Eurasia Mining Plc.
Condensed consolidated interim financial statements for the six months ending 30 June 2007

Contents

Chairman's Statement

Highlights:

Losses trimmed as company advances with:

- Two new platinum discoveries on Kola Peninsula;
- Full exploration funding from Anglo Platinum;
- Urals drilling prepares way for bankable feasibility study;
- New drill rig started work to trace discoveries at Volchetundra.

The first six months of 2007 have seen the company announce two new discoveries of platinum and Palladium in Kola. In parallel, the company is advancing to platinum production in the Urals.

On the Kola Peninsula in northwest Russia Eurasia has been exploring in joint venture with Anglo Platinum, who are earning an initial 40% interest in three platinum group metals (PGM) exploration licences in the area. This year the joint venture expects to spend over $3 million in Kola, funded in full by Anglo Platinum, as part of a $10 million earn-in. The two discoveries announced in early 2007 are based on the drilling undertaken during the 2006 season for which assays were received this year. Drilling on these areas has continued and we anticipate making further announcements as assays are received from this new work.

At the Monchetundra discovery, drilling has continued tracing the mineralization both along strike and at greater depth. The latest results show very encouraging platinum plus palladium values between 1 and 2.9 gram per tonne (g/t) over substantial widths. These results were obtained from a zone where detailed drilling is underway.

The intersections represent at least two separate PGM bearing horizons that have been traced so far for several hundred metres and remain open both at depth and along strike. In view of the broad widths, apparent continuity and low sulphide content Eurasia is targeting an open pit scenario with concentration by flotation to produce a marketable high grade concentrate.

On a second Kola licence area at Volchetundra, first drill results from a new target area discovered PGM mineralization in three zones in one drillhole: 44.6 metres at 1.7 g/t of platinum and palladium; and 18.5 metres at 1.9 g/t of platinum and palladium; and 1 metre at 11 g/t of platinum and palladium. Palladium/platinum ratios vary from 0.3 to 3.1 to 1. At the time of writing we have just secured a new drill rig which has started work to trace these discoveries.

On the third licence area at West Imandra, drilling of a new target area is planned for later in 2007.

In the Urals at West Kytlim, drilling was completed in one of the planned production areas. Eurasia expects to complete a reserve report in October which can be lodged with the relevant authorities, a necessary step once the conversion of the exploration licence into a mining permit is required. The objective is to complete all the permitting required by the authorities to allow mining to commence in mid 2008.

Feasibility work continues and upon the completion of a bankable study the joint venture will examine how best to implement the project. Issues currently under consideration include the use of mining plant owned by a local partner, Production Artel Yuzhno-Zaozersky Priisk, investment in a new washing plant and project finance options. Bulk sampling is underway and will be completed shortly as part of this assessment work.

Work continues on the Company's planned gold projects but there is as yet no substantive information to report.

We are very pleased with the progress we are making at present. The discovery of new mineralization in two areas in Kola is a remarkably fast and unusually high success rate from our exploration efforts. In parallel, the development work at West Kytlim holds out the prospect of the company's first platinum production being achieved in 2008. We look forward to reporting our plans for this important milestone in the coming months.

Dr. Michael Martineau

Chairman

Eurasia Mining Plc.

Condensed consolidated interim income statement
For the six months ended 30 June 2007

	Note	6 months to 30 June 2007	6 months to 30 June 2006
		£	£
Revenue		**-**	**-**
Impairment of assets	6	-	(29,129)
Gross loss		**-**	**(29,129)**
Finance costs	9	(38,683)	(39,169)
Investment revenue		14,931	4,328
Other losses		(25,860)	(50,118)
Share of losses of equity accounted investees	7	(6,339)	(83,530)
Administrative costs		(438,878)	(356,699)
Loss before tax		**(494,829)**	**(554,317)**
Income tax expense		-	-
Loss for the period		**(494,829)**	**(554,317)**
Attributable to:			
Equity holders of the parent		(486,058)	(541,624)
Minority interest		(8,771)	(12,693)
Loss for the period		**(494,829)**	**(554,317)**
Loss per share:			
Basic loss (pence per share)		(0.40)	(0.49)
Diluted loss (pence per share)		(0.34)	(0.44)

Eurasia Mining Plc.

Condensed consolidated balance sheet
As at 30 June 2007

	Note	30 June 2007	31 December 2006
		£	£
ASSETS			
Non-current assets			
Property, plant and equipment	5	98,231	33,601
Intangible assets	6	847,702	859,613
Investments in equity accounted investees	7	1,208,326	1,220,054
Assets available for sale		127	127
Total non-current assets		**2,156,386**	**2,113,395**
Current assets			
Trade and other receivables		250,189	217,685
Cash and bank balances		1,127,164	1,130,981
Total current assets		**1,377,353**	**1,348,666**
Total assets		**3,531,739**	**3,462,061**
EQUITY			
Issued capital		7,042,805	7,042,805
Share premium		7,020,549	7,020,549
Reserves	8	3,724,188	3,644,802
Accumulated losses		(15,733,643)	(15,247,585)
Equity attributable to equity holders of the parent		**2,053,899**	**2,460,571**
Minority interest		(62,379)	(54,934)
Total equity		**1,991,520**	**2,405,637**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	80,077	499,998
Total non-current liabilities		**80,077**	**499,998**
Current liabilities			
Trade and other payables		1,007,642	556,426
Short-term borrowings	9	452,500	-
Total current liabilities		**1,460,142**	**556,426**
Total liabilities		**1,540,219**	**1,056,424**
Total equity and liability		**3,531,739**	**3,462,061**

The financial statements were approved by the Board on 26 September 2007 and signed on its behalf by:

C. Schaffalitzky
Director

Eurasia Mining Plc.

Condensed consolidated interim statement of changes in equity
For the six months ended 30 June 2007

	Note	Share capital	Share premium	Capital redemption and other reserves	Foreign currency translation reserve	Accumulated losses	**Attributable to equity holders of the parent**	Minority interest	**Total**
		£	£	£	£	£	**£**	£	**£**
Balance at 31 December 2005		5,188,086	7,034,374	3,539,906	37,675	(14,152,462)	**1,647,579**	(33,700)	**1,613,879**
Changes in equity for the first half of 2006									
Exchange differences on translation of foreign operations		-	-	-	(734)	-	**(734)**	2,386	**1,652**
Loss for the period		-	-	-	-	(541,624)	**(541,624)**	(12,693)	**(554,317)**
Total recognised income and expense for the period		-	-	-	(734)	(541,624)	**(542,358)**	(10,307)	**(552,665)**
Issue of share capital		967,500	-	-	-	-	**967,500**	-	**967,500**
Equity component of convertible loan notes	9	-	-	49,167	-	-	**49,167**	-	**49,167**
Balance at 30 June 2006		**6,155,586**	**7,034,374**	**3,589,073**	**36,941**	**(14,694,086)**	**2,121,888**	**(44,007)**	**2,077,881**

Eurasia Mining Plc.

Condensed consolidated interim statement of changes in equity (continued)
For the six months ended 30 June 2007

	Note	Share capital	Share premium	Capital redemption and other reserves	Foreign currency translation reserve	Accumulated losses	**Attributable to equity holders of the parent**	Minority interest	**Total**
		£	£	£	£	£	**£**	£	**£**
Balance at 31 December 2006		7,042,805	7,020,549	3,589,073	55,729	(15,247,585)	**2,460,571**	(54,934)	**2,405,637**
Changes in equity for the first half of 2007									
Exchange differences on translation of foreign operations		-	-	-	(838)	-	**(838)**	1,326	**488**
Loss for the period		-	-	-	-	(486,058)	**(486,058)**	(8,771)	**(494,826)**
Total recognised income and expense for the period		-	-	-	(838)	(486,058)	**(486,896)**	(7,445)	**(494,341)**
Recognition of share-based payments		-	-	15,075	-	-	**15,075**	-	**15,075**
Gain on property revaluation	5	-	-	65,149	-	-	**65,149**	-	**65,149**
Balance at 30 June 2007		**7,042,805**	**7,020,549**	**3,669,297**	**54,891**	**(15,733,643)**	**2,053,899**	**(62,379)**	**1,991,520**

Eurasia Mining Plc.

Condensed consolidated interim cash flow statement
For the six months ended 30 June 2007

	Note	6 months to 30 June 2007	6 months to 30 June 2006
		£	£
Cash flows from operating activities			
Loss for the period		(494,829)	(554,317)
Adjustments for:			
Depreciation of non-current assets	5	1,353	3,008
Impairment of non-current assets	6	-	29,129
Share of loss of joint venture	7	4,054	83,530
Share of loss of associates	7	2,285	-
Net foreign exchange loss		25,860	50,118
Investment income		(14,931)	(4,328)
Finance costs		38,683	39,169
Share based payments		15,075	-
Increase in trade and other receivables		(32,504)	(25,053)
Increase in trade payables		471,991	100,006
Cash inflow/(outflow) from operations		**17,037**	**(278,738)**
Interest paid		(13,751)	-
Net cash from operating activities		**3,286**	**(278,738)**
Cash flows from investing activities			
Contributed to joint venture		-	(1,543,328)
Purchase of property, plant and equipment	5	(2,148)	(1,134)
Payments for intangible assets	6	(7,307)	(17,761)
Interest received		14,931	4,328
Net cash generated/(used) in investing activities		**5,476**	**(1,558,095)**
Cash flows from financing activities			
Proceeds from short term loan		-	1,525,330
Proceeds from issue of share capital		-	200,000
Net proceeds from issue of convertible loan notes	9	-	655,000
Net cash proceeds from financing activities		**-**	**2,380,330**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(12,579)	**(2,188)**
Net increase in cash and cash equivalents		**3,817**	**541,309**
Cash and cash equivalents at beginning of period		1,130,981	198,201
Cash and cash equivalents at end of period		**1,127,164**	**739,510**

1. General information

Eurasia Mining Plc (the "**Company"**) is a public limited company incorporated and domiciled in Great Britain with its registered office and principal place of business at Suite 139, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1W 0BS. The Company's shares are listed on the Alternative Investment 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.

Eurasia Mining Plc's condensed consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

The financial information set out in this condensed consolidated interim financial statements does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2006, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

2. Basis of preparation

Prior to 2007, the Group prepared its audited financial statements and unaudited interim financial statements under UK Generally Accepted Accounting principles (UK GAAP). From 1 January 2007, the Group is required to prepare annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and implemented in the UK. As the 2007 annual financial statements will include comparatives for 2006, the Group's date of transition to IFRS is 1 January 2006 with the 2006 comparatives restated to IFRS. Thus these condensed consolidated interim financial statements for the period ended 30 June 2007 have been prepared by applying the recognition and measurement provisions of IFRS and the accounting policies to be adopted for the annual accounts. These policies are summarised in note 3 below.

An exercise to assess the full impact that the change to IFRS has had on the Group's reported equity, reported losses and accounting policies, has been completed. In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (UK GAAP). Adoption of IFRS resulted in no changes in the reported numbers from UK GAAP.

These financial statements have been prepared under the historical cost convention, except for revaluation of certain properties and financial instruments.

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

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.
Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.
The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
Under the equity method, investments in joint venture are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group’s interest in that joint venture are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.
Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill.
The goodwill, if any is included within the carrying amount of the investment and is assessed annually for impairment as part of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.
Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group’s interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group’s interest in that associate are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.
The goodwill, if any, is included within the carrying amount of the investment and is assessed annually for impairment as part of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.
Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

Foreign currencies

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in GBP, which is the functional and the presentation currency of the Company.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement
Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
• income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
• all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Share-based payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of Black Scholes 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.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "other reserve".

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting or if the share options vest but are not exercised.

Cash-settled share-based payments

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill, initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Freehold properties held for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.
Any revaluation increase arising on the revaluation is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.
Depreciation on revalued asset is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.
The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets represent the cost of acquisition by the Group of rights, licences and know how. Such expenditure requires the immediate write-off of exploration and development expenditure that the Directors do not consider to be supported by the existence of commercial reserves.

Exploration, evaluation and development of mineral resources
All costs associated with mineral exploration and investments are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or a project abandoned, the related costs are written off. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.
The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying value of goodwill
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss of the assets other than goodwill is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and liabilities are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on deposit with banks.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognised previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual liabilities of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities, and are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any features meeting the definition of a financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound financial instruments

Compound financial instruments comprise both liability and equity components. At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability.

The difference between the net issue proceeds and the liability component, at the time of issue, is the residual or equity component, which is accounted for as an equity instrument.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the proceeds.

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument. The difference between any repayments and the interest expense is deducted from the carrying amount of the liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

4. Business and geographical segments

The entire Group's activities are related to the exploration for and development of platinum group metals, gold and other minerals in Russia. The Directors therefore believe that there is only that single class of business and geographic segment.

5. Additions and disposals of property, plant and equipment

	6 months to 30 June 2007	12 months to 31 December 2006	6 months to 30 June 2006
	£	£	£
Net book value at the beginning of period	33,601	41,172	41,172
Additions	2,148	3,215	1,134
Revaluation increase	65,149	-	-
Disposals	(604)	-	-
Depreciation	(1,353)	(6,413)	(3,009)
Exchange differences	(710)	(4,373)	(2,208)
Net book value at the end of period	**98,231**	**33,601**	**37,089**

6. Additions and disposals of intangible assets

Exploration, evaluation and development of mineral recourses

	6 months to 30 June 2007	12 months to 31 December 2006	6 months to 30 June 2006
	£	£	£
Net book value at the beginning of period	859,613	1,280,810	1,280,810
Additions	7,307	49,116	17,761
Reallocation to investment in associates	-	(324,744)	(324,744)
Impairment charge	-	(29,129)	(29,129)
Exchange differences	(19,218)	(116,440)	(57,025)
Net book value at the end of period	**847,702**	**859,613**	**887,673**

7. Investments in equity accounted investees

Equity accounted investees represent (a) 50% interests in a Urals Alluvial Platinum Limited (the "UAP") group and (b) 20% direct interest in certain companies, which in turn 80% owned by the UAP. By arrangements with the UAP the Company cannot exercise full control in proportion to its total holding in those companies and therefore 20% interest is being accounted as interest in associates.

	6 months to 30 June 2007	12 months to 31 December 2006	6 months to 30 June 2006
	£	£	£
Investments in joint venture			
Net book value 1 January	895,310	197,410	197,410
Invested in the period	-	2,657,735	2,081,029
Reimbursed by partner in joint venture		(1,870,419)	-
Group's share of losses in joint venture	(4,054)	(98,017)	(83,530)
Exchange differences	(5,389)	8,601	(22,052)
	885,867	**895,310**	**2,172,857**
Investments in associates			
Net book value 1 January	324,744	-	-
Invested in the period	-	324,744	324,744
Group's share of losses in associates	(2,285)	-	-
	322,459	**324,744**	**324,744**
Total at the end of period	**1,208,326**	**1,220,054**	**2,497,601**

Under UK GAAP investments in associates were included into "other investments" group. On transition from UK GAAP to IFRS other investments were split into two categories and recognised: as investment in associates (as above) and the balance of other investments of GBP 127 as non-current assets available for sale.

8. Reserves

	30 June 2007	31 December 2006	30 June 2006
	£	£	£
Capital redemption reserve	3,539,906	3,539,906	3,539,906
Property revaluation reserve	65,149	-	-
Foreign currency translation reserve	54,891	55,729	36,941
Share-based payments reserve	15,075	-	-
Equity component of convertible loan notes	49,167	49,167	49,167
	3,724,188	**3,644,802**	**3,626,014**

The capital redemption reserve was created as result of share capital restructure in early years. There is no policy of regular transactions affecting capital redemption reserve.

The properties revaluation reserve arises on the revaluation of freehold property.

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-settled employee benefits reserve arises on the grant of share options to employees under the employee share option plan.

The equity component on convertible loan notes represents the value of conversion rights of the 8% convertible notes issued in 2006 (see note 9).

9. Borrowings

	30 June 2007	31 December 2006	30 June 2006
	£	£	£
Non-current:			
Minority shareholder loan	80,077	81,908	87,697
Convertible loan notes	-	427,568	415,002
	80,077	**509,476**	**502,699**
Current:			
Convertible loan notes	452,500	-	-
Other loans	-	--	1,495,879
	452,500	**-**	**1,495,879**

All borrowings held by the Group are unsecured

The minority shareholder loan relates to long term funding advanced by the 20% minority shareholder in Eurasia PGM Limited in connection with the Company's Baronskoye PGM-gold project. The minority shareholder loan is interest free and is repayable when the project reaches such an advanced stage of development that it can be repaid out of the proceeds of either the project's cash flow or through the direct or indirect disposal to a third party of an interest in the project.

Convertible loan notes with a face value were issued on 31 March 2006, bearing interest rate 8%, The notes are 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 notes to the face value of £230,000 were converted to ordinary shares during April 2006. Any unconverted stock is redeemable at maturity on 31 March 2008.

Movement in the convertible loan notes is analyzed as follows:

	6 months to 30 June 2007	12 months to 31 December 2006	6 months to 30 June 2006
Liability component	£	£	£
Proceeds of issue	-	700,000	700,000
Issue cost	-	(45,000)	(45,000)
Equity component	-	(74,539)	(74,539)
Liability component at the date of issue	-	580,461	580,461
Balance at 01 January	427,568	-	-
Interest charged	38,683	77,233	39,170
Interest paid in cash	(13,751)	(19,646)	-
Shares issued in lieu of interest payment	-	(5,852)	-
Loan notes converted into shares	-	(204,628)	(204,629)
Closing balance of liability component	**452,500**	**427,568**	**415,002**
Equity component			
Balance at 01 January	49,167	-	-
Equity component on the date of issue	-	74,539	74,539
Loan notes converted into shares	-	(25,372)	(25,372)
	49,167	**49,167**	**49,167**

Company information

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