsk and PGM processing facilities on the Kola Peninsula. The production license was awarded in November 2018 and the financed Engineering Procurement Construction and Financing contract is in place with Chinese group Sinosteel.

Since the final approval of the Flanks licence (see RNS of 25 August 2020) the Company has been putting together the database of information from previous drilling campaigns in the Flanks area, that is considerable. 48,405m drilling (announced via RNS of 18 August 2020) is related only to one part of the Flanks License (NKT) and comes on the top of 33,100m drilled by Eurasia's Joint Venture with Anglo American Platinum. The Russian feasibility study on the NKT palladium dominant mine (within the boundaries of the Flanks License) gives 15% IRR at the palladium price of $659 per 1 oz, while the current palladium price stays above $2,000 per 1 oz due to long term structural deficit in the palladium market. For more details on the palladium market structural deficit please refer to the Company's annual report released on 1 July 2020 as well as Eurasia's new corporate presentation published here:

https://www.eurasiamining.co.uk/investors/presentations

Finally, the Company welcomes the incorporation of the Monchegorsk Development Agency, as announced by Norilsk Nickel on 16 September 2020, established by Monchegorsk's municipal administration and Norilsk Nickel to focus on Business and Investment in the Monchegorsk area, where the Monchetundra project is located.

James Nieuwenhuys, Chief Executive Officer.

Condensed consolidated statement of comprehensive income
for the six months ended 30 June 2020

	Note	6 months to 30 June 2020 (unaudited) £	12 months to 31 December 2019 (audited) £	6 months to 30 June 2019 (unaudited) £
Revenue	4	48,012	1,128,970	13,316
Cost of sales		(298,240)	(1,082,209)	(16,309)
Gross (loss)/profit		**(250,228)**	**46,761**	**(2,993)**
Administrative costs		(585,537)	(1,401,383)	(572,236)
Investment income		429	1,416	1,211
Finance costs		(30,575)	-	-
Other gains	5	-	556,938	643,872
Other losses	5	(429,171)	-	-
(Loss)/profit before tax		**(1,295,082)**	**(796,268)**	**69,854**
Income tax expense		-	(50,890)	(45,373)
(Loss)/profit for the period		**(1,295,082)**	**(847,158)**	**24,481**
Other comprehensive (loss)/income:				
Items that will not be reclassified subsequently to profit and loss:				
NCI share of foreign exchange differences on translation of foreign operations		56,344	(10,108)	(17,633)
Items that will be reclassified subsequently to profit and loss:				
Parents share of foreign exchange differences on translation of foreign operations		139,340	(242,847)	(185,002)
Other comprehensive income/(loss) for the period, net of tax		**195,684**	**(252,955)**	**(202,635)**
Total comprehensive loss for the period		**(1,099,398)**	**(1,100,113)**	**(178,154)**
(Loss)/profit for the period attributable to:				
Equity holders of the parent		(1,034,870)	(948,745)	(105,775)
Non-controlling interest		(260,212)	101,587	130,256
		(1,295,082)	**(847,158)**	**24,481**
Total comprehensive loss for the period attributable to:				
Equity holders of the parent		(895,530)	(1,191,592)	(290,777)
Non-controlling interest		(203,868)	91,479	112,623
		(1,099,398)	**(1,100,113)**	**(178,154)**
Basic and diluted loss (pence per share)		(0.04)	(0.04)	(0.004)

Condensed consolidated statement of financial position
As at 30 June 2020

	Note	At 30 June 2020 (unaudited) £	At 31 December 2019 (audited) £	At 30 June 2019 (unaudited) £
ASSETS				
Non-current assets				
Property, plant and equipment	6	4,521,464	3,929,037	3,984,544
Assets in the course of construction		33,547	35,964	36,805
Intangible assets	7	823,241	854,995	885,518
Total non-current assets		**5,378,252**	**4,819,996**	**4,906,867**
Current assets				
Inventories		85,012	1,916	43,053
Trade and other receivables		445,858	174,669	54,708
Current tax assets		5,820	6,590	
Cash and bank balances		50,896	920,013	317,796
Total current assets		**587,586**	**1,103,188**	**415,557**
Total assets		**5,965,838**	**5,923,184**	**5,322,424**
EQUITY				
Capital and reserves				
Issued capital	8	31,031,688	30,714,909	29,397,189
Reserves	9	3,756,507	3,632,745	3,803,544
Accumulated losses		(28,616,131)	(27,581,261)	(26,738,291)
Equity attributable to equity holders of the parent		**6,172,064**	**6,766,393**	**6,462,442**
Non-controlling interest		(1,531,428)	(1,327,560)	(1,306,416)
Total equity		**4,640,636**	**5,438,833**	**5,156,026**
LIABILITIES				
Non-current liabilities				
Borrowings	10,11	594,086	-	-
Provisions		59,217	62,218	-
Total non-current liabilities		**653,303**	**62,218**	**-**
Current liabilities				
Borrowings	10,11	149,586	47,225	48,330
Trade and other payables		508,032	359,023	105,385
Current tax liabilities		-	-	12,683
Provisions		14,281	15,885	-
Total current liabilities		**671,899**	**422,133**	**166,398**
Total liabilities		**1,325,202**	**484,351**	**166,398**
Total equity and liabilities		**5,965,838**	**5,923,184**	**5,322,424**

Condensed statement of changes in equity
For the six months ended 30 June 2019

	Note	Share capital £	Share premium £	Deferred shares £	Other reserves £	Foreign currency translation reserve £	Accumulated losses £	Total attributable to owners of parent £	Non-controlling interest £	Total equity £
		Attributable to owners of the parent								
Balance at 1 January 2019		2,371,569	19,406,269	7,025,483	4,023,610	(82,495)	(26,632,516)	**6,111,920**	(1,419,039)	**4,692,881**
Issue of ordinary share capital for cash		116,183	510,185	-	-	-	-	**626,368**	-	**626,368**
Share issue cost		-	(32,500)	-	-	-	-	**(32,500)**	-	**(32,500)**
Recognition of options under employee share option plan					47,431					
Transaction with owners		**116,183**	**477,685**	**-**	**47,431**	**-**	**-**	**593,868**	**-**	**593,868**
Loss for the period		-	-	-	-	-	(105,775)	**(105,775)**	130,256	**24,481**
Exchange differences on translation of foreign operations		-	-	-	-	(185,002)	-	**(185,002)**	(17,633)	**(202,635)**
Total comprehensive income		**-**	**-**	**-**	**-**	**(185,002)**	**(105,775)**	**(290,777)**	**112,623**	**(178,154)**
Balance at 30 June 2019		**2,487,752**	**19,883,954**	**7,025,483**	**4,071,041**	**(267,497)**	**(26,738,291)**	**6,462,442**	**(1,306,416)**	**5,156,026**

Condensed statement of changes in equity
For the six months ended 30 June 2020

		Attributable to owners of the parent								
	Note	Share capital £	Share premium £	Deferred shares £	Other reserves £	Foreign currency translation reserve £	Accumulated losses £	**Total attributable to owners of parent** £	Non-controlling interest £	**Total equity** £
Balance at 1 January 2020		2,693,757	20,995,669	7,025,483	3,958,087	(325,342)	(27,581,261)	6,766,393	**(1,327,560)**	**5,438,833**
Issue of ordinary shares on exercise of warrants		22,018	203,657	-	(674)	-	-	**225,001**	-	**225,001**
Issue of shares under employee share option plan		9,000	82,104	-	(14,904)	-	-	**76,200**	-	**76,200**
Transaction with owners		**31,018**	**285,761**	-	**(15,578)**	-	-	**301,201**	-	**301,201**
Loss for the period		-	-	-	-	-	(1,034,870)	**(1,034,870)**	(260,212)	**(1,295,082)**
Exchange differences on translation of foreign operations		-	-	-	-	139,340	-	**139,340**	56,344	**195,684**
Total comprehensive income		-	-	-	-	**139,340**	**(1,034,870)**	**(895,530)**	**(203,868)**	**(1,099,398)**
Balance at 30 June 2020		**2,724,775**	**21,281,430**	**7,025,483**	**3,942,509**	**(186,002)**	**(28,616,131)**	**6,172,064**	**(1,531,428)**	**4,640,636**

Condensed consolidated statement of cash flows
for the six months ended 30 June 2020

	6 months to 30 June 2020 (unaudited) £	12 months to 31 December 2019 (audited) £	6 months to 30 June 2019 (unaudited) £
Cash flows from operating activities			
(Loss)/profit for the period	(1,295,082)	(847,158)	24,481
Adjustments for:			
Depreciation and amortisation of non-current assets	54,045	181,395	48,326
Finance costs recognised in profit or loss	30,575	-	-
Investment revenue recognised in profit or loss	(429)	(1,416)	(1,211)
Loss on impairment of financial assets			
Rehabilitation cost recognised in profit or loss	649	77,677	-
Income tax expense recognised in profit or loss	-	50,890	45,373
Net foreign exchange loss/(profit)	429,171	(556,938)	(643,872)
Expense recognised in respect of options under employee share option plan	-	47,431	47,431
	(781,071)	**(1,048,119)**	**(479,472)**
Movements in working capital			
Increase in inventories	(83,225)	(296)	(41,395)
Increase in trade and other receivables	(278,022)	(139,395)	(19,031)
Increase/(decrease) in trade and other payables	149,992	82,546	(175,771)
Cash used in operations	**(992,326)**	**(1,105,264)**	**(715,669)**
Income taxes paid	-	(41,260)	(16,130)
Net cash used in operating activities	**(992,326)**	**(1,146,524)**	**(731,799)**
Cash flows from investing activities			
Interest received	429	1,416	1,211
Payments for property, plant and equipment	(158,630)	(191,953)	(11,775)
Payments for other intangible assets	-	-	(415)
Payments for intangible assets	(1,869)	-	-
Net cash used in investing activities	**(160,070)**	**(190,537)**	**(10,979)**
Cash flows from financing activities			
Proceeds from issues of equity shares	301,201	1,798,633	593,868
Repayment of borrowings	(27,059)	-	-
Net cash generated by financing activities	**274,142**	**1,798,633**	**593,868**
Net (decrease)/increase in cash and cash equivalents	(878,254)	461,572	(148,910)
Effects of exchange rate changes on the balance of cash held in foreign currencies	9,137	5,765	14,030
Cash and cash equivalents at the beginning of period	920,013	452,676	452,676
Cash and cash equivalents at the end of the period	**50,896**	**920,013**	**317,796**

Selected notes to the condensed consolidated financial statements for the six months ended 30 June 2020

1. General information

Eurasia Mining plc (the “Company”) is a public limited company incorporated and domiciled in Great Britain with its registered office at International House, 42 Cromwell Road, London SW7 4EF, United Kingdom and principal place of business at Clubhouse Holborn, 20 St Andrew St, Holborn, London, EC4A 3AG. The Company’s shares are listed on AIM, a market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (the “Group”) are related to the exploration for and development of platinum group metals, gold and other minerals in Russia.

The financial information set out in these condensed interim consolidated financial statements (the "Interim Financial Statements") do not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2017, prepared under International Financial Reporting Standards (the “IFRS”), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified. The report did not contain a statement under Section 498(2) of the Companies Act 2006.

2. Basis of preparation

The Group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Union (EU). These condensed consolidated interim financial statements for the period ended 30 June 2020 have been prepared by applying the recognition and measurement provisions of IFRS and the accounting policies adopted in the audited accounts for the year ended 31 December 2019.

These Interim Financial Statements have been prepared under the historical cost convention.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

The Interim Financial Statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

3. Accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2019.

4. Revenue

	6 months to 30 June 2020	**12 months to 31 December 2019**	**6 months to 30 June 2019**
	£	£	£
Sale of platinum and other metals	48,012	1,128,970	13,316
	48,012	**1,128,970**	**13,316**

Beneficiation of ore commenced on approval of the mine development plan on 30 June 2020.

5. Other gains and losses

	6 months to 30 June 2020	12 months to 31 December 2019	6 months to 30 June 2019
	£	£	£
Gains			
Net foreign exchange gain	-	556,938	643,872
	-	**556,938**	**643,872**
Losses			
Net foreign exchange loss	(429,171)	-	-
	(429,171)	**-**	**-**
	(429,171)	**556,938**	**643,872**

6. Property, plant and equipment

	30 June 2020	31 December 2019	30 June 2019
	£	£	£
Net book value at the beginning of period	3,929,037	3,660,614	3,660,614
Additions	854,922	191,953	11,775
Depreciation	(54,045)	(181,395)	(48,326)
Exchange differences	(208,450)	257,865	360,481
Net book value at the end of period	**4,521,464**	**3,929,037**	**3,984,544**

7. Intangible assets

	30 June 2020	31 December 2019	30 June 2019
	£	£	£
Net book value at the beginning of period	854,995	802,661	802,661
Additions	1,869	-	415
Exchange differences	(33,623)	52,334	82,442
Net book value at the end of period	**823,241**	**854,995**	**885,518**

Intangible assets represent capitalised costs associated with Group's exploration, evaluation and development of mineral resources.

8. Share capital

	30 June 2020	31 December 2019	30 June 2019
Issued ordinary shares with a nominal value of 0.1p:			
Number	2,724,774,624	2,693,756,753	2,030,585,874
Nominal value (£)	2,724,775	2,693,757	2,030,586

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	30 June 2020	31 December 2019	30 June 2019
Issued deferred shares with a nominal value of 4.9 p:			
Number	143,377,203	143,377,203	143,377,203
Nominal value (£)	7,025,483	7,025,483	7,025,483

Deferred shares have the following rights and restrictions attached to them:
- they do not entitle the holders to receive any dividends and distributions;
- they do not entitle the holders to receive notice or to attend or vote at General Meetings of the Company;
- on return of capital on a winding up the holders of the deferred shares are only entitled to receive the amount paid up on such shares after the holders of the ordinary shares have received the sum of 0.1p for each ordinary share held by them and do not have any other right to participate in the assets of the Company.

The increase in the Company's issued share capital during the reporting period occurred as follows:

Ordinary shares	Number of shares	Share capital	Share premium
		£	£
Balance at 1 January 2020	2,693,756,753	2,693,757	20,995,669
Exercise of warrants and options	31,017,871	31,018	285,761
Balance at 30 June 2020	**2,724,774,624**	**2,724,775**	**21,281,430**

Deferred shares	Number of deferred shares	Deferred share capital
		£
Balance at 1 January and 30 June 2019	**143,377,203**	**7,025,483**

9. Reserves

	30 June 2020	31 December 2019	30 June 2019
	£	£	£
Capital redemption reserve	3,539,906	3,539,906	3,539,906
Foreign currency translation reserve	(186,002)	(325,342)	(267,497)
Equity-based payment reserve	402,603	418,181	531,135
	3,756,507	**3,632,745**	**3,803,544**

The capital redemption reserve was created as a result of a share capital restructuring in earlier years. There is no policy of regular transactions affecting the capital redemption reserve.

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into GBP.

The equity-based payments reserve represents a reserve arisen on (i) the grant of share options to employees under the employee share option plan and (ii) on issue of warrants under terms of professional service agreements.

10. Borrowings

	30 June 2020	31 December 2019	30 June 2019
	£	£	£
Non-current			
Finance lease liabilities	594,086	-	-
	594,086	**-**	**-**
Current			
Unsecured loan	44,051	47,225	48,330
Finance lease liabilities	105,535	-	-
	149,586	**47,225**	**48,330**
	743,672	**47,225**	**48,330**

In February 2017 the Group entered into unsecured loan facility to borrow up to 57 million Russian Roubles (RR) at 14% per annum, from Region Metal, the then subcontractor and West Kytlim mine operator. The Group had drawn RR 4.18 million and repaid RR0.3 million in 2017. As the subcontractor's arrangements had been discontinued the Group has no intention to utilise any more funds from this facility.
The loan maturity date is 31 December 2020.
Within January to May 2020 the Group entered into eight finance lease agreements for the total of RR 61.3 million to acquire earth moving equipment for West Kytlim mine operations.
Financial lease is secured by the assets leased; net book value of the leased assets was £763,079 (2019: nil). The finance lease liabilities are subject to various interest rates ranging from 21.9% to 23.5% and repayment terms not exceeding 5 years.

No borrowing costs were capitalised in 2020 and 2019.

11. Obligations under finance leases

The Group leases certain of its mining equipment under finance leases. The average lease term is five years (2019: no leases). The Group has option to purchase the equipment for a nominal amount at the maturity of the finance lease. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 21.9% to 23.5% (2019: no leases) per annum.

Minimum lease payments	**30 June 2020**	**31 December 2019**	**30 June 2019**
	£	£	£
Less than one year	233,311	-	-
Between one and five years	819,682	-	-
More than five years	-	-	-
	1,052,993	-	-
Less future finance charges	(353,372)	-	-
Present value of minimum lease payments	**699,621**	-	-

Present value of minimum lease payments	**30 June 2020**	**31 December 2019**	**30 June 2019**
	£	£	£
Less than one year	105,535	-	-
Between one and five years	594,086	-	-
More than five years	-	-	-
Present value of minimum lease payments	**699,621**	-	-