Annual Report & Accounts 2001

Eurasia's aim is to discover and to develop substantial platinum, palladium and gold deposits capable of delivering value to its stakeholders

EURASIA MINING PLC

- Eurasia Mining is an exploration and mining company quoted on AIM in London

- Active in the Urals for 7 years with emphasis on new PGM projects

- Active in South Africa since 2001

- Eurasia's objective is to participate in the exploration and commercial development of mining projects.

Chairmen's Statement

2001 Highlights

Urals Alluvial Platinum Project
- Feasibility studies started at Vissim
- New licences awarded; others under application
- 2002 budget doubled to US$1.2million

Urals Hard Rock PGM Programme
- Palladium – gold discovery at Kluevsky
- 330 sq km new licence at Baranchinsky

South African Bushveld Platinum Project
- 3,900 hectare minerals rights option secured
- Major drill target identified

During 2001 Eurasia made major advances towards its objective of becoming a producer of platinum and associated metals. As a result of our discovery of potentially economic concentrations of platinum and chromite at Vissim, in the Russian Urals, we have initiated feasibility studies. These will include the definition of the size and grade of this resource together with the essential mineral processing, marketing and permitting investigations. If the results prove successful, we would anticipate being in production in 2003.

The Urals was the birthplace of the world's platinum mining in 1824 and has an historic production of over 15 million ounces of platinum. In addition to the discovery at Vissim we have significantly advanced other areas of our alluvial platinum joint venture with Anglo Platinum. Following on the results of our reconnaissance work, we secured two exploration licences in 2001 and have applications being processed for additional areas which we expect to obtain in 2002. We take considerable pride in the fact that Anglo Platinum, the world's largest platinum producer, is fully funding these projects to maintain its 50% interest and has approved a further doubling of the agreed budget for 2002. Each of these projects will be subject to drill testing during 2002.

We have also diversified our Platinum Group Metals projects and strengthened our exploration base by securing option rights over the 3,900 hectare Kliprivier Project on the Bushveld Complex of South Africa. The Bushveld is the source of over 70% of the world's platinum production. We regard involvement in this area as an essential supplement to our Russian programme. The large area that we have been able to secure through negotiation with over 80 individual minerals rights holders provides the basis for a potentially large-scale production. We look forward to our first drill tests of the significant targets that our field-work and airborne magnetic surveys have defined, in 2002. We are continuing to work to increase our holdings in the area.

Finally, the discovery of potentially economic grades of palladium and gold over substantial widths at Kluevsky in our Russian Urals hard rock exploration programme has confirmed the potential for this area to host open pit mining projects. We increased our landholdings in the area to over 360 square kilometres and instituted a search for areas within the belt with similar geology. Exploration of this type is a long term process and ideally calls for the testing of many similar targets. Because of the potential cost and duration, your Board has decided to seek a major partner to fund this project and at the time of writing is in discussions with potential candidates.

In summary, the benefit of the tight focussing of our programmes and the strengthening of our technical direction, instituted at the start of 2001, is now clearly evident. The progress achieved in 2001 in acquiring additional ground and completing exploration work is impressive, and provides a solid and broad base on which we intend to build.

Details of our projects are described in the Operations Review.

Operating Environment

Platinum Group Metals prices have declined during 2001, in common with most natural commodities. This has corrected the over-inflated prices occasioned by the technology bubble. The prices of both platinum and palladium remain near their rising long-term price trend. We remain confident in the future of these metals, with their diversity of electronic and environmentally friendly catalytic and jewellery uses.

The investment climate in Russia has continued to improve. During 2001 we have seen further improvements in mineral law and regulation. Taxation levels have also been moderated. We look forward to still further progress during 2002.

In South Africa we are also seeing major changes. A new mining law is expected to require a move towards the vesting of minerals ownership in the State, as it is in most other countries, on a "Use it or Lose it" basis and the likely requirement for "Black Empowerment" participation in new developments. In many ways these changes provide opportunities for mining exploration companies such as Eurasia, but building on these opportunities will require careful management. Eurasia operates at Kliprivier with a potential "Black Empowerment" partner, Marang Mining, which originally brought the Kliprivier opportunity to our attention. They currently hold a 5% interest in the project.

Outlook and Future Development

Your Board has confidence that, building on the successes achieved in 2001, Eurasia can move forward towards achieving its first production from its first mine.

Your Board considers that Eurasia's skills lie primarily in the area of identifying, securing and testing mineral targets based on a sound knowledge of geology and mineral economics. Although Eurasia also has the personnel and management skills needed to bring projects into production by itself, your Board considers that the greatest value will be obtained by concentrating our funds and management effort at the start of the discovery/development process. Participation of large platinum producing companies as partners, following Eurasia's generation of ideas and acquisition of ground, can enable us to undertake much larger scale projects than we could support alone. Such partners may also have the ability to provide Eurasia with essential Platinum Group Metals processing and, if needed, access to marketing.

In the light of the recent and sustained increase in the price of gold your Board also considers that it is prudent to re-examine the Company's historic gold assets and specifically its extensive Russian data base. The intention is to determine whether value could be realised. Eurasia has no intention of diverting effort away from its platinum investment.

Funding

During 2001 the Company raised £705,000 in two share placings. The funds have been used to advance our Platinum Group Metals projects. It is the intention that Eurasia's mining exploration programme in 2002 will be funded to a large extent by joint venture partner contributions. This will be supplemented, where necessary, by the placing of additional shares. It is our opinion that there is at present inadequate appreciation of the progress that Eurasia has achieved in its projects and specifically in the significance of the ground acquisition in South Africa in comparison to the holdings of our peer group of platinum explorers. We will be focussing on achieving that market recognition and the share price that we consider that our projects justify. Progress towards the start of production at our Vissim project and the eventual stream of cash flow from its operations forms a key part of this plan.

Board and Staff

Your Board has been strengthened with the appointment in March 2002 of Charles Hutson as a Non Executive Director. Charles Hutson brings to Eurasia depth of experience in mining and mining finance, including highly relevant investment banking expertise in the area of corporate finance. Mark St Giles will be standing down as a Director at the Company's next Annual General Meeting. We would like to thank Mark for his valuable contribution to the Company. His services will continue to be available to us in a consulting capacity.

Finally we would again like to thank all Eurasia's staff, particularly those in the field locations, who have created the opportunities that we have described.

John Mitchell *Non Executive Chairman*

Dr Michael Martineau *Executive Deputy Chairman*
14 May 2002

Operations Review

Operations Review

Background and Objectives

The substantial progress that we achieved during 2001 on all our projects has laid a firm basis for 2002. Specifically at Vissim in Russia we are undertaking close spaced resource definition drilling as the first stage of studies designed to determine whether a viable mine can be developed with the intention of reaching a decision by year-end. We will also be drill testing the large-scale platinum target that we have identified at Kliprivier in South Africa.

The prime 2001 objectives in the Urals were the acquisitions of the alluvial properties that our previous reconnaissance had identified and the advancement of our palladium-gold exploration, targeting open pitable resources. In South Africa our prime objective was the acquisition and permitting of a substantial platinum property with the potential for near surface resources of sufficient size to support a major operation. These objectives were achieved.

The exploration advance in Russia has been accompanied by legislative progress that has further improved the investment environment for mining project development. Significant taxation reforms have taken place as well as increased transparency in the processes of exploration and mining licence issue and maintenance. In South Africa the draft of the new mineral legislation has just been received.

Urals Alluvial Platinum Joint Venture

In the two years since the commencement of work, Eurasia, as manager, has taken the project rapidly through four key stages: the systematic regional reconnaissance of the entire Urals platinum belt, the identification of four prime targets from which reconnaissance sampling recovered platinum, the acquisition of properties as directly held licences, and exploratory drilling. We have now entered the stage of feasibility drilling to establish potentially economic resources for development.

In each of the three years budgeted, including 2002, the planned expenditure to be contributed by Anglo Platinum has doubled. For 2002 the new budget stands at US$1.2 million. This includes the budget for two licences that are currently being processed.

The objective of the Joint Venture is the identification of large platinum resources, through the application of modern exploration methods to both historic operations and previously unmined terraces, that can be treated using the improved ore processing technologies that have been developed in recent times. It is estimated that over 15 million ounces of platinum were recovered from such alluvials deposits mostly in the nineteenth and early twentieth centuries and that a significant fraction of this remains.

The traditional method for sampling alluvial platinum deposits in the Urals was by sluicing which inevitably resulted in the loss of a high proportion of the fine platinum. In consequence certain platinum deposits remain treatable using modern methods would not have been recognised. The recovery of platinum, both in the early hand washing operations and during later dredging, was also by sluicing with the result that a significant proportion of the platinum passed through the operation without recovery and now resides in the tailings. Further, our sampling indicates that the early operations were plagued by a problem known as “clay-balling”, where clay caught up in the processing is inadequately broken up and traps platinum. The combination of these historical problems, coupled with the increase in platinum price over the years, has left the potential for previously unrecognised primary deposits and for tailings deposits suitable for secondary platinum recovery.

Vissim

Pit sampling at Vissim showed the presence of both substantial concentrations of chromite and the presence of recoverable fine platinum. Subject to confirmation over a wider area, these results have indicated the potential for the development of a commercial platinum-chromite operation based on the retreatment of the 16 million cubic metres of tailings estimated to derive from historic dredging operations.

During 2001 Eurasia has developed sample processing techniques for enhanced recovery of fine-grained platinum as well as separation of a commercial grade chromite concentrate.

The initial sampling was concentrated on dredge tailings deposits in the Martian River which has particularly good access and infrastructure. The platinum results obtained ranged from 115mg per cubic metre (m3) to 4,555mg/m3 with accompanying chromite grades from 20 kg/m3 to 125 kg/m3. The chromite proved to be of particularly high quality producing a concentrate with a chrome content of over 50% Cr2 O3. The sampling also showed that good recoveries of the platinum could be achieved even at sizes less than 100 microns.

During the 2001/2002 winter, work at Vissim focused on the drilling of the Pervomaika area of the Martian River which was selected because of the need to drill whilst accessible from ice roads and because it provided a potential area on which to start an operation. At the date of this report over 90 holes have been completed along close spaced traverse lines to define the resource. The project has deployed up to four rigs at any one time. As at May 2002 the sample processing for chromite grades and qualities is well advanced. Samples have been submitted to potential consumers, of whom there are several in the immediate project area. We have been encouraged by their response. Work has also started on the mineral processing test work for platinum recovery using multi tonne bulk samples from a separate set of holes almost 1 metre in diameter. Samples from this set will also be used to determine optimum processing technologies for incorporation into the feasibility study for a commercial project. These studies will also include capital and operating cost estimation and product sale negotiations.

Subject to continued success in this year's work programme, we would anticipate being in production in 2003.

Sosvinsky

Over 20 drill holes were completed across a large unexplored basin located near the junction of the Sosva and Sharp rivers. This lies approximately 15 kilometres east of a known platinum bearing complex similar to that sourcing the Vissim deposit. The basin is interpreted to contain well in excess of 100 million cubic metres of alluvium on which there has been no historic mining. Eurasia had detected trace platinum in adjacent streams. Results of the sample processing for platinum grades are not yet available at the time of writing.

Other Areas

Application has been made to explore additional highly prospective unmined placer and tailings targets. It is anticipated that exploration will commence in these areas during the second half of 2002 following the grant of any new licences.

Urals Palladium-Gold Exploration

The discovery of potentially economic palladium-gold grades at Kluevsky resulted from the follow-up of the low-grade palladium-gold intersections obtained at the end of the 2000 season. Our drilling has targeted a broad palladium surface geochemical anomaly at Kluevsky located on the 380 square kilometre Baronskoye/Baranchinsky licence block.

As announced in November, drill hole K9 intersected 10.56 metres assaying 3.56 grams per tonne (g/t) platinum group metals plus gold. This was over three times the grade of the discovery drill holes K3 and K4 which intersected respectively 11.5m and 35.9 m, assaying + 1 g/t palladium plus gold and approximately ten times the grade of the holes on which the target was predicated. The K9 intersection is within the grade and thickness objective targeted by Eurasia for open pit mining on the basis of deposits in comparable geology in Canada.

The exploration model for this new type of mineralisation has been considerably refined on the basis of the results of the eleven drill holes completed around the target in 2001 drilling and of the analysis of 2,700 soil samples taken around the discovery hole.

Processing of the new data in 2002 shows that the best grades occur within major shear zones up to 100 metres wide and 1.3 km long with a distinctive suite of minerals and that the initial holes intersected a broad low-grade halo around it. 2002 drilling will concentrate on testing the high- grade area and extensions beneath the soil anomaly and on testing similar targets identified from the 2001 regional sampling.

Eurasia intends to seek a joint venture partner to fund an expanded regional reconnaissance and additional ground acquisition to build on the unique exploration model that we have developed and whose success we have demonstrated.

Bushveld Projects

South African Platinum Exploration

Negotiation of a five-year option, with over eighty minerals rights holders, has given Eurasia rights over a 7.5 kilometre projection of the platinum bearing reefs of the Bushveld Complex. The option covers approximately 3,900 hectares on the Kliprivier farm. Since year-end a prospecting permit has been obtained which allows the initiation of physical exploration. The project area is situated on the south eastern limb of the Bushveld Igneous Complex from which approximately 70% of current world platinum supply is mined.

The Kliprivier project provides an important diversification for Eurasia. Above all, it has the potential to host a large deposit, which, being situated in the leading mining area for platinum, would be relatively easy to develop. The project lies immediately south of the farm that hosts the 5 million ounce Everest South Platinum Deposit, which is scheduled to enter production in 2004.

Eurasia's mapping of this portion of the Bushveld coupled with a recently obtained aeromagnetic survey indicates that the formations that surround the platinum bearing UG2 reef thicken into a basin in the floor of the Complex. In other areas this thickening is also accompanied by a thickening of the UG2 reef and an increase in its grade. Indeed the Everest South deposit referred to above occurs within one of these structures. Information from very limited previous drilling supports the presence of a similar structure on Kliprivier. The structure measuring approximately 5.5 kilometres by 3.5 kilometres will be drill tested during 2002.

Eurasia has received unsolicited approaches from several platinum producing companies who have expressed interest in earning a share in the project by funding the exploration. Subject to our continued management of the exploration and to equitable terms, it is the Company's view that this would be an appropriate means of maximising shareholder value and of enabling the use of our skills in the identification of additional opportunities of the Kliprivier type.

Acknowledgement

Once again the technical skills, dedication and innovative ability of our local teams and consultants in Russia and South Africa is acknowledged with thanks. We look forward, with considerable excitement, to outcomes from our 2002 programmes as we move towards realising our first commercial project.

W B Anderson
Operations Director
14 May 2002

Directors' Biographies

John Mitchell BA Oxon, age 55, 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 57, 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 M Sc, B Sc, age 52, 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 Chief Executive-Brazil. He joined the Company in 1997, and has since had responsibility for the development of its Platinum Group Metals projects in Russia and South Africa.

Robert Jenkins BA Oxon, ACA, age 48, is Finance Director and a Chartered Accountant. A fluent Russian speaker and experienced venture capitalist, he has nine 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 to1999.

Gary FitzGerald age 48, Non-Executive Director and a 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.

Charles Hutson age 41, appointed 4 March 2002, Non-Executive Director, is a Director of Cambrian Partners Limited, a company specialising in advising on strategy, mergers and acquisitions in the metals, mining and industrial materials sectors. He has over 20 years experience of mining and mining finance. He was previously a Director, Investment Banking, at Credit Suisse First Boson and prior thereto, a Director, Corporate Finance at UBS Warburg.

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 2001 and the Balance Sheets as at 31 December 2001 are set out on pages 16 to 18.

Directors

The present Directors and those who served during the period are:

J A Mitchell
M P Martineau
W B Anderson *(appointed 16 May 2001)*
A H Counsell *(resigned 26 November 2001)*
G C FitzGerald
R J G Jenkins
M V St Giles
C G Hutson *(appointed 4 March 2002)*

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 Chairmen's Statement and the Operations Review.

Share Capital

The authorised share capital of the Company at 31 December 2001 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 30 July 2001, 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 £210,653 pursuant to :

(i) issue of 2,000,000 Shares at an issue price of 15 pence on 26 November 2001;

(ii) conversion of loan stock of £117,723 into 853,068 Shares at an issue price of 13.8 pence on 26 November 2001;

(iii) granting share options to subscribe for 250,000 Shares on 26 November 2001, under the Company's Executive Share Option Scheme ("the Scheme"); and

(iv) granting of share options to subscribe for 1,110,000 Shares under the Scheme on 8 February 2002.

In addition, outstanding loan stock of US$990,093 (£680,289) is convertible on future placings in subscription for Shares at a price per Share equal to 92% of the placing price.

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 12.9 pence and 39.25 pence during the year. At 31 December 2001 the mid-market price was 16.5 pence.

Substantial Share Interests

The Company had been notified of the following interests in Shares held as at 14 May 2002:

	Ordinary Shares	%
Framlington Russian Investment Fund	10,829,698	29.90
R B Rowan	4,119,000	11.37
HL UK Performance Trust	1,100,000	3.03

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

Mr R B Rowan also holds 900,000 'B' Options and Framlington Russian Investment Fund holds 625,000 'B' Options, all exercisable at 15p each on or before 23 February 2003.

Report of the Directors

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 and the retained loss for the period is taken to reserves (2000:£Nil).

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.

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
14 May 2002

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

INDEPENDENT AUDITORS' REPORT to the members of EURASIA MINING PLC
We have audited the financial statements on pages 14 to 31.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report. As described on page 12 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, 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 1985. 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 audit 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 – going concern
In forming our opinion, we have considered the adequacy of the disclosures in the Accounting Policies note on page 14 concerning the fundamental uncertainty as to the adequacy and availability of the Group's future funding, including of further financing, and therefore of its ability to continue as a going concern. In view of the significance of this 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 2001 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
14 May 2002

Accounting Policies

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

These financial statements are prepared on a going concern basis, notwithstanding the loss for the year of £504,018 and accumulated losses, which the Directors believe to be appropriate for the following reasons.

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 11). The Company may require additional funding at such time to meet any cash repayment.

Whilst the Directors are confident that the Group will be able to secure additional funding to enable it to continue to meet its debts as they fall due and to undertake the programme described above for at least the next twelve months from the date of approval of these financial statements, 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.

The following new accounting standards have become effective for the first time this year and have been adopted by the Group:

FRS 17 Retirement Benefits: The adoption of this new standard has had no effect on the Group, as it has no pension schemes.

FRS 18 Accounting Policies: FRS 18 requires the directors to adopt the most appropriate accounting policies having regard to factors including normal industry practice and comparability with other entities in the same sector. The Directors have considered the existing accounting policies of the Group in the light of new requirements and have concluded that no changes are needed.

2 Basis of consolidation
Details of principal subsidiaries and associated undertakings are given in note 9. 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 2001 which have been adjusted where necessary to conform with the Group’s accounting policies.

3 Exploration and development costs
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 overhead. 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 are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

4 Decommissioning, site restoration and environmental costs
Group companies are generally required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group’s environmental policies. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided and capitalised at the beginning of each project. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included with interest payable and similar items.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is charged to the consolidated profit and loss account as incurred.

5 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.

6 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. Otherwise expenditure is capitalised and depleted on a unit of production method over mineral reserves on a mine by mine basis.

7 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.

8 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 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Administrative expenses	*4*	**(433,906)**		(506,602)	
Termination payment to former director		**(75,000)**		-	
Impairment of assets		**(101,782)**		(3,721,489)	
Total administrative expenses			**(610,688)**		(4,228,091)
Operating income			-		-
Operating loss			**(610,688)**		(4,228,091)
Interest receivable and similar items	*6*		**108,291**		284,645
Loss on ordinary activities before taxation			**(502,397)**		(3,943,446)
Taxation	*7*		-		-
Loss on ordinary activities after taxation			**(502,397)**		(3,943,446)
Minority interest			**(1,621)**		481
Retained loss for the financial year			**(504,018)**		(3,942,965)
Loss per share	*8*		**(1.57)p**		(17.10)p

All amounts relate to continuing activities.

There is no difference between the historical cost profits and losses and the profits and losses as presented in the profit and loss account above.

The notes on pages 21 to 31 and the accounting policies on pages 14 to 15 form part of the financial statements.

Consolidated Balance Sheet

At 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible – Exploration, development and production interests	*9 (a)*	**2,988,423**	2,341,148
Tangible – Other	*9 (a)*	**129,381**	233,242
Investments	*9 (b)*	**68,631**	66,859
Total fixed assets		**3,186,435**	2,641,249
Current assets			
Debtors	*10*	**124,495**	95,574
Cash at bank		**333,784**	504,266
Total current assets		**458,279**	599,840
Creditors - amounts falling due within one year (including convertible loan stock)	*11*	**(830,710)**	(215,441)
Net current (liabilities)/assets		**(372,431)**	384,399
Total assets less current liabilities		**2,814,004**	3,025,648
Creditors – amounts falling due after more than one year (including convertible loan stock)	*12*	**(110,263)**	(951,223)
Net assets		**2,703,741**	2,074,425
Capital and reserves			
Called-up share capital	*14*	**1,810,986**	1,391,942
Share premium account	*15*	**6,573,225**	5,792,289
Capital redemption reserve	*15*	**3,539,906**	3,539,906
Profit and loss account	*15*	**(9,237,361)**	(8,671,698)
Equity shareholders' funds		**2,686,756**	2,052,439
Minority interest		**16,985**	21,986
		2,703,741	2,074,425

The financial statements were approved by the Board on 14 May 2002 and signed on their behalf by:

Michael Martineau.

M P Martineau
Director

The notes on pages 21 to 31 and the accounting policies on pages 14 to 15 form part of the financial statements.

Company Balance Sheet

At 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible – Exploration, development and production interests	9(a)	**257,523**	23,640
Tangible – Other	9(a)	**6,497**	13,639
Investments	9(b)	**1**	1
Total fixed assets		**264,021**	37,280
Current assets			
Debtors	10	**4,498,885**	4,087,381
Cash at bank		**315,390**	503,596
Total current assets		**4,814,275**	4,590,977
Creditors - amounts falling due within one year (including convertible loan stock)	11	**(828,516)**	(135,140)
Net current assets		**3,985,759**	4,455,837
Total assets less current liabilities		**4,249,780**	4,493,117
Creditors - amounts falling due after more than one year (including convertible loan stock)	12	**-**	(951,223)
Net assets		**4,249,780**	3,541,894
Capital and reserves			
Called-up share capital	14	**1,810,986**	1,391,942
Share premium account	15	**6,573,225**	5,792,289
Capital redemption reserve	15	**3,539,906**	3,539,906
Profit and loss account	15	**(7,674,337)**	(7,182,243)
Equity shareholders' funds		**4,249,780**	3,541,894

The financial statements were approved by the Board on 14 May 2002 and signed on their behalf by:

Michael Martineau

M P Martineau
Director

The notes on pages 21 to 31 and the accounting policies on pages 14 to 15 form part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2001

	Notes	2001 £	2000 £
Net cash flow from operating activities	16(a)	**(396,360)**	(816,488)
Returns on investments and servicing of finance	16(b)	**11,885**	28,358
Capital expenditure and financial investment	16(c)	**(590,757)**	(379,379)
Cash outflow before use of liquid resources and financing		**(975,232)**	(1,167,509)
Financing			
Issue of ordinary shares		**804,750**	1,875,001
Repayment of loan stock		**-**	(224,936)
(Decrease)/increase in cash in period		**(170,482)**	482,556

Reconciliation of net cash flow to movement in net debt (note 16 (d))

	2001 £	2000 £
(Decrease)/increase in cash in the period	**(170,482)**	482,556
Cash outflow from debt	**-**	224,936
Change in net debt resulting from cash flows	**(170,482)**	707,492
Translation difference	**(31,797)**	(93,698)
Conversion of loan stock to equity	**302,731**	1,394,994
Movement in net debt in the period	**100,452**	2,008,788
Net debt at 1 January 2001	**(446,957)**	(2,455,745)
Net debt at 31 December 2001	**(346,505)**	(446,957)

The notes on pages 21 to 31 and the accounting policies on pages 14 to 15 form part of the financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2001

	2001 £	2000 £
Loss for the financial year	**(504,018)**	(3,942,965)
Exchange adjustments on foreign currency net investments	**(61,645)**	(49,706)
Total recognised gains and losses for the financial year	**(565,663)**	(3,992,671)

Reconciliation of Movements in Consolidated Shareholders' Funds

For the year ended 31 December 2001

	2001 £	2000 £
Total recognised gains and losses for the financial year	**(565,663)**	(3,992,671)
New share capital issued	**1,199,980**	3,310,245
Net addition/(reduction) in shareholders' funds	**634,317**	(682,426)
Opening shareholders' funds	**2,052,439**	2,734,865
Closing shareholders' funds	**2,686,756**	2,052,439

The notes on pages 21 to 31 and the accounting policies on pages 14 to 15 form part of the financial statements

Notes to the Financial Statements

1 Operating environment and risks

The Company's operations are located principally in Russia and also since 2001 in South Africa. It is considered appropriate and prudent to draw attention to the broad range of economic and political uncertainties that affect the investment and operating environment in both these countries and which could potentially adversely affect the Company's business. At the same time, it should be emphasised that both countries have developed economic and legal infrastructures, including developed mining industries. The investment environment in Russia, in particular, has continued to improve over recent years, including in areas related to mining investment.

2 Segment analysis

	Loss before taxation		Net assets	
	2001 £	2000 £	2001 £	2000 £
By geographical area				
Russia	**194**	2,791,298	**2,032,750**	1,527,392
Western Europe	**503,824**	1,151,204	**470,241**	388,799
Australia	-	463	-	158,234
South Africa	-	-	**200,750**	-
	504,018	3,942,965	**2,703,741**	2,074,425

All the Company's activities are related to the exploration and development of Platinum Group Metals, gold and other minerals in Russia and South Africa.

3 Employees

	2001 £	2000 £
Staff costs (including Directors costs and £75,000 termination payment to former director of which £72,500 was in shares.)		
Salaries and wages	**472,296**	415,295
Social security costs	**21,277**	20,873
	493,573	436,168

The average number of persons employed by the Group was as follows:	Number	Number
Operations	**41**	20
Administration	**6**	6
	47	26

4 Administrative expenses

	2001	2000
	£	£
These include:		
Depreciation of other tangible fixed assets	**16,099**	15,503
Amounts payable to KPMG Audit Plc and its associates.		
Audit - Group	**16,000**	16,000
- Company	**1,000**	1,000
Other services	**750**	3,000

5 Directors' emoluments

	2001	2000
	£	£
Directors' emoluments	**294,079**	274,363
Compensation for loss of office	**75,000**	-
	369,079	274,363

The highest paid director received remuneration of £100,889 (2000: £134,950).

Share Interests

The interests in the Shares of the Company held by those persons who were Directors of the Company on 31 December 2001 (each of whom was a Director throughout 2001, with the exception of Mr W B Anderson who became a Director on 16 May 2001) were as follows:

	31 Dec 2001 No. of Shares	31 Dec 2000 No. of Shares
W B Anderson	**200,000**	-
R J G Jenkins	**250,000**	153,333
M P Martineau	**44,500**	-
M V St. Giles	**66,000**	66,000

Mr Jenkins' beneficial interest arises by virtue of both his own personal shareholding and his beneficial interest in a pension plan through which part of his total shareholding is held. Mr St. Giles' interest arises by virtue of his beneficial interest in a pension plan through which his shareholding is held.

Share Options

The Directors of the Company hold the following share options granted under the Company's Executive Share Option Scheme:

Share options granted on 22 August 2000:

Exercise Price	W B Anderson No. of Options	R J G Jenkins No. of Options
23 pence	275,000	75,000
40 pence	250,000	250,000
60 pence	250,000	250,000
	775,000	575,000

The above share options have a ten year life from their date of grant and 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, with the right of exercise relating to those options at their lower exercise prices prior to those at higher exercise prices.

On 5 February 2001 the Company granted to Dr M P Martineau the following share options, all exercisable at 30 pence and with a four year life:

No. of Options	Exercise Date
225,000	After 1 year
525,000	After 2 years
750,000	

On 26 November 2001 the Company granted to Dr M P Martineau 250,000 share options, all exercisable at 18 pence within three years from the date of grant.

On 8 February 2002, the Company approved and subsequently granted 1,110,000 shares options, all exercisable at 18 pence and within four years from 8 February 2002:

	No. of Options
W B Anderson	300,000
R J G Jenkins	100,000
M P Martineau	500,000
Other staff	210,000
	1,110,000

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 from 8 February 2002.

In addition to the above, Mr W B Anderson holds 200,000 'B' Options, exercisable at 15 pence each on or before 23 February 2003.

6 Net interest receivable and similar items

	2001	2000
	£	£
Foreign exchange gain	**96,406**	256,287
Interest payable	**(932)**	(1,241)
Interest receivable	**12,817**	29,599
	108,291	284,645

7 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.

8 Loss per share

Loss per share is calculated by reference to the loss for the year of £504,018 (2000:£3,942,965) and the weighted average number of Shares in issue during the year of 32,104,950 (2000: 23,064,629).

9 Fixed assets

(a) Tangible	Group Exploration & Development Interests	Group Fixtures & Equipment	Company Exploration & Development Interests	Company Fixtures & Equipment
	£	£	£	£
Cost				
At 1 January 2001	4,378,403	477,173	105,702	117,928
Additions	584,935	8,841	233,883	4,867
Disposals	-	(39,141)	-	(34,755)
Exchange	62,340	9,342	-	-
At 31 December 2001	5,025,678	456,215	339,585	88,040
Depreciation and impairment provision				
At 1 January 2001	2,037,255	243,931	82,062	104,289
Depreciation charge	-	16,099	-	12,009
Disposals	-	(36,114)	-	(34,755)
Impairment charge	-	101,782	-	
Exchange	-	1,136	-	-
At 31 December 2001	2,037,255	326,834	82,062	81,543
Net book value				
At 31 December 2001	2,988,423	129,381	257,523	6,497
At 31 December 2000	2,341,148	233,242	23,640	13,639

Exploration expenditure reflected above is stated net of contributions made by Anglo Platinum Corporation Limited.
These contributions amounted cumulatively to £349,717 at 31 December 2001 and £167,746 at 31 December 2000.

The recoverability of all exploration and development costs shown above is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Details of the Group's exploration and development interests are included in the Operations Review.

(b) Investments	Group Undertakings	Company Undertakings
	£	£
Cost		
At 1 January 2001	66,859	1
Additions	8	-
Exchange	1,764	-
At 31 December 2001	68,631	1

The Company and the Group have interests in the following material subsidiary 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 Effective 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 Investments 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 PGM Limited	Cyprus	Holding Company	Cyprus	80% Ordinary
Eurasia Plast Limited	Cyprus	Holding Company	Cyprus	100% Ordinary
Masedi Platinum (Proprietary) Limited	South Africa	Service Company	South Africa	90% Ordinary
OAO Chromite *	Russia	Mineral Evaluation & Production	Russia	59% Ordinary
ZAO Baronskoye Mining *	Russia	Mineral Evaluation & Production	Russia	75% Ordinary
ZAO Eurasia Mining Services	Russia	Mineral Evaluation & Production	Russia	100% Ordinary
ZAO Kosvinsky Kamen *	Russia	Mineral Evaluation & Production	Russia	75% Ordinary
ZAO Urals Geological Services	Russia	Mineral Evaluation & Production	Russia	100% Ordinary
ZAO ZolotoPlast *	Russia	Mineral Evaluation & Production	Russia	50% 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.

During the year the Company increased its interest in Eurasia PGM Limited from 70% to 80% by subscribing for 1,000 C£1 shares for a cash consideration of US$1,569.

10 Debtors

	Group		Company	
	2001	2000	**2001**	2000
	£	£	**£**	£
Other debtors	**124,495**	95,574	**117,739**	88,819
Amount due from subsidiary undertakings	-	-	**4,381,146**	3,998,562
	124,495	95,574	**4,498,885**	4,087,381

11 Creditors - amounts falling due within one year

	Group		Company	
	2001	2000	**2001**	2000
	£	£	**£**	£
Other creditors	**35,957**	137,396	**33,763**	59,402
Secured Convertible Loan Stock	**680,289**		**680,289**	
Accruals	**114,464**	78,045	**114,464**	75,738
	830,710	215,441	**828,516**	135,140

Included above in amounts falling due within one year is US$990,093 (£680,289) of Secured Convertible Loan Stock, 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 OAO 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 2001 fell due for repayment at 24 October 2002. The outstanding loan stock is 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. During the year US$430,845 (£302,731) of the loan stock was converted into new shares in the Company, concurrent with share placings undertaken by the Company.

12 Creditors – amounts falling due after one year

	Group		Company	
	2001	2000	**2001**	2000
	£	£	**£**	£
Secured Convertible Loan Stock	-	951,223	-	951,223
Minority shareholder loan	**110,263**	-	-	-
	110,263	951,223	-	951,223

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 palladium 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. At 31 December 2000, this shareholder loan amounted to £73,957 and was included under 'Creditors – amounts falling due within one year'.

13 Financial instruments

The Group is at an early stage of development and has yet to commence commercial production. Two risks which the Group encounters, 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 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 2001 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	2001 £	2000 £
US Dollars (secured loan stock)	**680,289**	951,223

(b) Financial assets
The currency and interest rate profile of the financial assets of the Group are as follows:

Group	2001	2000
Cash:	£	£
Pounds Sterling	**312,461**	486,859
US Dollars	**7,099**	17,359
Roubles and Other	**14,224**	48
	333,784	504,266

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 2000 and 31 December 2001 all the Group's financial liabilities, as distinct from short term creditors such as trade creditors and accruals, were repayable within two years, with the exception of the long term shareholder loan referred to in note 12.

As at 31 December 2001 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)	2001 £	2000 £
Australian Dollars	**(3,202)**	(629)
South African Rands	**(1,205)**	(2,867)
US Dollars	**22,398**	15,780
	17,991	12,284

(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.

14 Called-up share capital

	2001		2000	
	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
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	**36,219,724**	**1,810,986**	27,838,838	1,391,942

15 Reserves

	Group £	Company £
Share premium account		
At 1 January 2001	**5,792,289**	5,792,289
Premium on shares issued during the year	**780,936**	780,936
At 31 December 2001	**6,573,225**	6,573,225
Capital redemption reserve		
At 1 January and 31 December 2001	**3,539,906**	3,539,906
Profit and loss account		
At 1 January 2001	**(8,671,698)**	(7,182,243)
Loss for year	**(504,018)**	(492,094)
Other recognised losses	**(61,645)**	-
At 31 December 2001	**(9,237,361)**	(7,674,337)

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.

16 Cash flow statement

	2001 £	2000 £
(a) Reconciliation of operating profit to operating cash flows		
Operating loss	**(610,688)**	(4,228,091)
Depreciation charges	**16,099**	15,503
Impairment of assets	**101,782**	3,721,489
Increase in debtors	**(28,921)**	(33,615)
Increase in creditors	**125,368**	(291,774)
Net cash outflow from operating activities	**(396,360)**	(816,488)
(b) Returns on investments and servicing of finance		
Interest received	**12,817**	29,599
Interest paid	**(932)**	(1,241)
Net cash outflow from returns on investments and servicing of finance	**11,885**	28,358
(c) Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(5,814)**	(53,789)
Investment in exploration and development	**(584,935)**	(325,590)
Purchase of shares	**(8)**	-
Net cash outflow for capital expenditure and financial investment	**(590,757)**	(379,379)

(d) Analysis of net debt	At 1 Jan 2001 £	Conversion of loan stock £	Cash flow £	Exchange £	At 31 Dec 2001 £
Cash at bank	504,266	-	(170,482)	-	333,784
Debt due within one year	(951,223)	302,731	-	(31,797)	(680,289)
	(446,957)	302,731	(170,482)	(31,797)	(346,505)

The conversion of loan stock relates to the conversion of £302,731 of debt into equity (refer to note 11).

17 Contingencies and commitments

The Group has no material contingent liabilities or commitments.

18 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 Company, is a partner. The total payable to Argonaut Associates and a related party in respect of the foregoing amounted to £41,958 in the year, of which £2,449 is included in creditors at 31 December 2001.

In addition, Mr G C FitzGerald, a Non-Executive Director of the Company, is also a director of Framlington Russian Investment Fund, which is the holder of the Company's convertible loan stock, as referred to in note 11.

Company Information

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

Secretary
R J G Jenkins

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