EURASIA MINING PLC

2000 Annual Report & Accounts

Front Cover Picture:
Processing platinum alluvials, Vissim District, Urals, 1896.

Mission Statement

EURASIA'S AIM IS TO DISCOVER AND TO DEVELOP SUBSTANTIAL PLATINUM, PALLADIUM AND GOLD DEPOSITS CAPABLE OF DELIVERING VALUE TO ITS STAKEHOLDERS.

CONTENTS

Chairman's Statement

Our decision to concentrate on PGM exploration has been fully justified by the continued strength of both price and demand

Dear Shareholder

Significant new strategic directions have been adopted by the Company since our last Annual Report was published. Key amongst these are: concentration of the Company's resources on Platinum Group Metals ("PGM's"); introduction at Board level of experienced technical and mining business expertise; focus on the acquisition of large scale targets of high value which should attract the attention of major mining groups; and last, seeking opportunities in the Bushveldt complex in South Africa, site of the world's largest repository of PGMs.

A key component for the delivery of the above strategy has been the recruitment to your Board of Dr. Michael Martineau, initially as a Director and, since February, as Executive Deputy Chairman. Michael Martineau brings with him an established record of leading successful exploration teams and companies and in the development of mines – most recently with SAMAX Gold Inc, which he founded in 1989 and which was sold to Ashanti Goldfields Company for US$140 million following the discovery and development of gold mines in Tanzania. In addition, in May 2001 Mr William (Bill) Anderson, who has been responsible for the development of the Company's Platinum-Palladium projects in Russia since 1997, was promoted to the Board as Operations Director with responsibility not only for the Russian projects but also development of the Company's new Platinum Group Metals opportunities in South Africa.

Our decision to concentrate on PGM exploration has been fully justified by the continued strength of both price and demand. Sustained demand, particularly for Platinum, is predicted to underpin the planned mine expansions and new developments. We view with a degree of relief the recent moderation of the Palladium price without which substitution could have become a major issue.

In view of the Company's concentration on Platinum Group Metals we have considered it prudent to make provision against our historic expenditure on Gold projects in the accounts.

On a separate note, I would like to give credit for the initiation of many of the Company's current projects to Andrew Counsell who retired from the post of Managing Director in February this year; he remains a Director and available to the Board as a consultant. Andrew founded the Company in 1993 and has lived with it through all its former travails. The Board join me in wishing him well in his new endeavours.

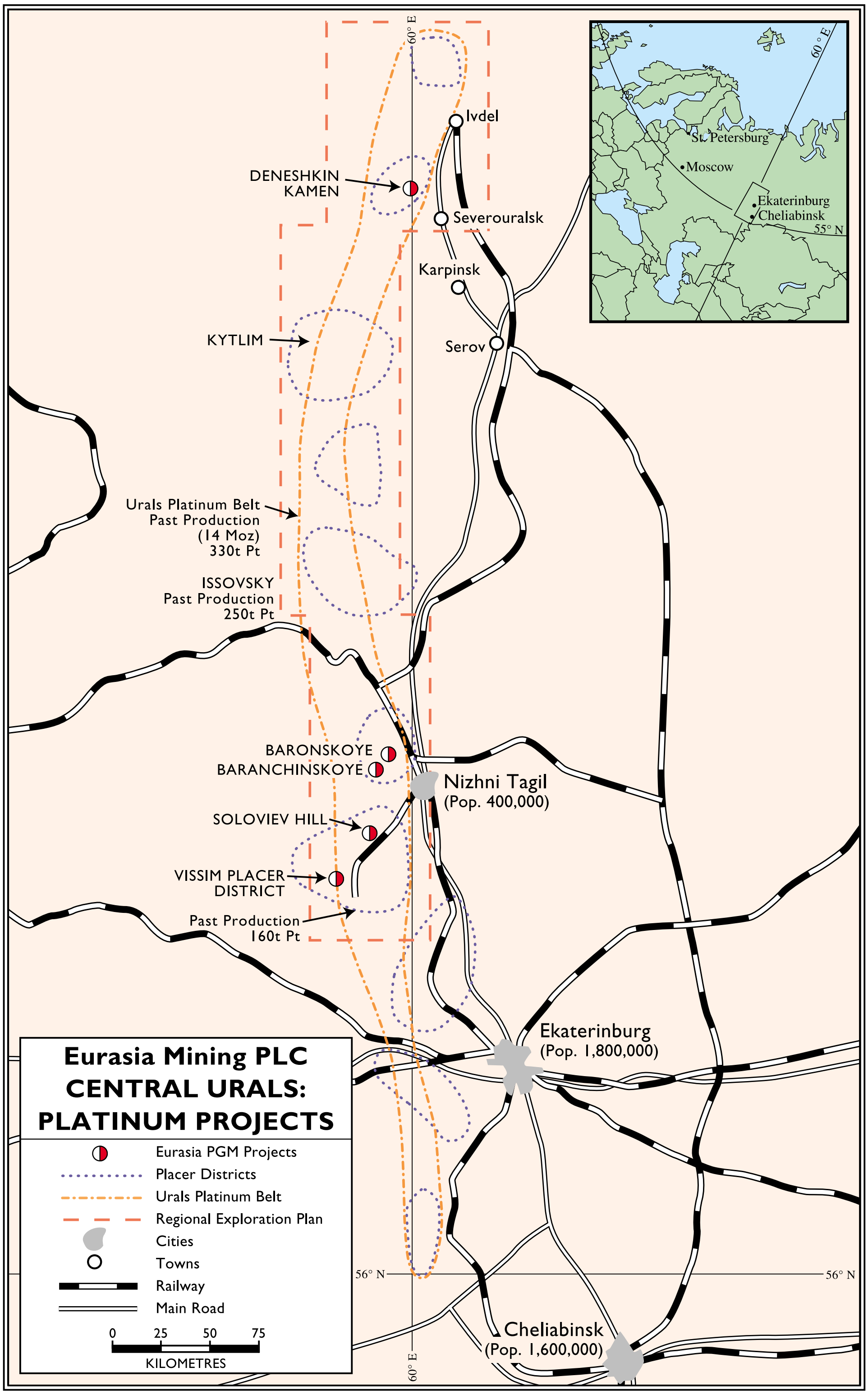
Successful exploration companies require disciplined technical leadership, a strong land position in areas of high potential and an ability to distinguish potentially economic deposits at an early stage, concentrating funds only on the best. Eurasia has now implemented such a strategy. We look forward with optimism to building on the year's solid achievements.

My thanks and those of the Board go to all of the staff for their continued hard work both here in London and in Russia.

John Mitchell
Chairman

27 June 2001

Urals Projects Location Map



Deputy Chairman's Statement

Substantial progress has been achieved in 2000.

As a consequence of the successful Platinum Group Metal (PGM) exploration Eurasia has access to an unusually wide range of exploration targets. Whilst this is encouraging, shareholders will appreciate that it is essential that the Company concentrate its efforts on those projects that will maximise value in the near term. In general this will mean projects that are likely to interest major companies capable of funding the development of substantial mines in which we maintain an interest or on smaller high-grade projects that we could develop ourselves. Inevitably this will mean that we defer work on certain lower priority projects.

Equally it is essential that the Company should not be dependent on a single set of technical, political and market factors. This means that whilst we are confident in our future in Russia, we should not be wholly dependent on this one area. Our involvement in separate Platinum dominant and Palladium dominant projects already gives us involvement in two quite distinct market and metal price sectors, a position that we will maintain. Since the year end Eurasia has conducted a strategic review. As a consequence of that review the Company has taken certain actions.

The promotion of Mr William (Bill) Anderson to the Board position of Operations Director with responsibility for all the Company's projects will ensure a balanced approach to the priority rating of our projects and the allocation of funding. Mr Anderson has a long record of discovery and deposit development but most importantly has a record of the construction and operational management of groups of mines during his 20-year career with Western Mining of Australia. We will have a particular requirement for this experience as we move to more advanced stages of exploration and the development of our own mines. We are extremely lucky to have this experience in house.

The Company's confidence that the Urals region of Russia represents an appropriate area in which to invest and that development by Western Companies in partnership with Russian entities will be feasible remains unchanged. The past year has seen welcome continuing growth in Russia's economy, certain progress in the area of structural market reform and a growing perception of reducing country investment risk. It is part of our strategy that we should bring in suitable major Russian partners, as our projects advance on a funding basis. On the mining side we are encouraged by the presence in the Urals of major players such as Anglo Platinum and Placer Dome. While investment in Russia has its difficulties we believe that the Company is well placed on account of its local partner relationships and depth of knowledge of the Russian market to manage such risk factors effectively.

Building on our experience over the past two years we are able to prioritise our targets.

The Company's prime near term objective will be to define a major alluvial Platinum deposit within the current Anglo Platinum joint venture that could be developed as a substantial low cost producer within a three year time frame. Additional licence applications are being made and negotiations have been initiated with local operators to achieve this.

In the slightly longer term the recent discovery of broad zones of Palladium mineralisation by Eurasia is a technical breakthrough that has the potential to be an entirely new Palladium mining province. Within this Eurasia already holds a key position. New applications currently in progress are designed to build on this. The major effort will be on defining the centres for this type of mineralisation with a grade capable of supporting a substantial open pit mine.

In early 2001 following the appointment of consultants and site visits the Company embarked on a programme of land acquisition on selected targets on open ground in the Bushveldt complex of South Africa. The objective is to acquire sole risk exploration projects with capacity for rapid advancement and subsequent development probably in partnership with a major company. We intend to follow the same path of developing shallow deposits that has been successfully demonstrated by companies such as Aquarius Platinum.

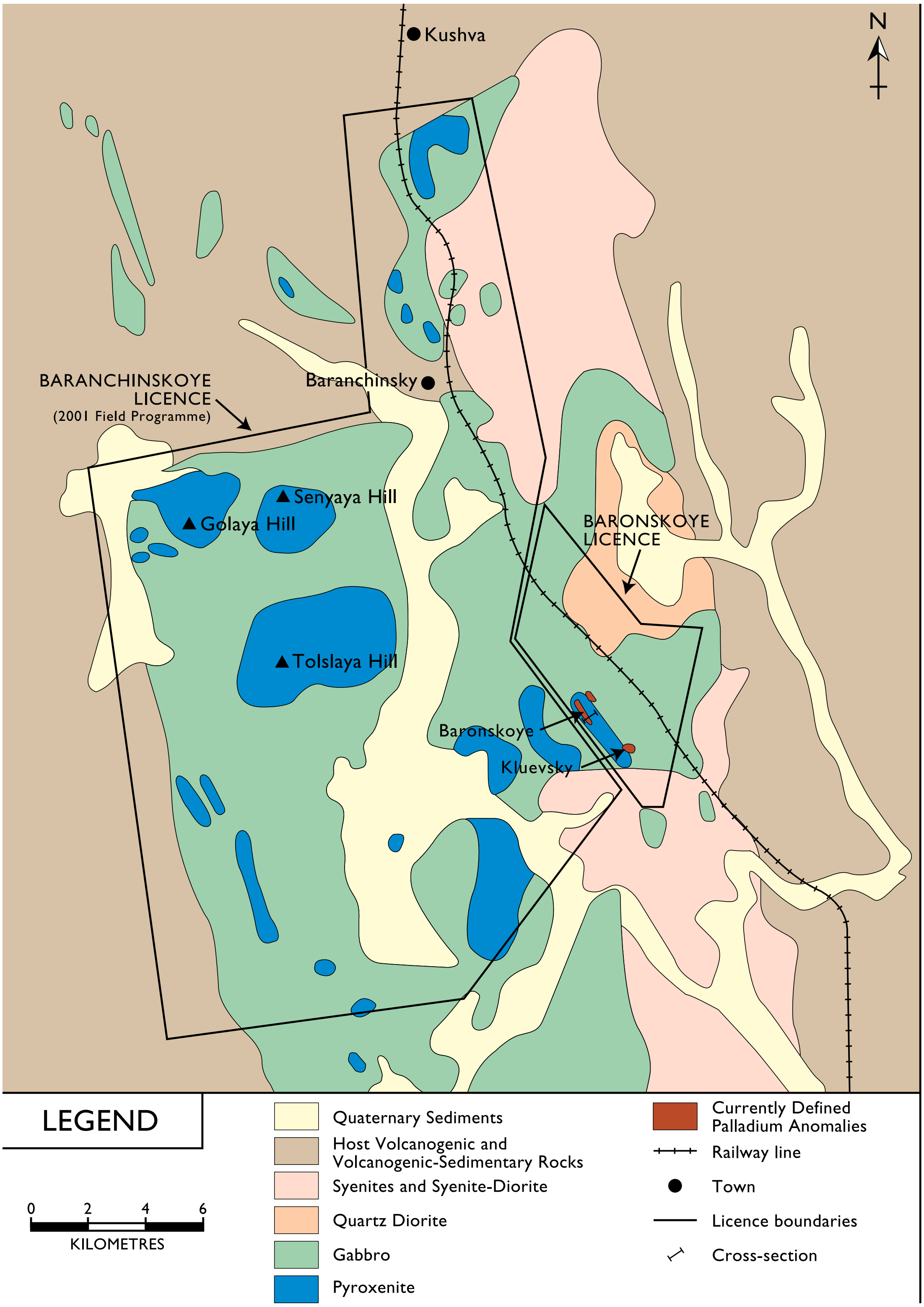
The Company is aware of the need to create wider recognition of the Company's projects and of the progress achieved to date. The appointment of WH Ireland in September 2000 as broker and the subsequent arrangement of a £405,000 share placing in May 2001 is part of the strategy to develop the liquidity and market in the Company's shares. During the period of the strategic review and reorientation of priorities it has not always been possible to keep shareholders as well informed of progress as we would have liked with the inevitable effect on liquidity and price. The application and negotiation for ground is necessarily a competitive area where secrecy is required. With the award of the first of our applications in the Urals and the finalisation of the South African agreements we look forward to the regular release of progress reports.

Michael Martineau.

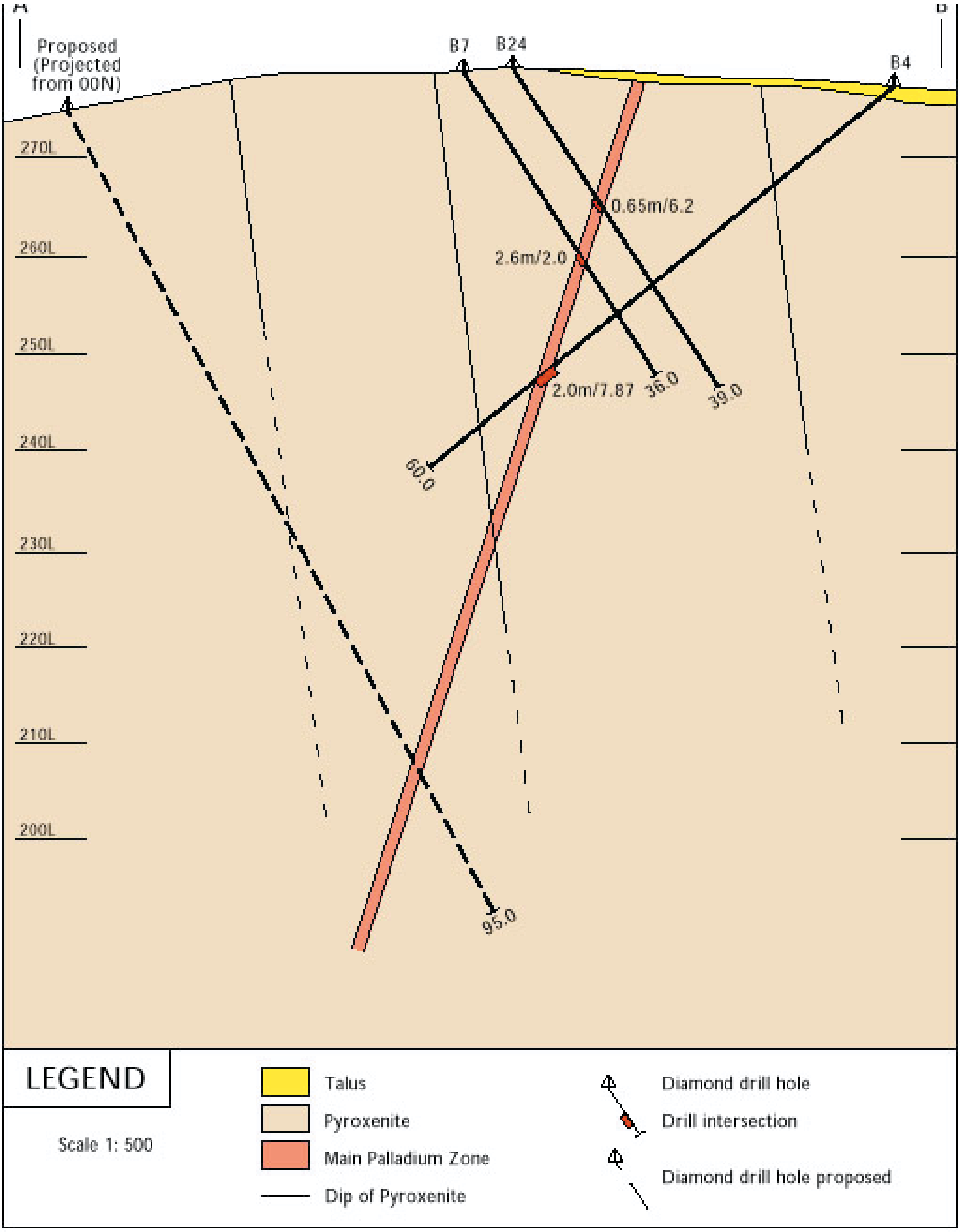
Dr. Michael Martineau
Executive Deputy Chairman

27 June 2001

Baronskoye Palladium/Gold Zone



Baronskoye Central Section



Operations Review

Operations Director Review

The Company's objective is to become a significant participant in the production of Platinum Group Metals whose diverse market in environmentally friendly applications is being increasingly recognised in both demand and price. The Company now operates a focused exploration programme in two of the largest PGM provinces with a strong technical team and a significant land position in place or under application. These host defined prospects capable of yielding substantial mines. We have a balance between Platinum and Palladium dominated prospects which is important given the different uses and markets of the two metals and their historic price differentials. We have as one of our partners the world's largest Platinum producer who is providing valuable assistance and advice. In summary as the reconnaissance phase of our PGM programme reaches maturity and as the specific testing takes place we have the ingredients needed to create substantial shareholder value through discovery and mine development.

URALS EXPLORATION

Sampling alluvials, Urals joint venture project, 2001

ANGLO PLATINUM JOINT VENTURE

The Anglo Platinum Joint Venture, managed by Eurasia, concentrated in 2000 on the identification of historic workings where the recovery of fine Platinum had been inadequate, and on previously unrecognised areas such as high terraces or buried channels that could be mined for the first time.

Amid the abundance of reports on Platinum exploration around the world it is important to emphasise that the alluvials of Urals Platinum province represent the world's third largest source of primary production of Platinum Group Metals after the Bushveldt in South Africa and Norilsk in Russia. Yet little modern exploration has taken place since 1940. The potential for substantial new discoveries is therefore considered to be excellent.

Following the identification of a number of targets Anglo Platinum has agreed to a doubling of the programme to US$500,000 in the year 2001. The objective of the programme is to acquire and test several areas during the 2001/2002 field season, to trial the newer recovery methods and, subject to the results, to define reserves capable of economic development during 2002/2003.

Reconnaissance sampling has confirmed the presence of Platinum bearing gravels with potentially economic grades in certain unmined areas that would justify systematic sampling. Processing of samples of tailings from certain historic tailings also confirmed the presence of substantial residual Platinum content due to "clayballing" and low recovery of fine and flakey Platinum particles during the original operations. The volume of the sediments estimated to be contained within the target areas was considered be adequate to support substantial operation if fully mineralised. As a result applications for licences have been filed and negotiations initiated with local entities.

PALLADIUM EXPLORATION

Drilling in progress at Baronskoye

BARONSKOYE and BARANCHINSKOYE PROJECTS

The Company concentrated its initial exploration on the definition and testing of Palladium anomalies around the discovery site of high-grade Palladium-Gold mineralisation in trenches at Baronskoye. Later in the year the Company discovered extensive but lower-grade Palladium-Gold mineralisation in the overlying rocks. Our exploration has now traced the Palladium mineralisation both in soils and in the drilling over a distance of at least three kilometres.

The drilling and the surface mapping has permitted a new interpretation of both the low-grade and high-grade mineralisation that appears to have close similarities to the major Lac des Isles deposit in Canada currently being expanded to produce 250,000 ounces per annum. The close analogy between the two areas permits us to identify target areas within the Company's 365 sq km combined licence area for priority drill testing.

The high-grade mineralisation previously reported in trenches at Baronskoye can now be seen to consist of structurally controlled late-stage "hydrothermal" sheets cross-cutting the earlier "ultramafic" rocks with intersections ranging from 1.4m assaying 6.02 gm/t PGM plus gold to 4.1m assaying 7.1 gm/t PGM plus Gold. The new interpretation defines a potential underground mining target that will be further tested in 2001.

The most significant aspect of the drilling and surface work in 2000, however, was the identification of broad zones of Palladium-Gold mineralisation in the overlying breccias and gabbros in both the Baronskoye and the Kluevsky Districts. These zones, measuring up to 100 meters in width, indicate the potential for lower grade but large tonnage open pittable grade mineralisation within the Baronskoye-Baranchinskoye complex. It is this type of mineralisation that is recovered at Lac des Isles and offers the potential for a world class mine. The prospects are associated with a unique geophysical signature that should aid in the search for other targets of the same type. The objective during 2001 is to locate areas having a grade of about 2 gm/t PGM plus Gold that would be adequate to support a major open pit mine.

The 330 sq km Baranchinskoye Exploration Licence was approved in May 2001 and will be the subject of reconnaissance sampling and mapping to define drill targets. Its granting represents a very major strategic acquisition by the Company giving coverage of most of the complex that could host this type of mineralisation.

SOLOVIEV HILL AND VISSIM LICENCES

These 165 sq km licences contain both the source of the 5 million ounces of alluvial Platinum produced historically from alluvials surrounding Soloviev Hill and gabbros similar in character to the Baronskoye area. Drilling in 2000 at Soloviev Hill intersected only isolated +2gm/t Pt intersections confirming the disrupted nature of the Platinum bearing chromite horizons and the nuggety nature of the mineralisation. An alternative exploration approach would be to identify representative areas for bulk sample testing. The Company's as well as previous Russian metallurgical test work indicates magnetic separation to be the optimum process for Platinum recovery.

Examining Platinum concentrates, 2001

BUSHVELDT EXPLORATION

The development of shallow depth open-pit or underground ore reserves on the Bushveldt of South Africa has been a proven means for rapid establishment of Platinum Group Metal production by junior mining companies such as Aquarius. Significant open ground remains adjacent to known deposits or in untested areas particularly where land rights have been extensively subdivided. By combining our in-house management and technical competence with the services of two highly regarded Bushveldt specialists in land title and geology the Company has identified and is in the process of acquiring properties.

The selection criteria are that the property should offer immediate scope for drill confirmation of near surface resources in an established geological environment with outcropping or shallow projections of the known Merensky, UG2 or Platreef horizons of sufficient size to have the potential to support a substantial operation. The programme to date has involved the direct negotiation of options over mineral rights with the landholders rather than acquisition through a secondary joint venture with a promoter. This is a low cost approach permitting direct control of the programme subject only to the payment of annual fees and a net profits royalty to the original owners. It has the potential to permit the Company to retain a substantial interest even in the event of a farmout to a major company or in

Operations Review
(continued)

the event of a separate public listing. It is the Company's intention to work with local partners to explore and to acquire additional ground.

GOLD

With the concentration of first-rate projects in the Platinum-Palladium programme certain prior Gold projects of lower priority have been terminated. The appropriate write-off has been taken in the accounts. Low-cost field examinations of the remaining Gold prospects that were identified in prior years will be undertaken in 2001 with a view to making an informed decision on whether to retain them.

STAFF

I would like to thank all the technical management and staff who have worked hard to turn our Company to good account following the refinancing in early 2000 and to whom the credit for our development as a focussed Platinum Group Metals company is due. In particular we recognise the highly talented and dedicated exploration team of Russian nationals based in the Urals.

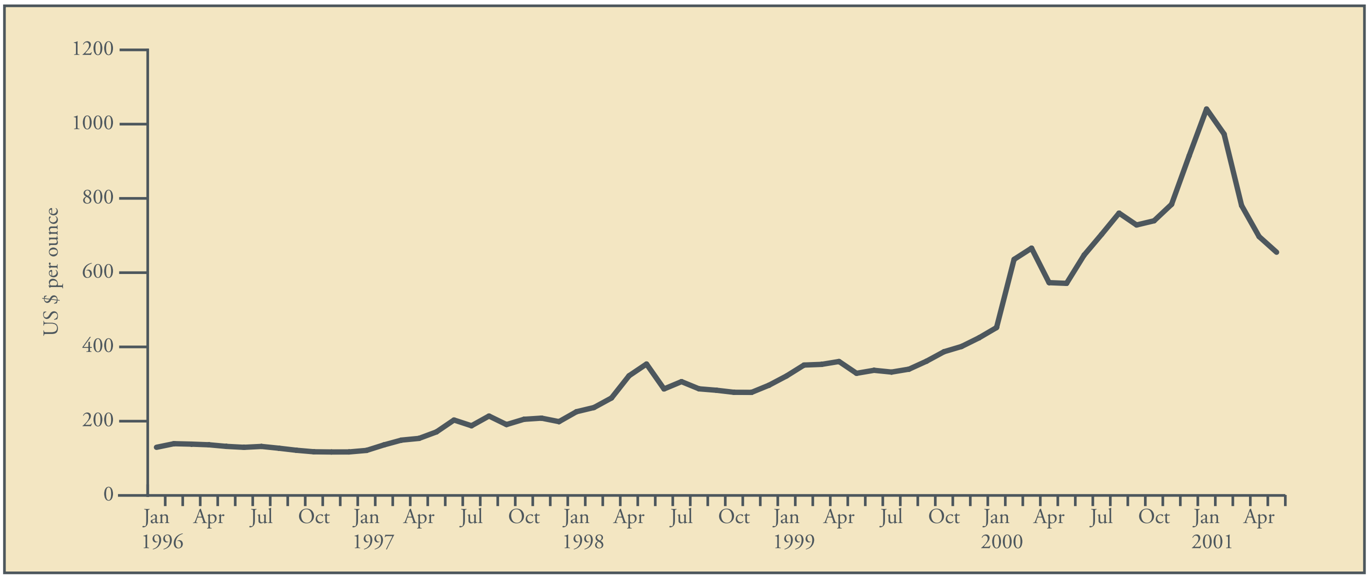
Bill Anderson
Operations Director

27 June 2001

Platinum Group Metals Market

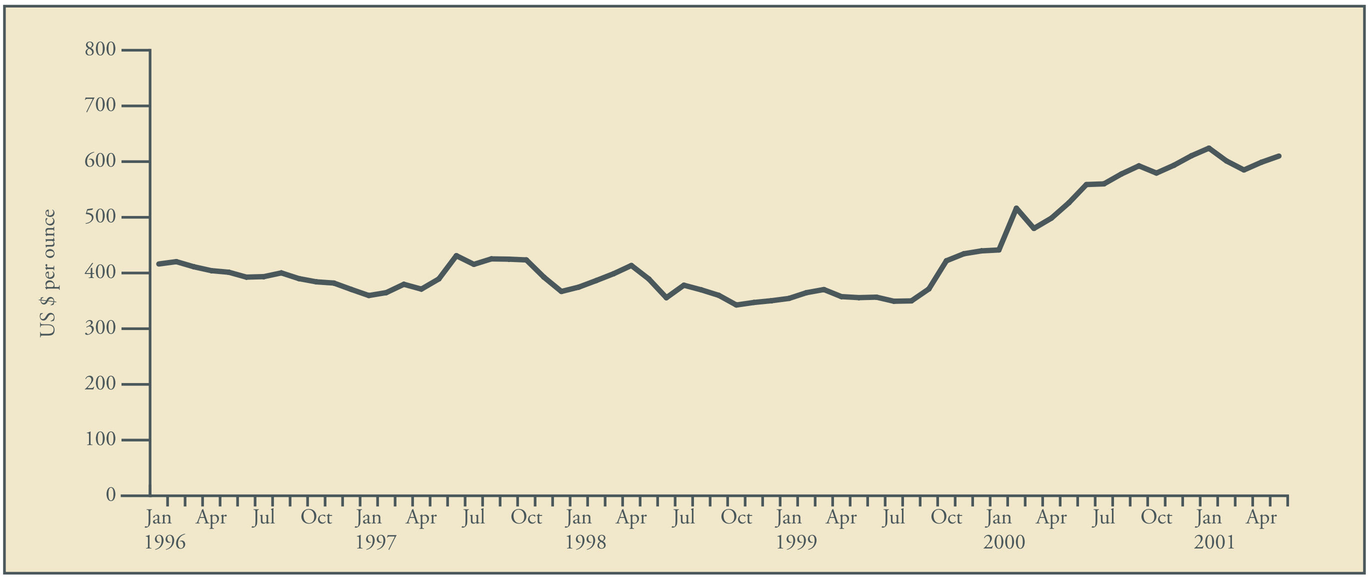
The following illustrates the positive market, including price developments for Palladium and Platinum over the medium term:

Palladium



2000 World Market Data:
Demand: 8.9million oz Supply: 7.8 million oz

Platinum



2000 World Market Data:
Demand: 5.6 million oz Supply: 5.3 million oz

Source: Johnson Matthey

Directors' Biographies

John Mitchell, BA Oxon, age 54, is **Non-Executive Chairman** and a Merchant Banker. He has had extensive international experience including Managing Director of Lloyds Merchant Bank in Sydney and London. He has served on a number of public company boards and has considerable experience in the mining industry including Russia and Eastern Europe.

Michael Martineau, MA, D.Phil, FIMM, age 56, is **Executive Deputy Chairman**. Following a First Class Honours degree and a Doctorate in Geology from Oxford University, he has had 30 years experience in the mining and minerals industry. He was in charge of global exploration for BP Minerals International later becoming Exploration Director of its Australian listed subsidiary, Seltrust. In 1987, he joined Cluff Resources PLC, as Director Minerals and Managing Director of Cluff Mineral Exploration Limited. In 1989 he founded Samax Resources, which he listed on the Toronto Stock Exchange in 1996 and which was acquired by Ashanti Goldfields in 1998 for US$140 million. He was appointed a Non-Executive Director of Ashanti Goldfields Co Ltd in 2000.

William Anderson, B Sc (Hons), M Sc, FAusIMM, age 51, appointed 16 May 2001, is **Operations Director**. During over 20 years with WMC Resources, he rose from Chief Geologist at Hill 50 Gold Mines and the Emperor Gold Mines in Fiji to occupy the post of General Manager at Emperor and subsequently General Manager at Kalgoorlie Gold Operations and Kambalda Nickel Mines, in Western Australia and finally Executive responsible for WMC's activities in Brazil. He joined the Company in 1997, and has had responsibility for the development of its Platinum Group Metals strategy in Russia.

Robert Jenkins, BA Oxon, ACA, age 47, is **Finance Director** and a Chartered Accountant. A fluent Russian speaker and experienced venture capitalist, he has eight years investment experience in Russia and Eastern Europe, including natural resources. He was previously the representative of Framlington Russian Investment Fund on the Company's Board from 1995 to 1999.

Andrew Counsell, BEc, age 55, is a **Non-Executive Director**. He has had over twenty five years experience in resource finance and the stockbroking industry where he was a founding director of Australian Stock Exchange Ltd. He is the founder of the Company and was Managing Director from 1993 to 2001.

Gary FitzGerald, age 47, **Non-Executive Director** and Director of Framlington Investment Management Limited representing Framlington Russian Investment Fund as a leading investor in the Company. He has over 25 years experience in investment management.

Mark St Giles, BA (Hons), MA, age 60, **Non-Executive Director** and Investment Management Consultant. He has extensive experience in stockbroking and investment management holding senior positions with Allied Hambro Group, GT Management Plc and Framlington. He was formerly Chairman of FIMBRA and a Board Member of LAUTRO. He has recently worked with the governments and private sectors of most Eastern European countries in advising and assisting in the development of institutional asset management and collective investment funds.

Report of the Directors

The Directors present their report and audited financial statements. The Profit and Loss Account for the year ended 31 December 2000 and the Balance Sheets as at 31 December 2000 are set out on pages 20 to 22.

Directors

The Directors who served during the period were:

J A Mitchell
A H Counsell
R J G Jenkins
G C FitzGerald
M P Martineau (appointed 8 December 2000)
M V St Giles

Directors' Interests

Details of the interests of the Directors are set out in note 5 to the financial statements.

Business Review

The review of the Group's business and prospects is set out in the Chairman's and Deputy Chairman's Statements and the Operations Review.

Share Capital

The authorised share capital of the Company at 31 December 2000 was £16,510,098.85 divided into 329,201,977 Ordinary Shares of 5 pence each ("Shares"), and 50,000 Preference shares of £1 each ("Preference Shares").

Section 95 of the Companies Act 1985 provides that any shares being issued for cash must in general be issued to all existing shareholders pro-rata to their holding. However, where directors have a general authority to allot shares they may be given power by the Articles or by a special resolution to allot shares pursuant to the authority as if the statutory pre-emption rights did not exist.

At the Annual General Meeting, held on 21 July 2000, the Board was given authority to allot equity securities for cash up to an aggregate nominal amount of £1,500,000, such authority to expire on the earlier of 15 months from the date of the resolution or the date of the next Annual General Meeting.

The Board has utilised this authority up to a nominal amount of £319,640.90 pursuant to:

(i) granting share options to subscribe for 2,265,000 Shares, on 22 August 2000, under the Company's Executive Share Option Scheme ("the Scheme"), approved at the Annual General Meeting on 21 July 2000;

(ii) granting of share options to subscribe for 450,000 Shares under the Scheme and for 300,000 Shares outside the Scheme on 5 February 2001;

(iii) issue of 100,000 Shares at an issue price of 30 pence on 5 February 2001;

(iv) conversion of loan stock of £185,007 into 1,027,818 Shares at an issue price of 18 pence on 16 May 2001; and

(v) issue of 2,250,000 Shares at an issue price of 18 pence on 16 May 2001.

In addition, the Company issued 2,150,000 Shares at an issue price of 10 pence on 23 February 2001, pursuant to the exercise of 2,150,000 'A' Options. In connection with the underwriting of a share placing in 1999, the Company granted 2,500,000 'A' Options to subscribe for Shares at an exercise price of 10 pence per share with a further 'B' Option attached to each 'A' Option, entitling the holder to receive a further option exercisable at 15 pence upon the exercise of each 'A' Option. The 'A' Options and the 'B' Options are each exercisable at any time up to 2 years from the date of their issue. Pursuant to the corresponding exercise of 'A' Options, the Company accordingly issued 2,150,000 'B' Options on 23 February 2001. The 350,000 balance of the total original 'A' Options were exercised previously in 2000, when a corresponding number of 'B' Options were then also issued.

Report of the Directors
(continued)

There are also currently outstanding 413,131 warrants to subscribe for Shares exercisable at a price of 23 pence per share at any time prior to their expiry on 20 April 2002. These warrants are all held by Framlington Russian Investment Fund.

In addition, outstanding loan stock of US$1,156,377 (£808,655) is convertible on future placings in subscription for Shares at a price per Share equal to 92% of the placing price.

In addition to the options described above, there remain outstanding 90,000 options, under the Company's previous, now cancelled Executive Share Option Scheme. These are held by a past Director of the Company, Mr CA MacKay, and are exercisable at a price of £2.10 per share by July 2003.

No issue of Shares that would effectively change the control of the Company will be made without the prior approval of shareholders in general meeting.

The Company's share price varied between 14.5 pence and 47.5 pence during the year. At 29 December 2000 the mid-market price was 31.5 pence.

Substantial Share Interests

The Company had been notified of the following interests in Shares held as at 27 June 2001:

	Ordinary Shares	%
Framlington Russian Investment Fund	9,976,630	29.90
R B Rowan	4,119,000	12.34
HL UK Performance Trust	1,100,000	3.30

Mr R B Rowan's interest shown above includes 385,000 Shares held by his wife, Carole Rowan.

Mr R B Rowan also holds 1,250,000 'B' Options, further to his exercise of 900,000 'A' Options on 23 February 2001 and of 350,000 'A' Options on 25 April 2000.

Mr R B Rowan was originally granted 2,500,000 'A' Options in consideration for his underwriting a share placing by the Company of £250,000 on 23 February 1999. Mr Rowan subsequently assigned half his option rights to the Company for further allocation among the Company's Directors and employees.

Of these options and option rights assigned to it, the Company has subsequently assigned 625,000 'A' Options to Framlington Russian Investment Fund. Following the exercise of its 'A' Options, Framlington Russian Investment Fund currently holds 625,000 'B' Options.

The interests of the Directors in the 'B' Options are disclosed in note 5 to the financial statements.

Dividends and Profit Retention

No dividend is proposed in respect of the year (1999:£Nil) and the retained loss for the period is taken to reserves.

Research and Development

The Group's research and development activities during the year continued to be concentrated principally on mineral exploration programmes and the improvement of mining techniques and metallurgical processes.

Corporate Governance

The Directors support the recommendations set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance. However, it has not been practical to comply fully with the Combined Code's recommendations due to the size and nature of the Company's operations and the close involvement of all of the Directors in many aspects of the business. The Company has established an Audit Committee, chaired by Mr Mitchell, whose primary purpose is to review the accounts of the Group and a Remuneration Committee, chaired by Mr Mitchell, which determines the basis of remuneration and incentive schemes provided to directors.

Report of the Directors
(continued)

Auditors

KPMG Audit Plc are willing to continue in office and a resolution proposing their re-appointment as auditors of the Company and authorising the directors to fix their remuneration will be put to shareholders at the Annual General Meeting.

By order of the Board

Robert Jenkins

R J G Jenkins
Secretary

27 June 2001

Directors' Responsibilities

DIRECTORS' RESPONSIBILITIES in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Report of the Auditors

AUDITORS' REPORT to the members of EURASIA MINING PLC

We have audited the financial statements on pages 18 to 35.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 16 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosure in the accounting policies on page 18 concerning the fundamental uncertainty as to the adequacy and availability of the funding to the Group. In view of the significance of the uncertainty we consider that this should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2000 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
27 June 2001

Accounting Policies

1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. Further funding is raised as and when required.

The Directors are of the opinion that the Company will require to raise additional financial resources to enable the Group to undertake an optimal programme of exploration and appraisal activity over the next twelve months. Accordingly, the Directors intend either to raise further funds or to engage an additional funding partner as appropriate during the course of the next twelve months.

In addition the Company has convertible debt which falls due for repayment in October 2002. To the extent to which it is not converted into Shares, some or all of such debt may therefore fall to be repayable in cash (see note 15). The Company may require additional funding at such time to meet any cash repayment.

Whilst the Directors are confident that funding will be available to the Group, there can be no guarantee that this will be the case. The financial statements do not include any adjustments, particularly in respect of tangible fixed assets, stocks, investments, loans and provisions for winding up which would be necessary if the Company and Group ceased to be a going concern.

2 Basis of consolidation

Details of principal subsidiaries and associated undertakings are given in note 12. The consolidated financial statements have been prepared from the financial statements of the Company and all subsidiary undertakings and also include the Group's share of the results of associated undertakings. Each company in the Group and each associated undertaking has prepared financial statements for the period ended 31 December 2000 which have been adjusted where necessary to conform with the Group's accounting policies.

3 Exploration and development interests

The Group adopts the "successful efforts" accounting policy for mineral expenditure. This requires the immediate provision for impairment against exploration and development expenditure which the Directors do not consider is likely to generate commercial reserves; expenditure to bring successful prospects to production is capitalised and depleted on a unit of production method over mineral reserves on a mine by mine basis. Provision is made for any anticipated site restoration or abandonment costs over the life of the mines on a unit of production basis.

4 Other tangible fixed assets

Depreciation is calculated to write off office furniture, equipment and vehicles on a straight line basis over their estimated useful lives, which range from three to five years.

5 Intangible assets

Intangible assets represent the cost of acquisition by the Group of rights, licences and know how. Such expenditure requires the immediate provision against exploration and development expenditure which the Directors do not consider is likely to generate commercial reserves. Otherwise expenditure is capitalised and depleted on a unit of production method over mineral reserves on a mine by mine basis.

6 Deferred taxation

Provision is made for deferred taxation on timing differences only where these are expected to give rise to a tax liability in the foreseeable future.

Accounting Policies
(continued)

7 Foreign currencies

The financial statements of overseas subsidiaries are generally translated at the rate of exchange ruling at the balance sheet date with the exception of the year's profit and loss account, which is translated at the average exchange rates for the period of activity.

The exchange differences arising on the retranslation of opening net assets and on the retranslation of the profit and loss account to closing rates of exchange are taken directly to reserves. All other translation differences are taken to the profit and loss account.

Consolidated Profit and Loss Account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Administrative expenses	*4*	**(506,602)**	(741,254)
Loss on impairment of intangible and tangible fixed assets	*11, 12*	**(3,721,489)**	–
Loss from continuing activities before interest		**(4,228,091)**	(741,254)
Profit on partial disposal of a subsidiary	*6*	**–**	70,835
Interest receivable & similar items	*7*	**285,886**	90,113
Interest payable & similar charges	*8*	**(1,241)**	(2,364)
Loss from continuing activities before taxation		**(3,943,446)**	(582,670)
Taxation	*9*	**–**	–
Loss on continuing activities after taxation		**(3,943,446)**	(582,670)
Minority interest		**481**	(20,451)
Retained loss for the financial year		**(3,942,965)**	(603,121)
Loss per Share	*10*	**(17.10)p**	(6.01)p

The notes on pages 25 to 35 and the accounting policies on pages 18 and 19 form part of the financial statements.

Consolidated Balance Sheet

At 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Intangible – Exploration, development and production interests	*11*	**–**	1,649,706
Tangible – Exploration, development and production interests	*12(a)*	**2,341,148**	3,694,368
Tangible – Other	*12(a)*	**233,242**	275,870
Investments	*12(b)*	**66,859**	61,762
Total fixed assets		**2,641,249**	5,681,706
Current assets			
Debtors	*13*	**95,574**	61,959
Cash at bank		**504,266**	21,710
Total current assets		**599,840**	83,669
Creditors – amounts falling due within one year	*14, 16*	**(215,441)**	(3,009,715)
Net current assets/(liabilities)		**384,399**	(2,926,046)
Total assets less current liabilities		**3,025,648**	2,755,660
Creditors – amounts falling due after more than one year	*15, 16*	**(951,223)**	–
Net assets		**2,074,425**	2,755,660
Capital and reserves			
Called-up share capital	*17*	**1,391,942**	4,167,556
Share premium account	*18*	**5,792,289**	3,246,336
Capital redemption reserve	*18*	**3,539,906**	–
Profit and loss account	*18*	**(8,671,698)**	(4,679,027)
Equity shareholders' funds		**2,052,439**	2,734,865
Minority interest		**21,986**	20,795
		2,074,425	2,755,660

The financial statements were approved by the Board on 27 June 2001 and signed on their behalf by:

J A Mitchell
Director

The notes on pages 25 to 35 and the accounting policies on pages 18 and 19 form part of the financial statements.

Company Balance Sheet

At 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible – Exploration, development and production interests	*12(a)*	**23,640**	91,438
Tangible – Other	*12(a)*	**13,639**	20,304
Investments	*12(b)*	**1**	1,485,001
Total fixed assets		**37,280**	1,596,743
Current assets			
Debtors	*13*	**4,087,381**	5,854,257
Cash at bank		**503,596**	16,986
Total current assets		**4,590,977**	5,871,243
Creditors – amounts falling due within one year	*14, 16*	**(135,140)**	(2,996,903)
Net current assets		**4,455,837**	2,874,340
Total assets less current liabilities		**4,493,117**	4,471,083
Creditors – amounts falling due after more than one year	*15, 16*	**(951,223)**	–
Net assets		**3,541,894**	4,471,083
Capital and reserves			
Called-up share capital	*17*	**1,391,942**	4,167,556
Share premium account	*18*	**5,792,289**	3,246,336
Capital redemption reserve	*18*	**3,539,906**	–
Profit and loss account	*18*	**(7,182,243)**	(2,942,809)
Equity shareholders' funds		**3,541,894**	4,471,083

The financial statements were approved by the Board on 27 June 2001 and signed on their behalf by:

J A Mitchell
Director

The notes on pages 25 to 35 and the accounting policies on pages 18 and 19 form part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Net cash flow from operating activities	19(a)	**(816,488)**	(495,722)
Returns on investments and servicing of finance	19(b)	**28,358**	(419)
Capital expenditure and financial investment	19(c)	**(379,379)**	(244,732)
Acquisitions and disposals	19(d)	**–**	36,847
Cash outflow before use of liquid resources and financing		**(1,167,509)**	(704,026)
Financing			
Issue of ordinary shares		**1,875,001**	675,700
Repayment of loan stock		**(224,936)**	–
Increase/(decrease) in cash in period		**482,556**	(28,326)

Reconciliation of net cash flow to movement in net debt (note 19 (e))

	Notes	2000 £	1999 £
Increase/(decrease) in cash in the period		**482,556**	(28,326)
Cash outflow from debt		**224,936**	–
Change in net debt resulting from cash flows		**707,492**	(28,326)
Translation difference		**(93,698)**	(49,694)
Conversion of loan stock to equity	19	**1,394,994**	144,156
Movement in net debt in period		**2,008,788**	66,136
Net debt at 1 January 2000		**(2,455,745)**	(2,521,751)
Net debt at 31 December 2000		**(446,957)**	(2,455,615)

The notes on pages 25 to 35 and the accounting policies on pages 18 and 19 form part of the financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2000

	2000	1999
	£	£
Loss for the financial year	**(3,942,965)**	(603,121)
Exchange adjustments on foreign currency net investments	**(49,706)**	(54,724)
Total recognised gains and losses for the financial year	**(3,992,671)**	(657,845)

Reconciliation of Movements in Consolidated Shareholders' Funds

For the year ended 31 December 2000

	2000	1999
	£	£
Total recognised gains and losses for the financial year	**(3,992,671)**	(657,845)
New share capital issued	**3,310,245**	907,758
Net addition/(reduction) in shareholders' funds	**(682,426)**	249,913
Opening shareholders' funds	**2,734,865**	2,484,952
Closing shareholders' funds	**2,052,439**	2,734,865

The notes on pages 25 to 35 and the accounting policies on pages 18 and 19 form part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2000

1 Operating environment and risks

Russia's economy has shown a marked recovery since its financial crisis in 1998. The country's business and investment environment is also showing signs of improvement. Following the election of President Putin in March 2000, the prospects for economic and political stability may well be improved. Notwithstanding these positive developments, it is considered appropriate and prudent, nevertheless, to draw attention to the broad range of continuing economic and political uncertainties in Russia's investment and operating environment, which could potentially adversely affect the Company's business.

2 Segment analysis

	Loss/(profit) before taxation		Net assets/(liabilities)	
	2000	1999	**2000**	1999
	£	£	**£**	£
By geographical area				
Russia	**2,791,298**	38,558	**1,527,392**	3,677,929
Western Europe	**1,151,204**	614,901	**388,799**	(1,064,743)
Australia	**463**	(50,338)	**158,234**	142,474
	3,942,965	603,121	**2,074,425**	2,755,660

All the Company's activities are related to the exploration and development of gold, platinum group metals and other minerals in Russia.

3 Employees

	2000	1999
	£	£
Staff costs (including Directors)		
Salaries and wages	**415,295**	328,151
Social security costs	**20,873**	8,585
	436,168	336,736

The average number of persons employed by the Group was as follows:

	Number	Number
Operations	**20**	8
Administration	**6**	6
	26	14

4 Administrative expenses

	2000	1999
	£	£
These include:		
Directors' remuneration (see note 5):		
Emoluments	**247,363**	203,646
Depreciation of other tangible fixed assets	**15,503**	29,497
Impairment of resource properties	**–**	63,464
Amounts payable to KPMG Audit Plc and its associates		
As Auditors	**17,000**	15,000
For Non Audit Services	**3,000**	3,000

Notes to the financial statements
(continued)

5 Directors' remuneration, emoluments and share interests

	Fees and Salaries £	Other Benefits £	Total emoluments 2000 £	Total emoluments 1999 £
Executive:				
A H Counsell	118,327	16,623	**134,950**	124,807
C M Line	–	–	**–**	21,875
R J G Jenkins	80,101	–	**80,101**	36,964
Non- Executive:				
J A Mitchell	16,667	–	**16,667**	20,000
G C FitzGerald	5,000	–	**5,000**	–
M P Martineau	645	–	**645**	–
M V St Giles	10,000	–	**10,000**	–
	230,740	16,623	**247,363**	203,646

Other benefits include the value for income tax purposes of the provision of a fully expensed motor vehicle.

Share Interests

The interests in the Shares of the Company held by those persons who were Directors of the Company on 31 December 2000 (each of whom was a Director throughout 2000) were as follows:

	31 Dec 2000 No. of Shares	31 Dec 1999 No. of Shares
A H Counsell	**296,667**	275,000
R J G Jenkins	**153,333**	–
M V St. Giles	**66,000**	–

Mr Counsell's interest arises by virtue of his beneficial interest in Russian Technology International Pty Limited ("RTI") which is the registered holder of his beneficial shareholding. Mr St. Giles' interest arises by virtue of his beneficial interest in a pension plan through which his shareholding is held.

On 5 February 2001 the Company issued 100,000 shares at 30 pence to Mr A H Counsell in part consideration of agreed remuneration arrangements.

On 23 February 2001 Mr A H Counsell exercised 425,000 'A' Options, subscribing for a corresponding number of shares at a 10 pence exercise price.

On 16 May 2001, Dr. M P Martineau subscribed for 44,500 shares at 18 pence and Mr R J G Jenkins subscribed for 46,667 shares at 18 pence, in connection with the Company's placing of 2,250,000 shares at 18 pence to raise a gross £405,000.

Share Options

The Company granted the following share options on 22 August 2000, following the approval of a replacement Executive Share Option Scheme ("the Scheme") at the Company's Annual General Meeting on 21 July 2000:

Exercise Price	**W B Anderson No. of Options**	**A H Counsell No. of Options**	**R J G Jenkins No. of Options**
23 pence	275,000	415,000	75,000
40 pence	250,000	250,000	250,000
50 pence	250,000	250,000	250,000
	775,000	915,000	575,000

Mr W B Anderson became a Director of the Company on 16 May 2001.

The above share options are exercisable by the relevant individuals as to one third after one year, one third after two years and one third after three years, as from the date of grant on 22 August 2000, with the right of exercise relating to those options at their lower exercise prices prior to those at higher exercise prices. Share options granted under the Scheme have a ten year life from the date of grant.

On 5 February 2001 the Company granted to Dr. M P Martineau 450,000 share options under the Scheme and 300,000 share options outside the Scheme with a four year life, and all with an exercise price of 30 pence and with the following exercise rights:

No. of Options	Exercise Date
225,000	After 1 year
225,000	After 2 years
450,000	Sub-Total
300,000	After 2 years (non-Scheme options)
750,000	Total

In addition to the above, Mr W B Anderson and Mr A H Counsell hold 200,000 and 425,000 'B' Options respectively. These are exercisable at 15 pence each on or before 23 February 2003.

6 Profit on partial disposal of a subsidiary

On 11 March 1999 a third party investor subscribed for new shares in Eurasia PGM Limited, acquiring a 30% equity interest therein. This subscription is treated a partial disposal in these financial statements and a profit on disposal of £70,835 has been recognised.

7 Interest receivable and similar items

	2000 £	1999 £
Foreign exchange gain	**256,287**	88,168
Bank deposit interest	**29,599**	1,945
	285,886	90,113

8 Interest payable and similar charges

	2000 £	1999 £
Interest on loans	**1,241**	2,364

9 Taxation

The Company has made a loss in the United Kingdom. Consequently no liability to United Kingdom taxation arises. No other company in the Group has made profits liable to taxation.

10 Loss per Share

Loss per Share is calculated by reference to the loss for the year of £3,942,965 (1999:£603,121) and the weighted average number of Shares in issue during the year of 23,064,629 (1999: 10,027,598).

Notes to the financial statements
(continued)

11 Intangible assets

	Group £
As at 1 January 2000	£1,649,706
Impairment of intangible assets	(£1,649,706)
As at 31 December 2000	–

During the year the Company provided against historic exploration expenditure relating to certain gold projects, including £1,649,706 intangible assets relating to the acquisition of its original gold tailings project at Karabash.

12 Fixed assets

(a) Tangible

	Group Exploration and Development Interests £	Group Other Fixtures & Equipment £	Company Exploration and Development Interests £	Company Fixtures & Equipment £
Cost				
As at 1 January 2000	3,763,628	400,817	91,438	116,877
Additions	325,590	53,789	14,264	4,088
Disposals	–	(3,037)	–	(3,037)
Exchange	289,185	25,604	–	–
At 31 December 2000	4,378,403	477,173	105,702	117,928
Depreciation and impairment provision				
As at 1 January 2000	69,260	124,947	–	96,573
Depreciation charge	–	15,503	–	10,753
Disposals	–	(3,037)	–	(3,037)
Impairment of tangible fixed assets	1,967,814	103,969	82,062	–
Exchange	181	2,549	–	–
At 31 December 2000	2,037,255	243,931	82,062	104,289
Net book value				
At 31 December 2000	2,341,148	233,242	23,640	13,639
At 31 December 1999	3,694,368	275,870	91,438	20,304

Details of the Exploration and Development interests are included in the Operations Review. During the year the Company provided against historic exploration expenditure amounting to £1,848,626 in relation to its Karabash gold projects and £119,188 in relation to other gold projects. It is the opinion of management that future fund raising will be successful and will permit the Company to establish profitable operations and to generate sufficient revenues to cover all expenditures, including depreciation, such that a provision against permanent impairment in the value of its other assets is not required other than described above. The Company is focused on a staged programme of developing its mineral prospects within the constraints of the financial and personnel resources available to it. As a result, certain mineral prospects may not reach production for a number of years. In such cases the Company may consider the introduction of a partner or disposal of such interests to generate earlier financial returns. The Directors are confident of recovering all accumulated expenditures as a result of any such transactions.

Notes to the financial statements
(continued)

(b) Investments

	Group Undertakings £	Company Undertakings £
Cost		
As at 1 January 2000	61,762	1,485,001
Impairment of investments	–	(1,485,000)
Exchange	5,097	–
At 31 December 2000	66,859	1

The Company and the Group have interests in the following material subsidiary undertakings and other significant investments, which are included in the consolidated financial statements.

Principal subsidiary undertakings	Country of Incorporation/ Registration	Principal Activity	Principal Country of Operation	Description and Proportion of Shares Held
Eurasia Mining (UK) Limited	England & Wales	Holding Company	United Kingdom	100% Ordinary
Eurasia Holdings Limited	Cyprus	Holding Company	Cyprus	100% Ordinary
Eurasia Mining (Cyprus) Limited	Cyprus	Service Company	Cyprus	100% Ordinary
Eurasia Mines Limited	Cyprus	Service Company	Russia	100% Ordinary
Eurasia North Limited	Cyprus	Holding Company	Cyprus	100% Ordinary
Eurasia Investments Limited	Cyprus	Holding Company	Cyprus	100% Ordinary
Eurasia Plast Limited	Cyprus	Holding Company	Cyprus	100% Ordinary
Eurasia PGM Limited	Cyprus	Holding Company	Cyprus	70% Ordinary
ZAO Urals Geological Services *	Russia	Mineral Evaluation Services	Russia	75% Ordinary
OAO Chromite*	Russia	Mineral Evaluation & Production	Russia	59% Ordinary
ZAO ZolotoPlast *	Russia	Mineral Evaluation & Production	Russia	50% Ordinary
ZAO Baronskoye Mining *	Russia	Mineral Evaluation & Production	Russia	50% Ordinary
ZAO Eurasia Mining Services	Russia	Service Company	Russia	100% Ordinary

* The Group controls each of the above under the terms of the respective shareholders agreement providing all necessary finance and management on a day to day basis. Consequently they are accounted for as subsidiary undertakings and in view of the arrangements regarding future operating surpluses, which principally accrue to the Group until the investment is recovered, no minority interest is recognised.

13 Debtors

	Group		Company	
	2000 £	1999 £	**2000 £**	1999 £
Other Debtors	**95,574**	61,959	**88,819**	47,831
Amount due from subsidiary undertakings	**–**	–	**3,998,562**	5,806,426
	95,574	61,959	**4,087,381**	5,854,257

Notes to the financial statements
(continued)

14 Creditors – amounts falling due within one year

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Other Creditors	**137,396**	205,551	**59,402**	196,208
Secured and Unsecured Convertible Loan Stock (note 15)	**–**	2,477,455	**–**	2,477,455
Accruals	**78,045**	326,709	**75,738**	323,240
	215,441	3,009,715	**135,140**	2,996,903

15 Creditors – amounts falling due after more than one year

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Secured and Unsecured Loan Stock	**951,223**	–	**951,223**	–

At 31 December 2000, the Company's financial liabilities comprised US$1,420,937 Secured Convertible Loan Stock (£951,223), created by way of a loan stock instrument in 1997 (the "Loan Stock"). The Loan Stock is secured by a pledge agreement over the shares of Eurasia North Limited and that company's shareholding in AO Chromite, which holds the licence over the Soloviev Hill Platinum prospect.

The Loan Stock was subscribed in its entirety by Framlington Russian Investment Fund, and as at 31 December 2000 fell due for repayment at 24 April 2001. The Company announced on 16 May 2001 an agreed deferment of the Loan Stock's repayment until 24 October 2002 and the conversion of US$264,560 of Loan Stock into 1,027,818 Ordinary Shares at 18 pence per share (£185,007). Following this conversion, US$1,156,377 (£808,655) of the Loan Stock remains outstanding. It has been agreed this will be convertible at an 8% discount to the price at which the Company may issue further Shares prior to 24 October 2002, subject to the limitation that such conversion does not result in Framlington Russian Investment Fund's shareholding exceeding 29.9% of the Company's issued Shares. Framlington Russian Investment Fund may also utilise the outstanding balance of its Loan Stock as consideration for the exercise of share options and warrants held by it, in which case such 8% discount, referred to above, will not apply.

16 Financial instruments

The Group is at an early stage of development and has yet to commence commercial production. Two risks which the Group encounters, however, are currency exposure and liquidity risk. Currency exposure is managed as far as is practical by financing the Group's development and exploration activity in hard currency and to match the currency of financing and/or borrowing to the expected revenue stream. Liquidity risk is managed by tight controls over expenditure. The board determines, as required, the degree to which it is appropriate to use financial instruments or hedging contracts or techniques to mitigate risks. During the year ended 31 December 2000 the Group has not entered into any hedging or forward exchange rate contracts.

The information below describes the Group's financial instruments. Short term debtors and creditors are excluded from the numerical disclosures below with the exception of the currency risk disclosures.

(a) Financial liabilities

The currency profile of the financial liabilities is set out below:

Group	**2000**	1999
	£	£
Pounds Sterling (unsecured loan stock)	**–**	707,001
US Dollars (secured loan stock)	**951,223**	1,770,454
	951,223	2,477,455

(b) Financial assets

The currency and interest rate profile of the financial assets of the Group are as follows:

Group	**2000**	1999
	£	£
Cash:		
Pounds Sterling	**486,859**	11,470
US Dollars	**17,359**	9,825
Other	**48**	415
	504,266	21,710

Financial assets are at floating rate, comprising cash earning interest at various rates set with reference to the prevailing LIBOR or equivalent for the relevant country.

(c) Maturity of financial liabilities

As at 31 December 1999 and 31 December 2000 all the Group's financial liabilities, as distinct from short term creditors such as trade creditors and accruals, were repayable within two years.

As at 31 December 2000 there were no undrawn committed facilities.

(d) Currency risk

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other then their functional currency. Foreign exchange differences on retranslation of such assets and liabilities are taken to the profit and loss account.

Group Net Foreign Currency Monetary Assets/(Liabilities)	**2000**	1999
	£	£
Australian Dollars	**(629)**	(17,364)
Canadian Dollars	**–**	(32,144)
Cyprus Pounds	**–**	(13,807)
South African Rands	**(2,867)**	–
US Dollars	**15,780**	(139,498)
	12,284	(202,813)

(e) Fair values of financial assets and liabilities

There is no material difference between fair value and book value. The Group has not entered into any hedging or forward exchange rate contracts.

Notes to the financial statements
(continued)

17 Called-up share capital

	2000		1999	
	Number of Shares	**Nominal value £**	Number of shares	Nominal Value £
Authorised:				
Attributable to equity interests				
Ordinary Shares at 5 pence	**329,201,977**	**16,460,099**	329,201,977	16,460,099
Deferred Shares of 95 pence	**–**	**–**	3,726,217	3,539,906
Attributable to non-equity interests Preference Shares at £1	**50,000**	**50,000**	50,000	50,000
Share capital allotted, called-up and fully paid:				
Ordinary Shares at 5 pence	**27,838,838**	**1,391,942**	12,552,992	627,650
Deferred Shares at 95 pence	**–**	**–**	3,726,217	3,539,906

Details of share options outstanding are shown in note 5.

On 28 December 2000, pursuant to authority given to it under its Articles of Association (as amended by Special Resolution passed at an Extraordinary General Meeting of Shareholders held on 6 January 1999), the Company acquired, for no consideration, all its outstanding 3,726,217 Deferred Shares of 95 pence each nominal value and also cancelled the Deferred Shares on the same date. The nominal value of the Deferred Shares was credited to the capital redemption reserve.

The Deferred Shares, which had no economic value, were created by a Special Resolution at an Extraordinary General Meeting on 6 January 1999, which approved the subdivision of each issued Ordinary Share of £1 each into one New Ordinary Share of 5 pence each and one Deferred Share of 95 pence. The un-issued Ordinary Shares of £1 each were each subdivided into 20 New Ordinary Shares of 5 pence each.

During the year, the Company issued 15,285,846 shares for cash consideration of £1,875,001 and non cash consideration of £1,435,244. The non cash consideration comprised the conversion of a portion of the Company's convertible debt (£1,394,994) and certain other creditors (£40,250).

Subsequent to the year end the Company has made the following issues of Shares :

	Number of Shares	**Issue Price**
5 February 2001	100,000	30 pence
23 February 2001	2,150,000	10 pence
16 May 2001	3,277,818	18 pence

Notes to the financial statements
(continued)

18 Reserves

	Group £	Company £
Share Premium Account		
At 1 January 2000	3,246,336	3,246,336
Premium on shares issued during the year	2,545,953	2,545,953
At 31 December 2000	5,792,289	5,792,289
Capital Redemption Reserve		
At 1 January 2000	–	–
Cancellation of Deferred Shares	3,539,906	3,539,906
At 31 December 2000	3,539,906	3,539,906
Profit and Loss Account		
At 1 January 2000	(4,679,027)	(2,942,809)
Loss for the year	(3,942,965)	(4,239,434)
Other recognised losses	(49,706)	–
At 31 December 2000	(8,671,698)	(7,182,243)

Eurasia Mining PLC has taken advantage of the exemption permitted by section 230 of the Companies Act 1985 and has not presented its own profit and loss account.

Notes to the financial statements
(continued)

19 Cash flow statement

		2000 £	1999 £
a)	Reconciliation of Operating Profit to Operating Cash Flows		
	Operating loss	**(4,228,091)**	(741,254)
	Depreciation charges	**15,503**	29,497
	Impairment write-off	**3,721,489**	63,464
	(Increase)/decrease in debtors	**(33,615)**	121,617
	(Decrease)/increase in creditors	**(291,774)**	30,954
	Net cash outflow from operating activities	**(816,488)**	(495,722)
b)	Returns on investments and servicing of finance		
	Interest received	**29,599**	1,945
	Interest paid	**(1,241)**	(2,364)
	Net cash outflow from returns on investments and servicing of finance	**28,358**	(419)
c)	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	**(53,789)**	(2,639)
	Investment in Exploration and Development	**(325,590)**	(241,938)
	Purchase of shares	**–**	(155)
	Net cash outflow for capital expenditure and financial investment	**(379,379)**	(244,732)
d)	Acquisition and disposals		
	Partial disposal of subsididiary	**–**	36,847

e) Analysis of Net Debt

	At 1 Jan 2000 £	Conversion of Loan Stock £	Cash Flow £	Exchange £	At 31 Dec 2000
Cash in hand, at bank	21,710	–	482,556	–	504,266
Debt due within one year	(2,477,455)	1,394,994	224,936	(93,698)	(951,223)
	(2,455,745)	1,394,994	707,492	(93,698)	(446,957)

The conversion of loan stock relates to the conversion of £1,394,994 of debt into equity (refer to note 15).

20 Contingencies and commitments

The Group has no material contingent liabilities or commitments.

21 Related party transactions

The Group has a lease agreement on normal commercial terms for the rental of office facilities from Argonaut Associates, a partnership in which John Mitchell, Chairman of the Group, is a partner. The Company's financial statements also reflect an accrual of £20,000 as at 31 December 2000 in respect of a fee for corporate finance services provided by Argonaut Associates to the Company during the course of the year.

Notes to the financial statements
(continued)

22 Post balance sheet events

Concurrent with the Company's share placing on 16 May 2001, US$264,560 (£185,007) of secured convertible loan stock held by Framlington Russian Investment Fund ("FRIF") was converted into Shares of the Company to maintain FRIF's shareholding at 29.9% of the Company. FRIF has agreed to extend the repayment period of its remaining US$1,156,377 (£808,655) convertible loan stock by 18 months to 24 October 2002. At the same time, FRIF has also agreed that it will convert such balance of its outstanding loan stock on any future share placing so as to maintain its 29.9% shareholding position at a price equal to a discount of 8% to such placing price. It has also been agreed that FRIF will have the right to utilise the balance of its loan stock as consideration for the exercise of share options and warrants held by it, in which case such discount will not apply. The terms of the agreement also provide that FRIF will not exercise any of its conversion rights if this would increase its shareholding in excess of 29.9% of the issued share cpaital of the Company. In the circumstances that either FRIF is unable to convert the remaining balance into Shares of the Company by 24 October 2002, the remaining loan stock of US$1,156,377 would be repayable by the Company.

Company Information

Company Number 3010091

Directors

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

Secretary

R J G Jenkins

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