

# Interim Report 2004



EURASIA MINING PLC

## Interim Statement

- Work commences on the Kola properties
- Drilling continues on the Bedrock PGM
- Drilling commences on Kliprivier

The first half of the year was one of consolidation, with steady progress made in both Russia and South Africa. In Russia, the Kola project in the north west remains the company's key PGM project for the future, while we wait for resolution of the licensing issues on our alluvial feasibility project in the Central Urals. In South Africa, we were issued with our Kliprivier permit and successfully completed the first phase of drilling.

### Russia

In north western Russia all three of the platinum group metal (PGM) licence areas that we applied for on the Kola Peninsula have now been issued, although we have yet to finalise the legal agreements and complete the licence acquisition. The company is delighted with these three project areas, centred as they are in a new area showing considerable promise for PGM mineralization. We believe that these projects are unique in the grade potential they present at this stage of exploration compared to many other areas of the world. We look forward to a fruitful exploration program in the region.

Work has already started on two areas, Volchetundra and West Imandra. At Volchetundra, new trenching work has identified ore grades of 4.7 grams per tonne (g/t) of platinum, 4.6g/t of palladium and 2g/t of gold over a thickness of 2.6 metres with 0.7g/t of PGMs over a thickness of 10 metres. The area covers a major intrusion with a strike length of 40 kilometres.

The 229 square-kilometre West Imandra licence covers a large intrusion hosting important layered units of chromitite towards its base and magnetite with anorthosite towards its top; both are often associated with PGM mineralization. A drill hole on a chromitite unit has assayed platinum at 1g/t. A recent trench on anorthosite below the magnetite layers gave 2.94g/t of PGMs over a 1 metre-thick zone.

The third licence area on the Monchetundra intrusive was the most recently granted. Here the prospects are more advanced, with four PGM bearing horizons identified. These horizons extend over a strike length of up to six kilometres where drilled, but the drill spacing is too far apart to provide resource estimates at this stage. The grades vary in each horizon from wider low grade to narrower high-grade intervals. A full report will be released as soon as the acquisition has been completed.

Also in Russia, further work continued on our Bedrock PGM program in the Central Urals. The summer drilling is near completion at the Kluevsky prospect where a palladium gold target is being appraised. Results are expected shortly. Further east on the Baranchinsky licence a new platinum anomaly identified in soil geochemistry is being assessed.

At the same time, we continued to appraise new prospects on the nearby Anglo Platinum Joint Venture Project, while we wait for resolution of our West Kytlim licence re-submission. The Company is ready to commence a feasibility study on this area, as well as test mining. The company is frustrated at the delays resulting from these administrative issues but is working hard for a resolution in the near future.

Elsewhere in Russia the company continues to appraise more advanced gold opportunities and progress has been made which could lead to an acquisition in the near future.

### South Africa

The Kliprivier permit was awarded to the company just before Christmas 2003 and a drill program was planned to assess the potential of the area. Two drill holes were completed during the half year to test two basinal structures identified from geophysics and geological mapping. The UG2 reef was intersected in both holes. The first hole on the northern basin intersected two zones from 854m depth that gave assays of 2.64 g/t Pt+Pd over 0.7m whilst the lower zone over 0.5m from 866.8m assayed 2.1g/t Pt+Pd. The drill hole also intersected the Merensky Reef at a depth of 778m, 0.69m of which gave assays averaging 9.5 g/t Pt+Pd.

The drill hole on the southern basin intersected the UG2 reef at a depth of 715m, again with two zones giving significant grades, with a 1m zone from 716m grading 1.87 g/t Pt+Pd, while a lower zone from 728m graded 3.73 g/t Pt+Pd over 0.57m.

The drilling confirmed the presence of the two projected basins and intersected the reefs at the expected depths. It also establishes that the UG2 occurs across the full width of the property. The objective is now to trace the UG2 at its sub-outcrop and shallow depth extensions to determine the open pit potential.

An exploration permit was recently awarded for the Doornbosch farm on which Eurasia has an option agreement with Randgold. A drill program to test the UG2 reef is planned.

In conclusion, your company, through the acquisition of three key projects in an important new PGM district on the Kola Peninsula, combined with a renewed parallel focus on gold is continuing its strategy of accelerating and expanding its activities throughout Russia. In the light of this the company is actively reviewing its strategy in South Africa as it is clear that precious metals in Russia will play an increasingly important role in the future development of the company.



John Mitchell  
Chairman

22 September 2004

## Consolidated Profit and Loss Account

For the six month period ended 30 June 2004

	6 month period to 30 June 2004 (unaudited) £	6 month period to 30 June 2003 (unaudited) £	12 month period to 31 December 2003 (audited) £
Administrative expenses	(325,748)	(243,841)	(472,406)
Impairment of assets	(71,941)	-	(52,337)
<b>Total administrative expenses</b>	<b>(397,689)</b>	(243,841)	(524,743)
<b>Loss from continuing activities before interest</b>	<b>(397,689)</b>	(243,841)	(524,743)
Net Interest (payable) / receivable & similar items			
Net Interest receivable	10,079	222	649
Foreign exchange loss	(8,575)	(133,997)	(103,934)
<b>Loss on ordinary activities before taxation</b>	<b>(396,185)</b>	(377,616)	(628,028)
Taxation		-	-
<b>Loss on ordinary activities after taxation</b>	<b>(396,185)</b>	(377,616)	(628,028)
Minority interest	1,657	3,741	18,563
<b>Retained loss for the period</b>	<b>(394,528)</b>	(373,875)	(609,465)
Loss per share	(0.47)p	(0.72)p	(1.01)p

## Consolidated statement of total recognised gains and losses

For the six month period ended 30 June 2004

	6 month period to 30 June 2004 (unaudited) £	12 month period to 31 December 2003 (audited) £
Loss for the period	(394,528)	(609,465)
Exchange adjustments on foreign currency net investments	(11,665)	(122,089)
<b>Total recognised gains and losses for the financial year</b>	<b>(406,193)</b>	(731,554)

# Consolidated Balance Sheet

As at 30 June 2004

	30 June 2004 (unaudited) £	31 December 2003 (audited) £
<b>Fixed assets</b>		
Tangible – exploration, development and production interests	2,900,930	2,803,835
Tangible – other	95,975	94,320
Investments	1,097	1,108
<b>Total fixed assets</b>	<b>2,998,002</b>	2,899,263
<b>Current assets</b>		
Debtors	196,732	85,662
Cash at bank	392,691	1,005,632
<b>Total current assets</b>	<b>589,423</b>	1,091,294
<b>Creditors – amounts falling due within one year</b>	<b>(231,532)</b>	(225,959)
<b>Net current assets</b>	<b>357,891</b>	865,335
<b>Total assets less current liabilities</b>	<b>3,355,893</b>	3,764,598
<b>Creditors – amounts falling due after more than one year</b>	<b>(88,783)</b>	(89,638)
<b>Net assets</b>	<b>3,267,110</b>	3,674,960
<b>Capital and reserves</b>		
Called-up share capital	4,210,586	4,210,586
Share premium account	7,092,374	7,092,374
Capital redemption reserve	3,539,906	3,539,906
Profit and loss account	(11,556,609)	(11,150,416)
<b>Equity shareholders' funds</b>	<b>3,286,257</b>	3,692,450
Minority interest	(19,147)	(17,490)
	<b>3,267,110</b>	3,674,960

## Notes

1. No dividend is proposed in respect of the period.
2. The results for the period are derived from continuing activities, with the exception of an impairment provision in respect of the Ametistovoye project.
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 84,211,717 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 2003.
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 2003 Statutory Accounts has been filed with the Registrar of Companies. The auditors' opinion on these Statutory Accounts was unqualified.
6. The Interim Report for the six months to 30 June 2004 was approved by the Directors on 21 September 2004.

# Company Information

## Directors

J A Mitchell *Non-Executive Chairman*  
M P Martineau *Executive Deputy Chairman*  
C Schaffalitzky *Managing Director*  
W B Anderson *Operations Director*  
G C FitzGerald *Non-Executive Director*

## Secretary

M J de Villiers

## Head Office and Registered Office

14-16 Regent Street  
London SW1Y 4PH  
Telephone 44 (0)20 7976 1222  
Facsimile 44 (0)20 7976 1422  
Email [info@eurasia-mining.plc.uk](mailto:info@eurasia-mining.plc.uk)  
[www.eurasia-mining.plc.uk](http://www.eurasia-mining.plc.uk)

## Russian Office

194 Lunacharsky Street  
Ekaterinburg, Russia  
Telephone 7 3432 615187  
Facsimile 7 3432 615924

## ADVISERS

### Auditors

KPMG Audit Plc  
8 Salisbury Square  
London EC4Y 8BB

### Solicitors

Eversheds  
Senator House  
85 Queen Victoria Street  
London EC4V 6JL

### Bankers

National Westminster Bank Plc  
7th Floor, 280 Bishopsgate  
London EC2M 4RB

### Stockbrokers and Nominated Adviser

W H Ireland Limited  
62-64 Cannon Gate House  
Cannon Street London EC4N 6AE  
and  
11 St James's Square  
Manchester M2 6WH



## EURASIA MINING PLC

14-16 Regent Street

London SW1Y 4PH

Telephone: +44 (0) 20 7976 1222

Facsimile: +44 (0) 20 7976 1422

E-mail: [info@eurasia-mining.plc.uk](mailto:info@eurasia-mining.plc.uk)

[www.eurasia-mining.plc.uk](http://www.eurasia-mining.plc.uk)