

Eurasia Mining Plc
(“Eurasia” or the “Company”)
Ticker- AIM:EUA

Chairman’s Interim Statement

The six months to June of 2006 have been the most active in recent years for your company and are already yielding positive results. We finalised the purchase of our Kola projects in northwest Russia, we are progressing well on feasibility study work for platinum production in the Urals and we continue with our gold exploration work in eastern Siberia.

Kola

In May 2006, Eurasia announced an agreement whereby Anglo Platinum Limited (“Anglo Platinum”) is providing funding of up to \$10 million for the Kola projects in return for an initial interest of 40%, representing 50% of an 80% interest held in our jointly owned company, Urals Alluvial Platinum Limited. Once this work is complete or if a bankable feasibility study has been completed at that stage, Anglo Platinum has an option for 90 days to buy Eurasia’s directly held 20% holding in Kola for \$6 million or \$5 per ounce of platinum group metals (“PGM”) resource, whichever is the lesser. Anglo Platinum also has the option of requiring Urals Alluvial Platinum Limited to acquire the 20% interest, thereby maintaining the 50:50 ownership.

In the Kola Peninsula of north-west Russia, drilling programmes were commenced on all three projects: West Imandra, Volchetundra and Monchetundra. Each has intersected horizons where geological conditions suggest PGM may be present. While drilling has progressed well, delays in obtaining assay results have arisen due to the scarcity of approved laboratories in Russia coupled with restrictions on the export from the country of samples for assay.

Drilling work is underway on two of the Kola projects, Volchetundra and Monchetundra. In both of these areas, sulphide mineralisation has been encountered. Eurasia plans to drill a total of 4,000 metres on the two areas during 2006, of which 2,974 m had been completed by early September. To date no assays have been returned from this years drilling programmes but to highlight their potential, it is worth restating the results that have been obtained and published previously.

At Monchetundra, 7 earlier drill holes have returned mineralised intercepts, with two main styles identified. A narrow zone, with intercepts of 0.8-3.6 metres at grades of 6 to 8.4 g/t of platinum and palladium (“Pt+Pd”) at depths of 78 – 232 metres; and wider zones of lower grade mineralisation, with intercepts ranging from 11.6-19.9 metres of 1.7 to 2.4 g/t Pt+Pd at depths of 38 - 181 metres. The current drilling programme, which will continue into 2007, will focus on confirming these zones and determining their continuity, in order to build resource blocks.

On the Volchetundra area, this year’s drilling has focused on areas with anomalous Pd

and Pt till geochemistry, located along strike from zones where trenching and grab sampling had previously produced several assays of 0.5 to 10 g/t Pt+Pd.

At West Imandra in the Kola Peninsula, Eurasia completed drilling a total of 2,300 metres in eight drill holes, representing the first drill profile across the ultramafic intrusion. The profile was designed to locate PGM-bearing horizons in bedrock beneath the glacial cover soils. The first target tested a zone of PGM mineralisation, the presence of which was suggested in at least one horizon from surface outcrop sampling. Here a chromite layer gave an assay of 1 gram per tonne of platinum prior to the commencement of Eurasia's drill programme. Near this location, two drill holes intersected four chromite horizons, with associated disseminated sulphide mineralisation. The assay results from these holes returned PGM values of 0.1 to 0.65 g/t Pt over intervals of 0.3 to 1.3 metres. Exploration work continues on a number of other targets in the licence area, including an area where a trench value returned 2.4 g/t Pt over one metre.

Urals

In the Urals, Eurasia has a 50-50 joint venture with Anglo Platinum which is funding all the work up to the completion of a feasibility study. Our main project is at West Kytlim in the central Urals, where three drill rigs have been working on two areas defined for resource drilling as part of a feasibility study underway since October 2005. Work is progressing well, with 154 holes completed in the first six months of 2006 totaling 2,100 metres of drilling. Bulk sampling has been completed on material stockpiled at the end of the 2005 field season, following modifications to the wash plant aimed at improving the recovery of fine platinum. This plant is designed to simulate the recoveries of a full-scale operation. This has resulted in concentrates that are now being processed for their platinum content and assay work is underway to produce a resource calculation. The joint venture is aiming to commence pilot production in 2007 but this is dependent on obtaining all the necessary federal and local government permits in time for the field season, which begins early next summer.

Other Prospects and New Opportunities

Elsewhere Eurasia continues to work on projects on its own account. In the Urals, follow up drilling was completed in September on the Baronskoye project, where a licence for palladium-gold mineralization discovered by the company was successfully renewed. Here Eurasia holds a 75% interest with the local expedition holding the balance. Also, we continue to work on gold projects that we have targeted as having the potential to be mined in the near term, working with Russian partners. Gold exploration projects have also been advanced under our exploration alliance with AngloGold Ashanti, with their expenditure of approximately \$1 million. AngloGold recently announced their intention to withdraw from our alliance as they had formed a new venture with the Russian gold producer Polymetal, which could cause future conflicts of interest. Eurasia plans to continue these projects on its own account or with a new partner.

Financing

During February 2006 the company raised £700,000 via a convertible loan note. These funds were used by the company to pay for its 60% participation in the Kola acquisition.

During August 2006 the company raised approximately \$1.7 million (£900,000) for working capital and to pursue new opportunities. This funding is in addition to the \$3 million being expended on exploration work through the Anglo Platinum joint ventures

during the 2006 financial year. I look forward to presenting the results of all this work in the coming months.

Michael Martineau
Chairman

28 September 2006

Consolidated Profit and Loss Account

For the six months ended 30 June 2006

	6 months to 30 June 2006 (unaudited) £	6 months to 30 June 2005 (unaudited) £	12 months to 31 December 2005 (audited) £
Impairment of assets	(29,129)	(58,942)	(156,925)
Other administrative expenses	(356,699)	(540,481)	(933,374)
Administrative expenses and operating loss	(385,828)	(599,423)	(1,090,299)
Share of operating loss in joint venture	(83,530)	-	(477,602)
Total operating loss: group and share of joint ventures	(469,358)	(599,423)	(1,567,901)
Interest receivable	4,328	4,554	6,257
Interest payable	(39,169)	-	-
Foreign exchange (loss) / gain	(50,118)	69,101	121,592
Loss on ordinary activities before taxation	(554,317)	(525,768)	(1,440,052)
Taxation	-	-	-
Loss on ordinary activities after taxation	(554,317)	(525,768)	(1,440,052)
Minority interest	12,693	(11,481)	(1,693)
Retained loss for the period	(541,624)	(537,249)	(1,441,745)
Loss per share	(0.49)p	(0.57)p	(1.43)p

Consolidated Statement of Total Recognised Gains and Losses

For the six months ended 30 June 2006

	6 months to 30 June 2006 (unaudited) £	6 months to 30 June 2005 (unaudited) £	12 months to 31 December 2005 (audited) £
Loss for the financial period	(541,624)	(537,249)	(1,441,745)
Exchange adjustments on foreign currency net investments	(734)	41,617	37,675
Total recognised gains and losses for the period	(542,358)	(495,632)	(1,404,070)

Shareholders' Funds

For the six months ended 30 June 2006

	6 months to 30 June 2006 (unaudited) £	6 months to 30 June 2005 (unaudited) £	12 months to 31 December 2005 (audited) £
Total recognised gains and losses for the period	(542,358)	(495,632)	(1,404,070)
New share capital issued	962,379	871,500	871,500
Convertible loan notes issued - equity component	54,288	-	-
Net addition / (reduction) in shareholders' funds	474,309	375,868	(532,570)
Opening shareholders' funds	1,647,579	2,180,149	2,180,149
Closing shareholders' funds	2,121,888	2,556,017	1,647,579

Consolidated Balance Sheet

As at 30 June 2006

	30 June 2006	30 June 2005	31 December 2005
	(unaudited)	(unaudited)	(audited)
	£		£
Fixed assets			
Intangible - exploration, development and production interests	887,673	1,383,275	1,280,810
Tangible	37,089	40,729	41,172
Interest in joint venture	104,609	670,680	197,410
Other investments	2,393,138	110,059	146
Total fixed assets	3,422,509	2,204,743	1,519,538
Current assets			
Debtors	227,464	300,222	202,410
Cash at bank	739,510	265,387	198,201
Total current assets	966,974	565,609	400,611
Creditors - amounts falling due within one year	(1,824,937)	(147,398)	(213,019)
Net current (liabilities) / assets	(857,963)	418,211	187,592
Total assets less current liabilities	2,564,546	2,622,954	1,707,130
Creditors - amounts falling due after more than one year	(486,665)	(88,911)	(93,251)
Net assets	2,077,881	2,534,043	1,613,879
Capital and reserves			
Called-up share capital	6,155,586	5,188,086	5,188,086
Share premium account	7,029,253	7,034,374	7,034,374
Other reserves	54,288	-	-
Capital redemption reserve	3,539,906	3,539,906	3,539,906
Profit and loss account	(14,657,145)	(13,206,349)	(14,114,787)
Equity shareholders' funds	2,121,888	2,556,017	1,647,579
Minority interest	(44,007)	(21,974)	(33,700)
	2,077,881	2,534,043	1,613,879

Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	6 months to	6 months to	12 months to
	30 June	30 June	31 December
	2006	2005	2005
	(unaudited)	(unaudited)	(audited)
	£	£	£
Net cash outflow from operating activities	(262,704)	(680,188)	(902,244)
Returns on investments and servicing of finance	(11,705)	4,554	6,257
Capital expenditure and financial investment	(1,562,424)	(16,320)	132,901
Net cash outflow before financing	(1,836,833)	(691,954)	(763,086)
Financing:			
Issue of ordinary shares	200,000	871,500	871,500
Issue of convertible loan stock	655,000	-	-
Short term loan	1,525,330	-	-
Increase in cash in the period	543,497	179,546	108,414
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period	543,497	179,546	108,414
Increase in long term debt	(398,969)	-	-
Translation difference	(2,188)	2,679	6,625
Movement in funds in the period	142,340	182,225	115,039
Net funds at 1 January	198,201	83,162	83,162
Net funds at 30 June	340,541	265,387	198,201
Reconciliation of operating loss to operating cash flows			
Operating loss	(469,358)	(599,423)	(1,567,901)
Depreciation charges	3,009	2,561	5,413
Loss on sale of marketable securities	-	-	5,476
Impairment charge	29,129	58,942	156,925
Loss attributable to joint venture	83,530	-	477,602
(Increase)/decrease in debtors	(25,053)	(52,076)	44,664
Increase/(decrease) in creditors	116,039	(90,192)	(24,423)
Net cash outflow from operating activities	(262,704)	(680,188)	(902,244)

Notes:

- 1 No dividend is proposed in respect of the period
- 2 The results for the period are derived from continuing activities.
- 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 110,589,618 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 2005.

5 Intangible assets - exploration, development and production interests

	30 June 2006 £	31 December 2005 £
Balance prior to re-allocation to other investments	1,212,417	1,280,210
Re-allocated to other investments (note 6 below)	(324,744)	-
Balance at end of period	887,673	1,280,210

During the period ended 30 June 2006, an amount of £324,744 in respect of the Company's Kola Peninsula deferred expenditure exploration interests was transferred to 'Other investments'. Refer to note 6, below.

6 Other investments

	30 June 2006 £	31 December 2005 £
Balance at beginning of period	146	154,018
Disposals	-	(153,888)
Kola expenditure re-allocated from intangible assets (note 5)	324,744	-
Purchase of Kola Companies	1,419,130	-
Advances to Kola Companies for exploration expenditure	661,899	-
Exchange	(12,781)	16
Balance at end of period	2,393,138	146

Other investments during 2006 relate to the Company's acquisition of ZAO Terskaya Mining Company and ZAO Yuksporskaya Mining Company (the 'Kola Companies'), together with deferred expenditure incurred prior to the acquisition and funds subsequently advanced for 2006 exploration expenditure. In terms of the Company's agreement with its joint venture partner Anglo Platinum Limited, 80% of the Kola Companies investment will be transferred to the Group's Urals Alluvial Platinum joint venture, while the Company will retain 20% of the investment. Completion of these transfers is expected before 30 September 2006.

7 Creditors falling due within one year

	30 June 2006 £	31 December 2005 £
Short term creditors	329,058	213,019
Short term loan due within one year	1,495,879	-
	1,824,937	213,019

The short term loan is in respect of funds advanced by Anglo Platinum Limited for its share of the purchase price of the Kola Companies, together with funds advanced for 2006 exploration expenditure of those companies. In return for the transfer of an 80% interest in the Kola Companies by Eurasia Mining Plc to its joint venture, Urals Alluvial Platinum Limited, this loan will be assumed by Urals Alluvial Platinum. This is expected to complete before 30 September 2006.

8 Creditors falling due after more than one year

	30 June 2006 £	31 December 2005 £
Convertible unsecured loan stock:		
Redemption value at 30 June 2006	470,000	-
Un-amortised issue costs and equity reserve	(71,031)	-
Convertible loan stock balance at end of period	398,969	-
Minority shareholder loan:	87,696	93,251
	486,665	93,251

Loan stock with a face value of £700,000 was issued on 31 March 2006, bearing interest at a rate of 8%. The stock is convertible, at the holders' option at any time before maturity on 31 March 2008, into ordinary shares at the rate of £0.05 per share. Loan stock to the face value of £230,000 was converted to ordinary shares during April 2006. Any unconverted stock is redeemable at maturity on 31 March 2008. The allocation of redemption face value between liability and equity components has been accounted for in accordance with Financial Reporting Standard FRS 25.

- 9 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 2005 Statutory Accounts has been filed with the Registrar of Companies. The auditors' opinion on these Statutory Accounts was unqualified.
- 10 The Interim Report for the six months to 30 June 2006 was approved by the Directors on 28 September 2006.

Company Information

Company Number 3010091

Directors

M P Martineau (Chairman)
C Schaffalitzky (Managing Director)
G C FitzGerald (Non Executive)

Secretary

M J de Villiers

Head Office and Registered Office

1 Hay Hill
London W1J 6DH
Telephone: +44 (0) 20 7495 4877
Facsimile: +44 (0) 20 7493 8858

E-mail: info@eurasia-mining.plc.uk
www.eurasiamining.co.uk

Russian Office

1 Lunacharsky Street
Ekaterinburg
Russia
Telephone: +(7) 3432 615187
Facsimile: +(7) 3432 615924

Auditors

Grant Thornton UK LLP
Manor Court
Barnes Wallis Road
Segensworth
Fareham
Hampshire PO15 5GT

Registrars

Capita IRG Plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers

National Westminster Bank plc
1 Princes Street
London EC2R 8PH

Solicitors

Eversheds LLP
Senator House
85 Queen Victoria Street
London EC4V 4JL

Nominated Adviser and Stockbroker

W H Ireland Limited
24 martin Lane
London EC4R 0DR
And
11 St. James's Square
Manchester M2 6WH

Joint stockbroker

King & Shaxson Limited
6th Floor, Candlewick House
120 Cannon Street
London EC4N 6AS