3010091

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

This admission document has been drawn up in accordance with The Public Offers of Securities Regulations 1995. The Directors of Eurasia Mining PLC, whose names and details appear herein, are, together with the Company, the persons responsible for this admission document. The Directors declare that to the best of their knowledge the information contained herein is in accordance with the facts and that this admission document makes no omission likely to affect the import of such information.

Application has been made for these securities to be admitted to trading on the Alternative Investment Market of the London Stock Exchange (AIM). It is emphasised that no application is being made for admission of these securities to the Official List.

This document does not constitute a public offer to subscribe for or to purchase any securities of the Company. No new shares have been issued or are proposed to be issued to the public in connection with the Company's application for admission to AIM.

AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. The Exchange has not itself examined this document.

A copy of this admission document has been delivered to the registrar of companies in England and Wales in accordance with Regulation 4(2) of The Public Offers of Securities Regulations 1995.

EURASIA MINING PLC

(incorporated in England and Wales under the Companies Act 1985
as a public limited company with Registered Number 3010091)

PLACING

of

939,000 Ordinary Shares of £1.00 each at a price of £3.10 per share

and

ADMISSION TO THE
ALTERNATIVE INVESTMENT MARKET

of

3,726,217 Ordinary Shares of £1.00 each

Nominated Adviser:
NEILL CLERK CAPITAL LIMITED

Regulated by The Securities and Futures Authority
A Sponsor registered with the London Stock Exchange

31 Sackville Street, London W1X 1DB
Tel: 0171 734 4446 Fax: 0171 434 2185

Nominated Broker:
T HOARE & CO LIMITED

Regulated by The Securities and Futures Authority
Member of the London Stock Exchange

25 Dowgate Hill, London, EC4R 2YA
Tel: 0171 220 7001 Fax: 0171 929 1836

Copies of this document, which is dated 26 September 1996 and which is published on 30 September 1996, are available free of charge during normal business hours on any weekday (except Saturdays and public holidays) from the offices of the Nominated Adviser and of the Nominated Broker at the addresses given above for a period of 14 days from the date of publication.

CONTENTS

The subscription lists for the Ordinary Shares being placed will open at 10 am on 26 September 1996 and close at 3 pm on 27 September 1996 or at the Directors' discretion.

The Ordinary Shares now being placed will rank *pari passu* in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter paid or made in respect of the Ordinary Share capital of the Company.

Neill Clerk Capital Limited, which is regulated by the Securities and Futures Authority Limited, is the Company's nominated adviser for the purpose of the AIM Rules. As such, its responsibilities are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Neill Clerk Capital Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Trading Arrangements

The Ordinary Shares of the Company will be traded under the CREST settlement system.

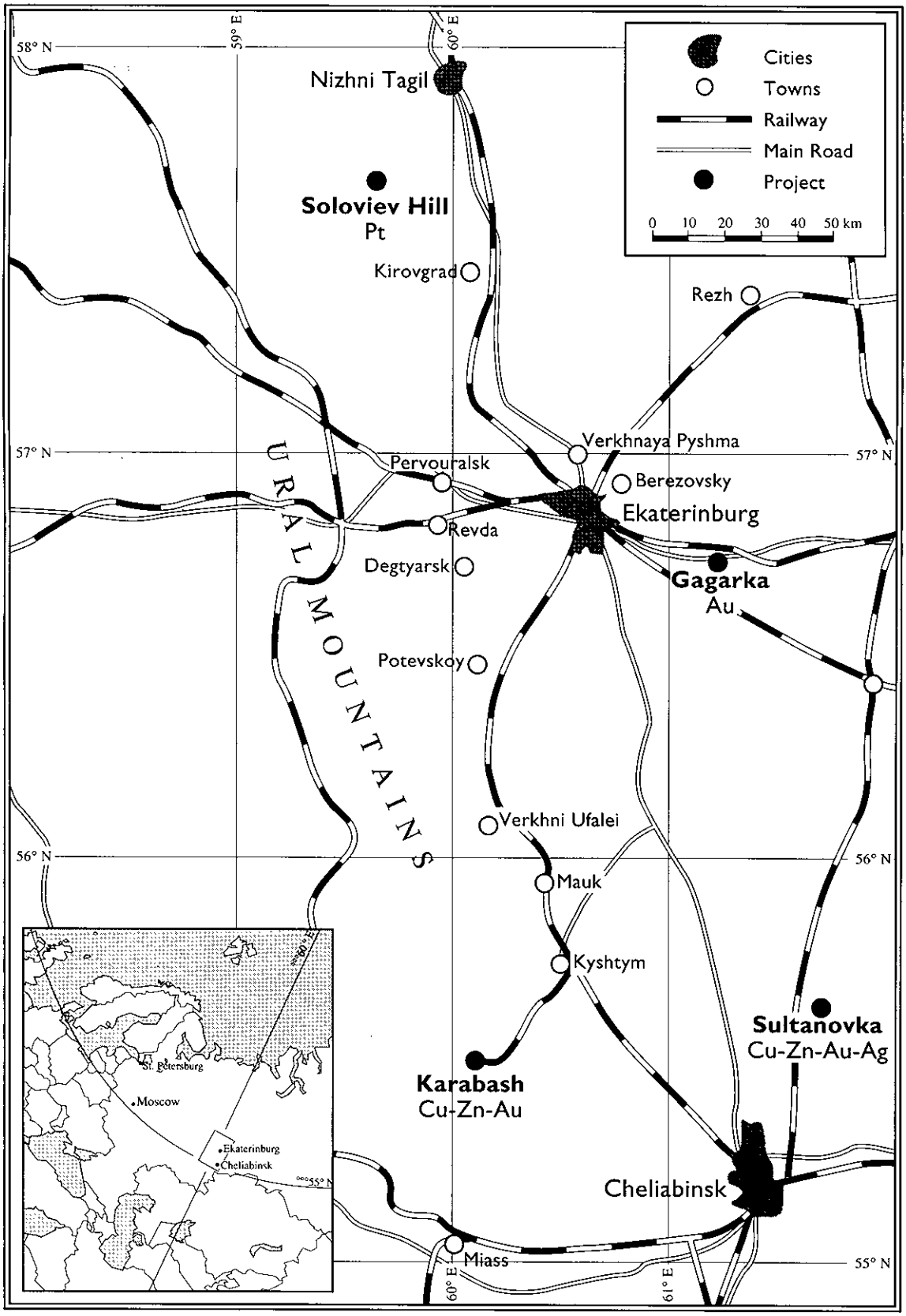
DIRECTORS, SECRETARY AND ADVISERS

Directors	John Anthony Mitchell (Non-Executive Chairman) Andrew Horton Counsell (Managing Director) Clive Malcolm Line (Finance Director) Charles Anthony MacKay (Executive Director) Michael Peter Bates (Non-Executive Director) Robert John Garton Jenkins (Non-Executive Director) all having an address at 17 Exeter Street, London WC2E 7DU
Secretary	Clive Malcolm Line 17 Exeter Street London WC2E 7DU
Registrar	Independent Registrars Group Limited 390/398 High Road Ilford, Essex EG1 1NQ
Nominated Adviser	Neill Clerk Capital Limited 31 Sackville Street London W1X 1DB Regulated by The Securities and Futures Authority A Sponsor registered with the London Stock Exchange
Nominated Broker	T Hoare & Co Limited 25 Dowgate Hill London EC4R 2YA Regulated by The Securities and Futures Authority Member of the London Stock Exchange
Auditors	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB
Solicitors to the Company	Frere Cholmeley Bischoff 4 John Carpenter Street London EC4Y 0NH
Geology Consultant	ACA Howe International Limited 36 Upper Ashlyns Road Berkhamsted Hertfordshire HP4 3AW
Registered Office	17 Exeter Street London WC2E 7DU
Russian Office	194 Lunacharsky Street Ekaterinburg 620026, Russia

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"ACA Howe"	ACA Howe International Limited, the Group's independent geological consultants, of 36 Upper Ashlyns Road, Berkhamsted, Hertfordshire HP4 3BW
"the Act"	the Companies Act 1985 as amended
"Admission"	means admission of the Ordinary Shares to trading on AIM
"AIM"	the Alternative Investment Market of the Exchange
"Articles of Association"	the articles of association of the Company
"the Company" or "Eurasia"	Eurasia Mining PLC having its registered office at 17 Exeter Street, London WC2E 7DU
"Directors" or "the Board"	the Directors of the Company whose names appear in the Section headed "Directors, Secretary and Advisers" on page 3
"Dollars" or "US$"	United States dollars
"FSU"	Former Soviet Union, the independent states which until 31 December 1991 comprised the Union of Soviet Socialist Republics
"the Group"	the Company, its subsidiaries and associated undertakings
"KML"	Karabash Mining Limited, a subsidiary undertaking of the Group
"London Stock Exchange" or "the Exchange"	London Stock Exchange Limited
"Ministry of Natural Resources"	Ministry of Natural Resources of the Russian Federation
"Ordinary Shares"	ordinary shares of £1.00 each in the capital of the Company
"Placing"	the Placing of Ordinary Shares pursuant to the arrangements described in this document
"Placing Shares"	939,000 Ordinary Shares to be issued pursuant to the Placing
"Rbl" or "roubles"	Russian roubles
"Roskomnedra"	State Committee of the Russian Federation on Geology and Use of Mineral Resources
"Roskomdragmet"	State Commission of the Russian Federation on Precious Metals and Gems
"RTI"	Russian Technology International Pty Ltd of 4-6 Alfred Street, Alberton, South Australia 5014
"RTI Options"	Options to subscribe for 700,000 Ordinary Shares at a subscription price of £2.50 per Ordinary Share, held by certain former Shareholders of RTI Resources NL, a subsidiary of the Company
"Shareholders"	holders of Ordinary Shares
"Sterling" or "£"	pounds Sterling
"UGME"	Urals Geological Mapping Expedition a Urals based institution specialising in minerals prospecting, exploration and evaluation, geological mapping and the development of mining technology
"UGS"	Urals Geological Services, a joint venture company in which the Company has a 50% interest
"Warrants"	warrants to subscribe for 40,000 Ordinary Shares at a subscription price of £3.10 per Ordinary Share, all of which are held by Framlington Russian Investment Fund



EURASIA MINING PLC - URALS PROJECTS LOCATION MAP

KEY INFORMATION

The following Summary has been derived from and should be read in conjunction with the full text of this document, particularly the section headed "Risk Factors" on pages 17 to 19.

Strategy

- To develop a mining company based in the Urals region of Russia by initially focusing on modest projects with early development potential and low costs and the evaluation of a portfolio of potentially significant projects with a view to future exploitation.
- To generate cashflow from the Karabash projects at the earliest opportunity, subject to raising further finance, and simultaneously increase the resource base.
- To create shareholder value by combining the opportunities available to the Group with sound risk management.

Background

- Eurasia is the holding company of an independent mining group whose operations commenced in 1993.
- The Group's business is the evaluation and development with a view to exploitation of mineral resources in the Urals region in Central Russia.
- The Group's head office is in London and its main representative office is in Ekaterinburg, Russia.

Activities

- The Group has projects in Karabash (copper and gold), Soloviev Hill (platinum), Gagarka (gold) and Sultonovka (copper and gold) which it operates through joint ventures with local partners over which the Group is able to exercise effective management control.
- The Group has sought to enhance its local credibility by establishing office and support facilities at Ekaterinburg and at Karabash, where it has constructed a pilot plant.
- The Group has a joint venture with a Urals based geological institution which provides access to a significant geological databank and highly qualified and experienced Russian personnel.
- **The Group has not yet commenced production operations. Proceeds of the Placing will be used to evaluate and explore the existing mineral resources in which the Group is interested but will not permit the Group to commence a revenue generating activity.**

Strengths

- Dedicated management with considerable experience in Russia.
- Projects with early development potential.
- All current projects located close to well developed infrastructure, comprising railways, roads and power and water supplies.
- Established relationships with both regional government and industry.

Resources

The estimated mineral resources of projects in which Eurasia has an interest are as follows:

Deposit	*Russian Category of Resource*	*Tonnes*	*Grade*	*'In-Situ' Metal*	*Current Percentage Interest (option to increase to)*
Karabash Tailings	A + B	8.9 m	1.1 g/t Au	315,000 oz Au	50%
Karabash Central Mine					
Surface	P_1	3.2 m	7.2 g/t Au	740,000 oz Au	49%†
Underground	A + B + C_1	3.9 m	2.1% Cu	81,900 t Cu	49%†
			3.8 g/t Au*	476,000 oz Au*	
Soloviev Hill	P_1 + P_2	3.5 m	9.9 g/t Pt	1,114,000 oz Pt	20% (51%)‡
Gagarka	C_1 + C_2 + P_1	10.8 m	4.1 g/t Au	1,424,000 oz Au	25% (51%)‡
	P_2	32.2 m	3.4 g/t Au	3,520,000 oz Au	
Sultanovka	C_1 + C_2 + P_1	25.5 m	2.0% Cu	510,000 t Cu	51%‡
			1.4 g/t Au	1,148,000 oz Au	
Total				**7,620,000 oz Au** **1,114,000 oz Pt** **591,900 t Cu**	

* an indicative grade of part of the resource from limited sampling as described in Schedule II. In-situ metal is calculated by reference to the estimated tonnage of copper ores. This gold resource has no category at this stage.

‡ the Group has a contractual right to acquire these interests but has not yet done so.

† the Group has reached agreement in principle to increase its holding to 75% subject to board and shareholder approval of AO Central Mine.

Your attention is drawn to the report by ACA Howe, set out in Schedule II from which the above figures are extracted.

The Placing

The Directors believe that admission of the Ordinary Shares to trading on AIM will raise the Group's profile and will enhance its ability to raise further debt and/or equity funds to meet its future capital requirements.

The Placing will raise gross proceeds of up to approximately £2.91 million (£2.60 million after estimated expenses of £310,000) and will be used to provide additional working capital to further the work and feasibility studies already carried out by the Group at Karabash and exploration and evaluation work on the larger resources at Soloviev Hill, Gagarka and Sultanovka.

The Placing comprises the issue and allotment of 939,000 new Ordinary Shares by the Company, representing 25.2% of the issued share capital of the Company following the Placing.

The Placing is conditional upon the Ordinary Shares being admitted to trading on AIM.

Placing Statistics

Existing Ordinary Shares in issue	2,787,217
Placing Price per Placing Share	£3.10
Number of Placing Shares	939,000
Number of Ordinary Shares in issue immediately following the Placing	3,726,217
Capitalisation following the Placing at the Placing Price	£11,551,273
Percentage of enlarged Ordinary Share capital represented by Placing Shares	25.2%
Number of RTI Options	700,000
Number of Warrants in issue	40,000
Number of employee share options	140,000

ACTIVITIES

1 CORPORATE STRATEGY

The Directors' strategy for the Group is

- To develop a mining company based in the Urals region of Russia, by initially focusing on modest projects with early development potential and low costs and the evaluation of a portfolio of potentially significant projects with a view to future exploitation.
- To generate cash flow from the Karabash projects at the earliest opportunity, subject to raising further finance, and simultaneously increase the resources base.
- To create shareholder value by combining the opportunities available to the Group with sound risk management.

2 BACKGROUND

The Group has interests in several joint venture companies specifically engaged in evaluation and development with a view to exploitation of mineral resources in the Urals region in central Russia (see paragraph 5 "Projects").

Work on the identification of mineral prospects in the Urals began in 1993 and preliminary investigations were encouraging. Arrangements were made for independent consultants to carry out metallurgical and other studies, which confirmed the presence of precious and other metals in the region. Having initially established office and support facilities in Ekaterinburg, the Group has subsequently established an additional permanent base in Karabash, the centre of Eurasia's current operations, both of which have given it credibility locally and enhanced its understanding of the opportunities that exist.

Seed capital was raised from private investors in Australia to finance the initial investigations and studies. The Group was then restructured in 1995, with the establishment of Eurasia as the holding company, and the head office relocated to London. In July 1995 the Company concluded an agreement under which certain institutional investors agreed to subscribe for 46.7% of the equity in the Company for the aggregate sum of £2.46 million. (Further details of this agreement are set out on page 37).

The funds raised have allowed the Group to advance the tailings project at Karabash, as well as to build a portfolio of other mining opportunities in the Urals region. These include an open pittable gold resource at Karabash, and additional platinum, copper and gold resources in the surrounding area (see location map on page 5). The Placing is intended to generate sufficient funding for exploration and evaluation work to be carried out in 1996 and 1997, to finalise design and testwork on the tailings project, and further evaluate the open pittable gold resource at Karabash.

3 PROGRESS TO DATE

- The Group has a 50% interest in a tailings project at Karabash, which has Russian Category A and B reserves of 315,000 oz of gold, with the additional right to receive a 15% royalty on gross metal sales, and has management control of the operating company.
- The Group has acquired a 49% interest in AO Central Mine, an open joint stock company which operated the copper, zinc, and gold mine which produced the tailings, and has agreed in principle with AO Central Mine, subject to approval of the board of AO Central Mine and its shareholders, to increase the Group's interest to 75% if required by the Group. The Group has also identified a potential open pittable gold resource within the licence area.
- The Group has been working closely with a Urals-based geological institution, which provides access to its significant geological databank (including that relevant to the Group's current projects) and its highly qualified and experienced Russian personnel, and has formed a joint venture company with the institution for the purpose of providing geological services.

- The Group has a 20% interest in a potentially significant platinum resource at Soloviev Hill (see paragraph 5 "Projects") with contractual rights to increase its stake to 51% subject to certain conditions.
- The Group, together with Russian partners, has, through a joint venture company (in the course of formation), applied for a mining licence in respect of a gold resource at Gagarka (see paragraph 5 "Projects"). It has a contractual right to a 25% interest in the applicant and further contractual rights to increase its stake to 51%, subject to certain conditions.
- The Group is also one of the founders of a company (which is in the course of formation) applying for a mining licence in respect of a large copper/gold deposit at Sultanovka (see paragraph 5 "Projects"). The Group has a contractual right to a 51% interest in the applicant, and to a management fee of 5% of sales revenue and development costs.
- Over the last three years, key personnel have spent considerable time in the Urals securing opportunities, building relationships and establishing fully operational bases in Ekaterinburg and Karabash.

4 GEOLOGY AND MINERAL POTENTIAL OF THE URALS

The Urals Mountain Chain, the traditional boundary between Europe and Asia within Russia, is 3,100 km long and about 300 km wide at its widest point. These mountains form a North South belt at longitude 60° east, ranging from desert conditions in the South, to arctic conditions in the North.

This intruded complex fold and fault belt has characteristics typically associated with mineral belts. The Urals is no exception and there are 150 major metal deposits and 200 metal prospects recorded in the Urals Mineral Belt. As a basis for comparison, the area of the Urals Mineral Belt is more then 2.6 times the area of the Western Australian Precambrian Shield.

The metal deposits in the Urals are polymetallic copper, zinc, gold and silver massive sulphides, numerous gold deposits, and deposits of nickel, cobalt, iron ore and platinum. The Urals Mineral Belt has been a major source of supply of minerals for the Russian economy for 200 years.

Although the Urals is one of the oldest gold producing regions, the southern Urals in particular is still believed to hold significant potential for gold discoveries in both high-grade vein deposits and in oxide deposits similar to those found further south in Kazakhstan. There is a well developed infrastructure throughout the Urals, comprising railways, roads, and power and water supplies. Ekaterinburg is also a centre of major heavy industry, including mining equipment manufacture, and a focal centre for many research institutes related to the metallurgical, chemical, smelting and fabrication industries.

5 PROJECTS

(a) Introduction

The Group has relied upon geological data supplied, and investigations undertaken, by a variety of Russian state and private regional entities. With the exception of the tailings project, the Group has not yet obtained independent verification by drilling of identified deposits. However, it is generally acknowledged that exploration work in the FSU was carried out very thoroughly, with a higher level of sampling than would usually be undertaken for a Western mining project prior to a positive production decision. The Group's independent geological consultants ACA Howe have therefore estimated the reserves and resources referred to in this document without further verification by additional sampling.

The reserves identified are classified into four Russian categories. Broadly all of A and B reserves, plus a part of the C_1 are equivalent to Measured and Indicated Resources and Proved and Probable Reserves under the UK/IMM classification. The balance of C_1 and the C_2 reserves equate to Indicated Resources and Probable Reserves. Three further levels of resource categorisation, namely P_1 P_2 and P_3, are equivalent to an Inferred Resource. It is evident, however, that the classification used traditionally in the FSU was more specific than that operating in the West.

(b) Karabash Mining Limited

Karabash is located approximately 2 hours' drive on bitumen roads south of Ekaterinburg. Mining and production of copper, zinc and gold first commenced in the early part of this century, with smelter facilities constructed in the early 1900's and a concentrator built in 1936, and has been key to the town's development and subsequent decline.

At its peak the plant processed 700,000 tpa ore mainly from the Central Mine. Following the closure of the concentrator in 1989 the smelter significantly reduced operations. Following a period of declining output, the mine itself ceased production in 1994, due to an inability to maintain and invest in plant and equipment because of cash shortages.

According to available records the plant processed approximately 28 million tonnes of ore yielding 4.6 million tonnes of concentrate and 22 million tonnes of tailings between 1938 and 1988. The remaining identified tailings are approximately 18 million tonnes (Category A reserve of 5.8Mt at 1.1g/t gold, Category B reserve of 3.1Mt at 1.1g/t gold and Category P_1 resource of 8.9Mt at 0.9g/t gold). The tailings are located at three sites, all in or adjacent to Karabash, namely two dams and the Sak Elga riverbed. A detailed sampling programme was carried out at the two dams in 1993 which provided confirmation of the presence of gold and the Russian assessments of the grade and thickness of these deposits, with samples being sent to Australia for assaying and processing testwork.

Karabash Mining Limited ("KML") was formed as a joint stock company pursuant to a joint venture agreement concluded in December 1993 with Russian shareholders, including the Karabash Copper Smelting Group of Companies which holds 25.5%, under which Eurasia has a 50% interest with management control. The purpose of the venture was to undertake the tailings project. In February 1994 KML was granted a 15-year licence to exploit the tailings in the old and new dams.

The principal terms of the joint venture agreement can be summarised as follows:

- The Group's shareholding entitles it to a 50% share of net proceeds and net assets;
- The Group will provide loan funds for capital expenditure and working capital approved by the Group;
- The Group will provide personnel to manage the project, including the General Manager;
- Net profit from the sale of gold and other minerals will be distributed as to:

  75% to the Group and 25% to the Russian shareholders until loan funds are repaid in full, thereafter
  50% to the Group
  50% to the Russian shareholders;
- The Group is entitled to nominate three out of five directors, including the chairman; and
- The Group is entitled to a 15% royalty on gross metal sales.

KML has constructed, under the Group's management, a pilot plant at Karabash, which has several potential benefits. In particular, it will allow evaluation of a selection of bulk samples of the tailings required to optimise the process design for a full scale plant. It has also given KML and its engineers first-hand experience of construction and engineering in Russia and the opportunity to assess the abilities of local contractors. The operation of such a plant will allow KML to train local staff in Western operating practices. An additional benefit is the availability of a test plant with which to evaluate the metallurgy of other deposits in which the Group has interests.

No decision has yet been taken on the design of the full scale plant pending completion of a feasibility study at the mine. However, the Directors believe that economies could be realised by the construction of an integrated plant capable of treating potential open-pit ore, the underground ore and the tailings.

The Directors consider the attractions of the tailings project are:

- it is a well investigated deposit allowing for early commencement of low cost mining operations;
- there is close proximity of services, a bituminised road to the mine site and adequate available water and power;
- the results from milling and leach testing of ore samples are favourable;
- the growing knowledge of Russian personnel, infrastructure, mining operations and government administration will assist in future planning;
- regional credibility and presence will be enhanced.

(c) Central Mine – Karabash

Copper mining in the Karabash area commenced in the early 1900s, and available records indicate that the Central Mine was in production from 1903 until 1994, whereupon due to water, ventilation, financial and other difficulties output ceased.

In December 1995, the Group successfully tendered for 49% of the shares of AO Central Mine, which were being sold by the State Property Committee. An agreement was signed in January 1996, details of which are set out on page 39 of this document.

All future obligations of the Group are subject to certain conditions, including the completion of a feasibility study, and the agreement allows the Group to withdraw at any time if any of those conditions is not resolved to the satisfaction of the Group. If the Group decides to proceed with the redevelopment of the Central Mine it has undertaken to provide up to 4 billion roubles (approximately US$742,000 on the basis of the exchange rate on 23 September 1996) for the refurbishment of the mine and the repayment of creditors. The Directors anticipate that refurbishment and new development costs will be substantially in excess of this amount.

The mine has two mineshafts and a ventilation shaft, and has been developed to the 27th level, a depth of approximately 780 metres. Russian Category A_1, B and C_1 reserves of 3.91 Mt of ore remain to be mined from the underground operation at a grade of 2.14% copper and 1.4% zinc. Indicative grades from limited sampling of 3.8g/t gold and 14.7g/t silver from 5 veins averaging 4.9 metres in width suggest additional gold and silver potential. Work continues on completion of the feasibility study with a view to rehabilitating the mine, including dewatering and assessing the title and financial assets, environmental and other liabilities of AO Central Mine which have not yet been determined.

The Group considers that the potential also exists for an open-pit operation, subject to the issue of an appropriate licence, on a gold-bearing resource within the vicinity of the Central Mine. According to mine records three zones were mined from 1910 to 1925 producing average grades of 20g/t gold. A recent independent report (see paragraph 6.2 of Schedule II) estimates that this area represents a potential Category P_1 open cut resource of 3.2Mt grading 7.2g/t of gold. A mapping and sampling programme of this resource has been completed and a drilling programme is anticipated to begin in October 1996 to quantify the reserves.

(d) Urals Geological Services

The Group has over the past two years worked with, and obtained geological information from, the Urals Geological Mapping Expedition ("UGME") an institution in the Urals specialising in minerals prospecting, exploration and evaluation, geological mapping and the development of mining technology.

A joint venture company, Urals Geological Services ("UGS"), was established in November 1994 as a service company providing geological services. The Group has a 50% interest in UGS, with UGME holding 25% and two companies associated with UGME holding the balance.

This joint venture provides the Group with access to:

- significant geological databank;
- a number of promising projects at various stages of assessment and development; and
- Russian geological professionals with local knowledge and contacts.

The Group provides limited loan funds to UGS to enable it to provide services.

As a result of its relationship with UGME, the Group already has under agreement or is pursuing a number of potentially significant resources involving gold, platinum and copper (including those described in (e), (f) and (g) below) together with an innovative mining technology which is currently being operated on a pilot plant basis.

(e) Soloviev Hill Platinum Project

Soloviev Hill is located in one of the largest of the Urals platinum districts in an alpine type, layered gabbro-pyroxinite-dunite intrusion containing podiform richly platiniferous chromite concentrations and segregations and other targets. It forms part of the Nizhni Tagil complex, which is classified as an alpine type mafic-ultramafic intrusion and is similar to many others in tectonic belts worldwide, except for its high platinum content. Except for the much smaller scale, complex structure and serpentinisation, the geological environment is similar to that which hosts the layered gabbro type platinum deposits of Bushveld, Great Dyke and Stillwater.

The project area can be divided into two distinct parts:

- A mining licence held by AO Chromite, a Russian open joint stock company, covers an area of 1.22 sq.km and its term expires in 2018. The licence area incorporates the Godspodskaya Mine, which was in production in the early part of the century. It is estimated by UGME to have produced 50,000 tonnes of platinum ore, grading 443g/t platinum from an irregular, steep, pipe-like structure mined to a depth of 183 metres. Alluvial mining in the surrounding areas, which dates back to the last century, continues. The Group has acquired a 20% interest in AO Chromite under an agreement which will enable it to increase this interest to 51%.
- In addition, UGS has applied for an exploration licence extending to approximately 73 square kilometres which surround the area covered by AO Chromite's mining licence. This exploration licence and AO Chromite's mining licence would cover the whole of the Nizhni Tagil complex. Subject to certain conditions, Eurasia would be entitled to increase its interest in this larger exploration area to 75%.

Available information on the deposits within the area covered by the mining licence held by AO Chromite indicates a geologically inferred hardrock (Category $P_1 + P_2$) resource of 3.5 million tonnes at an estimated grade of 9.9g/t (see Schedule II). This inferred resource is believed to exist in a small number of separate deposits which would probably be worked by a combination of open pit and underground methods. Within the area which would be covered by the wider exploration licence, there are geological situations and platinum occurrences which, in the opinion of the Group and ACA Howe, constitute good exploration targets for the discovery of additional resources of similar scale and grade.

Preliminary metallurgical tests indicate that the platinum is free-milling. Whilst significant further work will be required, the implications of this would have a favourable impact on overall capital costs. The Group has commenced an extensive exploration programme and this will be carried out in conjunction with its independent geological consultants.

(f) Gagarka Gold Project

The Gagarka gold deposit, which is located 44 kilometres east of Ekaterinburg, comprises several sheared hydrothermal zones with largely pyritic, disseminated, polymetallic sulphides and gold in a deformed, conformable granodioritic intrusion. An oxidised capping with gold is present. The deposit, which has been extensively drilled, contains a

large gold reserve/resource estimated by Russian geologists at 10.8 Mt at 4.1g/t gold (Category $C_1 + C_2 + P_1$) plus 32.2 Mt at 3.4g/t gold (P_2).

The mineralised zone is in the form of an open 'S' shaped belt 3 kilometres long and 150 to 350 metres wide containing layers of schist interspersed with granite and quartz and seven mineralised veins.

Eurasia has a contractual right to acquire a 25% interest in the company (which is currently in the course of formation) applying for a mining licence, with a further right to increase this interest to 51%, subject to certain conditions, and have corresponding management control.

The initial objective will be to confirm the reserve/resource estimates and carry out appropriate metallurgical testwork and preliminary feasibility studies.

(g) Sultanovka Copper/Gold Project

This copper/gold deposit lies 55 kilometres north-north-east of the city of Chelyabinsk and is well served by road, rail, power, gas and water. It is a polymetallic volcanogenic stratabound massive and disseminated sulphide deposit which has been extensively drilled. Total Category $C_1 + C_2 + P_1$ reserves and resources are 25.5 million tonnes at 2.0% copper, 0.9% zinc, 1.4g/t gold and 15g/t silver which equates to a gold equivalent grade of about 5.6g/t. Parts of the reserve are richer than this but the components are likely to be rather dispersed.

The Group is a party to the application for a mining licence in respect of this deposit. The Group also has a contractual right to a 51% interest in the applicant company (which is currently in the course of formation), and to a further management fee of 5% of sales revenue and development costs.

6 SALE OF PRECIOUS METALS

Under current Russian law the sale of gold and other precious metals is strictly controlled and gold sales are made to the state, the Central Bank or to commercial banks authorised to deal in precious metals at prices which track the world market price.

A presidential decree authorises the payment of up to 50% of gold purchased in freely convertible currency which may be used for repayment of foreign currency loans taken out to develop the gold deposit and payment of dividends to foreign investors.

There is evidence of the liberalisation of the laws regarding the sale and export of gold. Exceptions have been granted and several Western projects rely on special resolutions which do permit the sale of gold (dore alloy) for hard currency on international markets where the state fails to acquire the production from the project.

As yet neither the Group, nor the joint ventures in which it has interests, have made representations to the state in respect of sales of precious metals which may be produced.

7 THE PLACING

The Directors believe that the admission of the Ordinary Shares to trading on AIM will raise the Group's profile and will enhance its ability to raise further debt and/or equity funds to meet its future capital requirements. The proceeds of the Placing will be used to provide additional working capital to further the work and feasibility studies already carried out by the Group at Karabash and exploration and evaluation work on the larger resources at Soloviev Hill, Gagarka and Sultanovka.

The Placing will raise gross proceeds of approximately £2.91 million. The proceeds of the Placing, net of expenses receivable by the Company will be £2.60 million. At the Placing Price of

£3.10 per Ordinary Share, the market capitalisation of the Company will be approximately £11.55 million.

8 PROSPECTS

The Directors believe that the Group offers investors an opportunity to participate, at an early stage, in the development and exploitation of a number of projects in the Urals region where the Group has established a good network of local experts and contacts.

The Group's mining interests are still in the exploration and evaluation phase and consequently do not currently generate any revenue and are not expected to generate any revenue within the next 12 months. The proceeds of the Placing will not permit the Group to commence a revenue generating activity. The Group anticipates that the further exploration and development of its interests into a revenue generating operation will require significant further capital which it expects to raise from equity and debt sources. The commencement of the production phase in respect of these interests will be subject to further governmental consents, approvals and licences for which application will be made when appropriate.

The Directors intend to pursue a policy of achieving maximum growth for the Group by generating operating revenues over the next few years from its projects and intend to invest any surplus funds which may arise from the Group's existing or new projects in preference to paying dividends. However, the Directors will, when the Company is able to do so and if it is prudent, consider the payment of dividends.

9 DIRECTORS AND KEY PERSONNEL

(a) Directors

John Mitchell*†, BA Oxon, aged 49, 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.

Andrew Counsell†, BEc, aged 50, is Managing Director. He has had over twenty years experience in resource finance and the stockbroking industry where he was a founding director of Australian Stock Exchange Ltd. He has travelled to Russia many times over the past three and a half years, gaining considerable experience and contacts. He is the founder of the Company and lives in London.

Clive Line, BA, ACA, aged 35, is Finance Director and a Chartered Accountant. From 1993 to 1995 he was a member of the management team and chief financial officer of the Quest Group which operated oil interests in Russia and prior to that was Group Finance Director of Cluff Resources PLC, a UK listed company with mining and oil interests in various parts of the world. He had previously worked at Price Waterhouse.

Charles MacKay, LLB, Licence en Droit, aged 51, is an executive Director and Legal Counsel. He is a solicitor with varied commercial law experience in Australia and Europe with emphasis on joint venture formation, financing, mining law and advising government instrumentalities. He has travelled to Russia many times and has been actively involved in the legal documentation and corporate matters of the company's projects and joint ventures.

Michael Bates*†, CBE, BSc, ARSM, PhD, aged 51, is a Non-Executive Director and Mining Consultant. He has had extensive experience in Namibia, Canada, the USA and Russia. He was formerly CEO of RTZ's Rossing Uranium, head of RTZ Kennecott's US mines, President of Lac North America Ltd and Managing Director of Star Mining Ltd.

Robert Jenkins*†, BA Oxon, ACA, aged 42, is a Non-Executive Director and a Chartered Accountant. A fluent Russian speaker, he is Senior Investment Manager of the Framlington Russian Investment Fund where he is actively involved in a number of Russian based companies. He has 17 years experience in both merchant banking and venture capital.

† – member of the Remuneration Committee

* – member of the Audit Committee

(b) Senior Personnel based in Russia

Neil Hawkey, Dip.MinEng, MBA (Geneva), Member of Aus IMM, is a Mining Engineer and has specific responsibility for Central Mine. He has many years experience in the mining industry in Australia including underground mining, supervision and mine engineering at Tennant Creek; management, mine production and quality control at Mt Whaleback; mining and materials handling equipment and methods.

Tim Hopwood, BSc(Hons), PhD, Member of Aus IMM and IMM (London), has been a Consulting Geologist in mineral exploration since 1969 and has worked in all the metal districts in Australia for a number of companies. His work has contributed directly to the discovery of the Cleveland Tin Mine, the Girilambone Copper Deposit and the FitzPatrick Lode, North Broken Hill, in Australia. Extensive international experience includes Canada, South Africa, Saudi Arabia, Alaska, Europe and the former Soviet Union. Having acted in a consulting capacity to the Group since 1994, he has now assumed a full-time role as Exploration Manager to oversee all geological exploration programmes.

Nick Kerr-Smiley, B. AppSc (Extractive Metallurgy), Member of Aus IMM, is a Metallurgist and has been appointed manager of the tailings project. He has many years' experience in the mining industry overseeing the operation of seven ore treatment plants including the construction and commissioning phase of three of those plants. International experience includes operations in Chile, Peru, Portugal and Alaska.

The Company expects to engage additional qualified personnel as the projects move forward.

(c) Russian Personnel

The Group has considerable local operational and technical skills available to it, both at board and management level of its joint ventures and projects, including:

Vladislav Petrovich Olersky, is a graduate (engineer – geologist) of the Sverdlovsk Mining Institute. He has extensive experience throughout the Urals region and is Director General of the Urals Geological Mapping Expedition. He has been awarded the title of Honoured Geologist of the Russian Federation for his contribution to the development of the minerals resources base in the Urals and Siberia.

Kim Karpovitch Zoloev, is a graduate (geologist) of the North-Caucasus Mining Metallurgical Institute. He has extensive experience as a geologist in non-ferrous metals and gold in the Urals, Kazakhstan and Baikal regions. For 20 years he was a permanent expert of the Russian Federation's State Commission for Reserves. He is also a Member of the Scientific Council of the Urals Geological Academy (former Mining Institute), Head Professor of the Chair of Mineral Resources Geology and a member of the Russian Academy of Sciences. He is Deputy Director of the Urals Geological Mapping Expedition.

Till Ervinovitch Vidoussov, is a graduate (geologist) of the Moscow University. He has extensive experience in non-ferrous metals in Uzbekistan and the Urals region of Russia, particularly in pyrite and polymetallic and lead ores, gold-silver deposits and uranium deposits. Chief Geologist of a number of geophysical expeditions, he is General Manager of UGS.

(d) Corporate Governance

The Company holds board meetings regularly throughout the year at which operating and financial reports are considered. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure, acquisitions and senior personnel appointments.

An Audit Committee has been established consisting of three non-executive Directors and chaired by one of them. It will meet at least twice each year and be responsible for ensuring that the financial performance of the Company is properly reported on and

monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

A Remuneration Committee has been established and will consist of three non-executive Directors and the Managing Director and be chaired by one of the non-executive Directors. It will review the performance of executive Directors and other senior staff and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The Remuneration Committee also determines the allocation of share options to employees. The Managing Director will not be involved in any discussions regarding his own arrangements.

RISK FACTORS

An investment in the Ordinary Shares is speculative, involves a high degree of risk and may result in loss of the entire investment. Potential investors should consider, in particular, the following risk factors.

Russia's Political System

Since the break-up of the Soviet Union at the end of 1991, Russia has experienced significant political and social change. The country is undergoing a rapid but uneven transition to a pluralistic political system and a market-oriented economy. The current government of the Russian Federation (the "Government") has demonstrated a commitment to continue to move in these directions, and in fact this transition may have proceeded too far to be easily reversed. There can, however, be no assurance that the transition will continue or that it will be uninterrupted.

Despite the Presidential elections earlier in the summer, Russia's political system remains unstable particularly in view of President Yeltsin's serious ill health. A democratic President heads a majority of the Communist Party in Parliament and the outcome of the Autumn municipal and local elections is uncertain.

Russia's Economy

While Russia has moved quickly toward a market-oriented economy, among other things through a massive privatisation programme, the transition has not been easy. Russia has experienced severe economic difficulties since 1990, including a falling gross domestic product and high levels of inflation and unemployment, although these are now slowly being arrested. A number of factors have contributed to these difficulties. These include continuing budget deficits and ready credit from the Central Bank of the Russian Federation, both of which have contributed to inflation and to the instability and decline in the value of the rouble; high levels of unpaid inter-company debt; massive Government subsidies to Russian industry and agriculture, much of which is technically insolvent; and a taxation system requiring significant reforms. The early part of 1996 saw the collapse of a large number of smaller Russian banks which the Government has refused to support. In addition, a high incidence of official corruption and organised crime has been widely reported by the press.

There can be no assurance that the economic measures being taken by the Government will be effective in improving economic conditions or that the transition to a market-oriented economy will not be affected adversely by political pressures resulting from these economic difficulties. The continuation of economic difficulties or significant delays in the transition to a market-oriented economy could have a material effect on the Group.

Russia's Legal System

As part of its effort to establish a market-oriented economy, the Government has rapidly introduced laws, regulations and legal structures intended to give participants in the economy a greater degree of confidence in the legal validity and enforceability of their obligations. Many laws have been enacted, however, without clear constitutional or legislative authority, and the speed with which legislation has been drafted has resulted in legislation that in many instances has left key issues unresolved. In many areas, legislation has not yet been enacted, and where it has been enacted, it often contemplates implementing regulations that have not yet been promulgated. These factors, combined with the rapid pace of legislation, have led to conflicting requirements, overlapping jurisdictions and substantive gaps. The result has been considerable legal confusion, particularly in areas such as company law, commercial and contract law, securities law, foreign trade and investment law, natural resources law and tax law. The absence of definitive interpretations of many of the provisions of these new laws is a further source of uncertainty. Furthermore, the absence of a tradition in Russia of a judiciary insulated from political considerations of the moment adds a further element of uncertainty to the application of these new laws. The adoption of more recent legislation, including Part II of the Civil Code and the Law on Joint Stock Companies, has helped to clarify the law in certain areas but no assurance can be given that the remaining uncertainties associated with the existing and future laws and regulations of Russia will not have a material adverse effect on the Group.

The existing business culture in Russia continues to be influenced by attitudes formed in the period of the centrally planned economy, in which survival often depended on finding ways to avoid arbitrary

FINANCIAL INFORMATION

1 Annual Accounts

The annual accounts of the Company for the period from incorporation to 31 December 1995, together with the auditors' report thereon, are reproduced in Schedule 1.

The auditors to the Company, whose name and address is set out on page 3, consent to the inclusion of their reports in this admission document and accept responsibility for them and confirm that they have not become aware, since the date of any such report, of any matter affecting the validity of that report.

No interim accounts have been published by the Company since 31 December 1995.

2 Working Capital

The Directors are of the opinion that, taking into account existing bank and other facilities available to the Group and the net proceeds of the Placing, the Group has sufficient working capital for its present requirements.

The Directors would bring to the attention of investors that, as referred to in this document, full scale development of the projects at Karabash and elsewhere will be dependent on the receipt of significant further debt and/or equity funding in due course.

3 Accounting Reference Date

The Company's accounting reference date is 31 December in each year.

SUBSTANTIAL SHAREHOLDERS/CONTROLLERS

The following information sets out the substantial shareholders in the capital of the Company prior to the Placing (percentages have been calculated on the basis of the ordinary share capital of the Company after the Placing). The Company will announce immediately on Admission details of any substantial shareholders resulting from the details of the Placing by T Hoare & Co Ltd.

	Ordinary Shares		*% of enlarged share capital on a fully diluted basis*†
	Number	% of enlarged share capital	
Framlington Russian Investment Fund (1)	1,015,650	27.3	26.8
Russian Technology International Pty Limited (2)	550,002	14.8	25.0
Taycol Nominees Limited (3)	443,500	11.9	10.3
Framlington Eastern Europe Fund Limited	101,565	2.7	2.1

† Excluding executive share options.

(1) Framlington Russian Investment Fund holds 40,000 Warrants to subscribe for Ordinary Shares at £3.10 per Ordinary Share.

(2) RTI holds 650,000 options to subscribe for Ordinary Shares at £2.50 per Ordinary Share. Mr Counsell, a Director of the Company, is a director of and has a beneficial interest under a discretionary trust in RTI.

(3) Taycol Nominees Limited hold 50,000 options to subscribe for Ordinary Shares at £2.50 per Ordinary Share.

Pursuant to an agreement dated 24 September 1996 between the Company and Framlington Russian Investment Fund ("FRIF"), FRIF is entitled to appoint a director to the Board for so long as it holds at least 20% of the issued Ordinary Share capital.

The commencement of the production phase of the Group's interests will be subject to further governmental consents, approvals and licences for which application will be made when appropriate. In addition, the Group's interests in Gagarka and Sultanovka comprise only applications for licences which have not yet been granted and no companies have yet been incorporated by the Group for these purposes.

Operations

The Group's independent geological consultants, ACA Howe, as described in Section II, have estimated the reserves and resources in which the Group is interested on the basis of geological data supplied and investigations undertaken by a variety of Russian state and private regional entities but have not verified those reserves and resources by additional sampling. In addition, the levels of production and recovery achieved from mining operations may vary significantly from projections and reserve estimates may not be met. Adverse movements in any of many variables may result in a reduction of the valuation of reserves and in the volume of reserves which can be economically mined. Drilling, development and mining may be adversely affected by factors including delays in installing, commissioning plant and equipment or other technical difficulties; availability of capital goods; strikes or interruptions to services (such as water, transport, fuel and power) or technical support. These factors may result in a failure to achieve projected target dates for or volumes of, production or a requirement for greater capital or operating expenditure.

Environment

Under Russian law, mining projects are subject to environmental "evaluation". While these evaluations have in the past generally not resulted in substantial limitations of mining activities, it is expected that they will become increasingly strict in the future. Moreover, environmental awareness on the part of the public has been increasing, as has public pressure on environmental authorities. No assurance can be given that the need to comply with current or future environmental laws, regulations or commitments will not have a material adverse effect on the Group or that the liabilities resulting from any environmental damage caused by the Group will not be material.

Uninsured Risks

Although the Group intends to maintain appropriate insurance cover with respect to its operations, in certain circumstances this insurance may not provide adequate cover. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the operations and finances of the Group. Moreover, there can be no assurance that the Group will be able to maintain appropriate insurance in the future at rates that it considers reasonable.

Control of the Sale and Export of Gold and other metals

Under current Russian law, the sale of gold, silver and platinum is strictly controlled. Most purchasing is carried out by or on behalf of the state, which has priority purchase rights in relation to gold and silver at prices which track world market prices. Until recently the principal agency responsible for exercising the functions of the state in this connection was Roskomdragmet, which placed annual orders with producers and was the only lawful exporter of precious metals. Pursuant to a Presidential Decree issued on 14 August 1996, Roskomdragmet was abolished and its functions transferred to the Ministries of Industry and Finance, and it remains to be seen what effect this will have on the precious metals industry in Russia. There can be no assurance that current or future legislation concerning the sale or export of these metals will not have a material adverse effect on the ability of the Group to operate profitably.

Price of Gold and other Metals

The Group's earnings will, if and when trading commences, be derived from the mining and sale of gold and other metals and are therefore related to the market price of those materials. Historically, the prices of metals have fluctuated significantly and are affected by numerous factors which the Group is unable to control or predict. The performance of the share price of a gold or other metals mining company generally exhibits a correlation with the price of the metals mined.

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(2) RTI holds 650,000 options to subscribe for Ordinary Shares at £2.50 per Ordinary Share. Mr Counsell, a Director of the Company, is a director of and has a beneficial interest under a discretionary trust in RTI.

(3) Taycol Nominees Limited hold 50,000 options to subscribe for Ordinary Shares at £2.50 per Ordinary Share.

Pursuant to an agreement dated 24 September 1996 between the Company and Framlington Russian Investment Fund ("FRIF"), FRIF is entitled to appoint a director to the Board for so long as it holds at least 20% of the issued Ordinary Share capital.

The Company has no other information of persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

The City Code on Takeovers and Mergers

Under the City Code on Takeovers and Mergers ("Code"), any person or group of persons acting in concert acquiring shares carrying 30% or more of the voting rights of a public company is normally required, pursuant to Rule 9 of the Code, to make a general offer in cash to all shareholders.

Following completion of the Placing, Framlington Russian Investment Fund ("FRIF") will own 1,015,650 Ordinary Shares and Framlington Eastern Europe Fund Limited ("FEEFL") will own 101,565 Ordinary Shares. Accordingly, following the Placing, FRIF and FEEFL will together own approximately 29.98% of the enlarged issued Ordinary Share capital of the Company. Based upon information received, the Panel on Takeovers & Mergers has ruled that FRIF and FEEFL, for the purposes of the Code, are considered to be acting in concert.

FRIF is the holder of £482,065 of convertible loan stock ("Loan Stock"), convertible at £2.10 per Ordinary Share, in the capital of the Company. The Loan Stock must be repaid by the Company in accordance with the terms of the Loan Stock Instrument on 31 October 1997. If not repaid by that date the Loan Stock may be converted on notice from FRIF into Ordinary Shares at the rate of one new Ordinary Share per every £2.10 of Loan Stock converted. If all of the Loan Stock is converted, and there are no further issues of shares or acquisitions of shares by either FRIF or FEEFL prior to such exercise, FRIF and FEEFL will together be the holders of 1,346,769 Ordinary Shares, representing 34.05% of the ordinary share capital of the Company and FRIF and FEEFL would then be required to make an offer under Rule 9 of the City Code at £2.10 per share.

FRIF is the holder of 40,000 Warrants to subscribe for Ordinary Shares in Eurasia at £3.10 per Ordinary Share. If it exercises such warrants, and there are no further issues of shares or acquisition of shares by either FRIF or FEEFL prior to such exercise, FRIF and FEEFL will together be the holders of 1,157,215 ordinary shares, representing 30.73% of the ordinary share capital of the Company. FRIF and FEEFL would then be required to make an offer under Rule 9 of the Code at £3.10 per Share.

If FRIF exercises all of the Warrants and converts all of the outstanding Loan Stock into Ordinary Shares at £2.10 per share and there are no further issues of shares or acquisitions of shares by either FRIF or FEEFL prior to such exercise, FRIF and FEEFL will together be the holders of 1,386,769 Ordinary Shares representing 28.87% of the Ordinary Share capital of the Company.

DIRECTORS

1 Interests

(a) Shares

Mr Counsell is a director of and has a beneficial interest under a discretionary trust in RTI which holds 650,002 Ordinary Shares. RTI has agreed to sell 100,000 of those Ordinary Shares to unrelated third parties under a conditional agreement which has not yet been completed.

Mr Jenkins is a Senior Fund Manager of Framlington Investment Management Limited which manages the Framlington Russian Investment Fund and the Framlington Eastern Europe Fund. He has no beneficial interest in the shares held by the fund.

The Company has adopted a code for dealing in shares by Directors and relevant employees which complies with the requirements of the Model Code as specified by the AIM Rules.

RTI and the Directors have agreed not to dispose of any interests held by them in Ordinary Shares of the Company for a period of one year from the date of admission of such shares to trading on AIM, save as permitted by Rule 16.9 (c) of the AIM Rules.

(b) Share Options

The interests of the Directors and those connected with them in the Unapproved Share Option Scheme and the Approved Share Option Scheme described on page 32 to 34 are as follows:

	Number of Shares	*Option Price*	*Date of Grant*
Mr MacKay	90,000	£2.10	24 July 1996†
Mr Line	50,000	£2.10	24 July 1996†

† The issue price of the options was approved by the Board on 29 January 1996 based on the Subscription Agreement share price at the time and the grant of the options awarded in satisfaction of undertakings given by the Company in 1995 was approved by the Board on 8 May 1996, subject to the approval of the Unapproved Share Option Scheme by the Company which was given on 24 July 1996. The Approved Share Option Scheme was approved by the Inland Revenue on 31 July 1996.

(c) Other Options

The interests of the Directors and those connected with them in the RTI Options described on page 34 are as follows:

	Number of Options	*Option Price*
Mr Counsell	650,000	£2.50

These Options are held in the name of RTI.

Other than as stated above none of the Directors has any interest in the issued share capital of the Company.

2 Other Directorships

Each of the following companies is (or was) incorporated in England and Wales unless otherwise stated. Those which are subsidiaries of the Company are marked with an asterisk.

(a) Mr Mitchell

Other current Directorships:

Argonaut Corporate Services Limited
International Minerals and Metals Corporation Limited
Asian Energy Limited (Australia)
John Mitchell and Partners Pty Ltd (Australia)
Syber Resources Limited (Cyprus)
Pamjot Pty Ltd (Australia)
Coronezi Pty Ltd (Australia)

Other Directorships held over last 5 years:

Diversified Mineral Resources NL (Australia)
Far Northern Television Ltd (Australia)
Fulcrum Capital Investments Pty Ltd (Australia)
Kanji Ltd (Australia)
Metals Exploration Ltd (Australia)
Mid-East Mineral Ltd (Australia)
Australian Resources Limited (Australia)
Australian Resources Mining Pty Limited (Australia)
Turnbull & Partners Limited (Australia)
Abermain Hills Pty Ltd (Australia)
Nadel Trading Pty Limited (Australia)
Kusu Investments Pty Ltd (Australia)
Edgeware Enterprises Pty Ltd (Australia)
Mount Isa Television Pty Ltd (Australia)
Queensland Satellite Television Ltd (Australia)
Strand Media Pty Ltd (Australia)
Telecasters Australia Ltd (Australia)
Telecasters North Queensland Ltd (Australia)
TNQ Investments Pty Ltd (Australia)
TNQ Television Ltd (Australia)
Notron (No. 158) Pty Ltd (Australia)†
Creative and Print Solutions Pty Limited (Australia)

A liquidator was appointed to Coronezi Pty Ltd on 26 June 1995 pursuant to an application made by the members. The company has been declared solvent.

† this company has been removed from the register of companies as it never actively traded.

(b) Mr Counsell

Other current Directorships:

Eurasia Mining (UK) Limited*
Eurasia Investments Limited* (Cyprus)
Russian Technology International Pty Limited (Australia)
RTI Resources NL* (Australia)
Eurasia Holdings Limited* (Cyprus)
Eurasia Mining (Cyprus) Limited* (Cyprus)
Eurasia Mines Limited* (Cyprus)
Eurasia North Limited* (Cyprus)
Hortac Pty Limited (Australia)
Karabash Mining Limited* (Russia)
AO Chromite (Russia)
Urals Geological Services* (Russia)
Altobasso Pty Ltd (Australia)
Business Resources Pty Ltd (Australia)
Wallman & Co Pty Ltd (Australia)
Lettuce Investments Pty Ltd (Australia)

Other Directorships held over last 5 years:

Aero Pacific Corporation Limited (Australia)†
BR Nominees Pty Ltd (Australia)†
Barwin Exports Pty Ltd (Australia)†
Deweco Pty Ltd (Australia)†
Eagle Trading International Pty Ltd (Australia)
Russian Timber Imports Pty Ltd (Australia)
Consolidated Equities Pty Ltd (Australia)
Forbryde Pty Ltd (Australia)
Garrison Holdings Pty Ltd (Australia)
Glendon Vineyards Pty Ltd (Australia)
Lott Holdings Pty Ltd (Australia)†
Prosperous Investments Pty Ltd (Australia)†
Sleights Pty Ltd (Australia)†
Southern Equity Pty Ltd (Australia)†
Remiremont Pty Ltd (Australia)

A liquidator was appointed to Lettuce Investments Pty Ltd on 22 January 1992 pursuant to an application made by the Deputy Commission of Taxation.

A liquidator was appointed to Remiremont Pty Ltd pursuant to an application made by the members. The company was declared solvent and deregistered on 15 September 1992.

† these companies have been removed from the register of companies, as they have ceased trading or never actively traded. These directorships may have been held more than 5 years previously.

(c) Mr Line

Other current Directorships:

Northern Petroleum Plc
Chinevale Limited
Beaubond Limited

Other Directorships held over last 5 years:

Cluff Resources Plc
Cluff Oil Plc
Cluff Mining (Ghana) Limited
Cluff Mineral Exploration Limited
Cluff Oil Australia (UK) Limited
Cluff Oil Pacific (UK) Limited
Cluff Oil (France) Limited
Cluff Oil (Denmark) Limited
Quest Energy Services Limited

(d) Mr MacKay

Other current Directorships:

Eurasia Investments Limited* (Cyprus)
Eurasia Holdings Limited* (Cyprus)
Eurasia Mining (Cyprus) Limited* (Cyprus)
Eurasia Mines Limited* (Cyprus)
Eurasia North Limited* (Cyprus)
Western Community Hospital Inc (Australia)
Urals Geological Services* (Russia)
Karabash Mining Limited* (Russia)

Other Directorships held over last 5 years:

None

(e) Mr Bates

Other current Directorships:

None

Other Directorships held over last 5 years:

Rossing Uranium Limited (Namibia)
Kennecott Corporation (USA)
Star Mining Corporation NL (Australia)

(f) Mr Jenkins

Other current Directorships:

Eurasia Mining (UK) Limited*
Griffins Meat Company Limited
Associated Meat Companies Limited
The Packing House Products Company Limited
AJ Poels & Company Limited
Irlasto PLC (Ireland)
RGHC Holding, Ltd (Cyprus)

Other Directorships held over last 5 years:

Eurasia Holdings Limited (Cyprus)*
Eurasia Mining (Cyprus) Limited (Cyprus)*
Midland Montagu Ventures Limited †
North Atlantic Technology (BVI) Ltd (British Virgin Islands)
Eurasia Mines Limited* (Cyprus)

† Disolved

3 Other Relevant Information

(a) Service Contracts

Directors' Service Agreements and Consultancy Agreements

1 Service agreements have been entered into by the following Directors details of which are set out below:

Director	*Employer*	*Date of Agreement*	*Period of Notice*	*Salary*
Mr Counsell	The Company	02.01.96	12 months	£50,000
Mr MacKay	The Company	04.06.96	12 months	£16,000
Mr Counsell	Eurasia Mining (Cyprus) Limited	02.01.96	12 months	£50,000
Mr MacKay	Eurasia Mining (Cyprus) Limited	04.06.96	12 months	£64,000

1.2 In addition to salary, both Mr Counsell and Mr MacKay are entitled under the terms of their service agreements with the Company to permanent health insurance, term life insurance and private medical insurance for themselves, their spouses and their children under the age of 18. They are also entitled to participate in any share option scheme which may be established by the Company. Their salaries with the Company and Eurasia Mining (Cyprus) Limited are subject to annual review and they are each entitled to a minimum annual increase equivalent to the rate of increase in the UK retail price index. Mr Counsell is also entitled to a company car and Mr MacKay to office support facilities under their service agreements with the Company.

1.3 The Company has undertaken to pay for Mr Counsell and Mr MacKay contributions of 15% of each of their respective aggregate salaries under their service agreements with the Company and Eurasia Mining (Cyprus) Limited to an Inland Revenue approved personal pension scheme, in the event that the Company is admitted to the Official List of the London Stock Exchange (but no similar provision exists in respect of AIM).

2 The Company has entered into a consultancy agreement dated 9 August 1995 for the provision of the services of Mr Line as finance executive of the Company and company secretary of its UK subsidiaries. The agreement was for a period of 6 months and could be terminated by either party on one month's notice. Under the terms of the agreement the Company agrees to pay the following daily rates for the services of Mr Line: £400 per day worked in the FSU, £375 per day worked outside the FSU, £375 per day worked at place of residence, £375 per day spent travelling and £200 per day-off on location, subject to a minimum monthly fee of £3,750. Under a letter dated 25 March 1996 the agreement was extended to 30 June 1996 and by a letter dated 4 July 1996 further extended to 31 December 1996.

3 Save as stated above, there are no service agreements existing or proposed between the Directors and the Company or any of its subsidiaries.

4 The aggregate remuneration (including benefits in kind) of the Directors for the year ended 31 December 1995 amounted to approximately £107,600. It is estimated that the aggregate remuneration (including benefits in kind) of the Directors for the current financial year under arrangements in force at the date of this document will not exceed £275,000.

(b) Other

Save as disclosed above, none of the Directors has any unspent convictions, nor has been declared bankrupt, nor has been a director of a company which has during that time or within the following 12 months gone into receivership or liquidation, nor has been subject to any public criticisms by statutory or regulatory authorities.

SHARE CAPITAL AND OPTIONS

1 Authorised and Issued

The authorised share capital of the Company is £20,050,000, divided into 20,000,000 Ordinary Shares and 50,000 Redeemable Preference Shares of £1.00 each. The issued share capital of the Company comprises 2,787,217 Ordinary Shares. Each of the issued Ordinary Shares is fully paid.

(a) By a resolution dated 26 May 1995, the Directors were authorised pursuant to s.80 of the Act to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £4,000,000, such authority to expire at midnight on 30 November 1998 and allowing the Directors during the period to make offers or agreements which could or might require the allotment of securities after the expiry of such period.

(b) By a resolution dated 26 May 1995, the Directors were empowered pursuant to S.95 of the Act to allot equity securities (as defined in S.94 of the Act) for cash pursuant to the authority given by the resolution referred to in (a) above as if s.89(1) of the Act (which contained statutory pre-emption procedures in favour of existing shareholders which would otherwise apply in the case of new issues for cash) did not apply.

(c) By a resolution dated 29 August 1995, the Directors were authorised pursuant to s.80 of the Act to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of £4,500,000, such authority to expire at midnight on 31 December 1999 and allowing the Directors during the period to make offers or agreements which could or might require the allotment of securities after the expiry of such period.

(d) By a resolution dated 29 August 1995, the Directors were empowered pursuant to s.95 of the Act to allot equity securities (as defined in s.94 of the Act) for cash pursuant to the authority given by the resolution referred to in (c) above as if s.89(1) of the Act (which contains statutory pre-emption procedures in favour of existing shareholders which would otherwise apply in the case of new issues for cash) does not apply.

(e) By a resolution dated 19 August 1996, the Directors were authorised with effect from Admission pursuant to s.80 of the Act to allot relevant securities (as defined in that section) up to a maximum nominal amount of one third of the nominal value of the Ordinary Shares in the Company in issue on the day following Admission such authority to expire at midnight on the date being 15 months from 19 August 1996 and allowing the Directors during the period to make offers or agreements which could or might require the allotment of securities after the expiry of such period.

(f) By a resolution dated 19 August 1996, the Directors were empowered pursuant to s.95 of the Act to allot equity securities (as defined in s.94 of the Act) for cash up to an aggregate nominal value of £2,000,000 pursuant to the authority referred to in paragraph (e) above as if s.89(1) of that Act (which contains statutory pre-emption procedures in favour of existing shareholders which would otherwise apply in the case of new issues of shares for cash) did not apply.

Application for admission to trading on AIM is being made in respect of all issued Ordinary Shares. Other than the current application for admission of the Ordinary Shares to trading on AIM, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor are there intended to be other arrangements for there to be dealings in the Ordinary Shares.

There are no listed or unlisted securities issued by the Company not representing share capital, other than the convertible loan stock and the options and warrants referred to on pages 32 to 35.

2 Rights attaching to Shares

On Admission the Ordinary Shares shall rank *pari passu* in all respects.

3 Articles of Association

The Articles of Association which will be in force with effect from Admission contain, *inter alia*, provisions to the following effect:

(a) Share rights

Subject to the Act and to any special rights conferred on the holders of any shares or class of shares, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide or (if and to the extent that there is no resolution making specific provision) as the Directors may decide.

(b) Voting

Subject to any special rights or restrictions as to voting attached to any share by or in accordance with the Articles as to which there is none at present on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member is not entitled to vote in respect of shares unless all calls or other sums presently payable by him in respect of those shares have been paid. A member is not entitled to vote in respect of shares held by him in relation to which he or any person appearing to be interested in such shares has been served with a notice given by the Directors in their absolute discretion under the Act ("a statutory notice") requiring him to give details of any interest in any shares in the Company, and that person has failed to comply with such notice within the specified period and the member has accordingly been served with a restriction notice by the Company.

(c) Variation of Rights

Subject to the Act, whenever the share capital of the Company is divided into different classes of shares rights attached to any class of shares may be varied with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of that class, or the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate meeting (except an adjourned meeting) the quorum shall be two or more persons holding or representing by proxy not less than one third in nominal value of the issued shares of the class and at an adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) may constitute a quorum.

(d) Transfer of Shares

Transfer of shares may be effected by an instrument of transfer in the usual common form or in any other manner whether or not by written instrument as the Directors may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor (and the transferee in the case of a partly paid share) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

The Directors may also decline to register any transfer unless any written instrument of transfer is lodged with the Company duly stamped, accompanied by the certificate for the shares to which it relates and such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, is in respect of only one class of share and is in favour of not more than four transferees. The Directors may in their absolute discretion and without assigning any reason therefor decline to register the transfer of any share which is not a fully paid share.

Where a holder of shares which represent 0.25% or more of the class of shares concerned has been served with a restriction notice after there has been a failure to provide the Company with information required by a statutory notice, no transfer of any shares held by the holder shall be registered unless the exception contained in the Articles of Association applies.

(e) Return of Capital on Winding Up

The Board shall have power in the name and on behalf of the Company to present a petition to the Court for the Company to be wound up.

Subject to the rights attached to any shares issued on any special terms and conditions, on return of assets on a winding up or otherwise the surplus assets of the Company after discharge of its liabilities shall belong to and be distributed amongst the holders of Ordinary Shares in proportion to the number of such shares held by them respectively after deducting in respect of any Ordinary Share not fully paid up on the amount remaining unpaid thereon (whether or not then payable).

If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company, and any other sanction required by the Companies Acts, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other assets upon which there is any liability.

(f) Redemption and Pre-emption

There are no redemption or pre-emption rights attaching to the Ordinary Shares.

(g) Alteration of Share Capital

The Company may by ordinary resolution increase, consolidate or sub-divide its share capital or cancel any shares which have not, at the date of the ordinary resolution, been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of shares so cancelled. The Company may (subject to the Act) by special resolution reduce its share capital or any capital redemption reserve or share premium account in any manner.

(h) Purchase of Own Shares

The Company may, subject to the Act and the rights of the holders of any class of shares, purchase its own fully-paid shares.

(i) Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights of powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to ensure (or, as regards subsidiary undertakings, so far as they can so ensure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Company and all of its subsidiary undertakings ("the Group") and owing to persons outside the Group shall not at any time without the previous sanction of an ordinary resolution of the Company exceed the higher of £50 million or an amount equal to 3 times the adjusted total of capital and reserves.

(j) Directors

(i) Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, provided that such fees in aggregate shall not exceed £100,000 per annum or such higher amount as may be determined by the Company

by ordinary resolution. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly and reasonably incurred by them in connection with the business of the Company or in discharge of their duties as Directors. If, in the opinion of the Directors, any of their number perform any special services on behalf of the Company or its business such Directors may be paid such additional remuneration therefor as the Directors may from time to time determine.

(ii) At each annual general meeting of the Company one-third (or the nearest number to one-third) of the Directors who are subject to retirement by rotation for the time being shall retire from office and shall be eligible for re-election. The Directors to retire in each year shall be those subject to retirement by rotation who have been longest in office since the last election, but as between persons who became Directors at the same time, those to retire shall (unless they otherwise agree amongst themselves) be determined by lot.

(iii) Subject to the Act and the provisions of the Articles of Association, no Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any profit, remuneration or other benefit realised by any such contract or arrangement, by reason only of such Director holding that office or of the fiduciary relationship thereby established.

(iv) A Director shall not vote or be counted in any quorum in respect of any contract or arrangement or any other proposal in which (together with any interest of any person connected with him) to his knowledge he has a material interest, save that this prohibition shall not apply to:

(1) the giving of any security, guarantee or indemnity in respect of money lent or obligation undertaken by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(2) the giving by the Company or any of its subsidiary undertakings of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has himself assumed the responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(3) any proposal concerning his participation in any offer of shares or in debentures or other securities of the Company or any of its subsidiary undertakings issued or to be issued pursuant to any offer or invitation to holders of securities of the Company or any of its subsidiary undertakings or concerning his participation in the underwriting or sub-underwriting of any such securities whether or not issued or to be issued as aforesaid;

(4) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(5) any contract or arrangement concerning any other company (not being a company in which the Director owns 1% or more (as defined in the Articles)) in which he is interested, directly or indirectly and whether as an officer, creditor or shareholder or otherwise;

(6) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not provide in respect of any Director as such any privilege or advantage not generally awarded to the employees to which such arrangement relates;

(7) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any Directors of the Company or persons who include Directors.

(v) A Director shall not vote or be counted in the quorum on any Board resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested, including fixing or varying the terms of his appointment or the termination thereof. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) or the termination of the appointment of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such a case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or the termination of his own appointment or in the case of an office or place of profit with any such other company as aforesaid where the other company is a company in which the director owns 1% or more.

(vi) No person shall be disqualified from being appointed a Director by reason of his having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.

(vii) The Directors may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations or dependants of any such person provided that no pension, annuity or other allowance or benefit (except as otherwise provided by the Article of Association) shall be granted to a Director or former Director who has not been an executive director or held any other office or place of profit under the Company or any of its subsidiaries or to a person who has no claim on the Company except as a relation or dependent of such a Director or former Director without the approval of an ordinary resolution of the Company. A Director or former Director shall not be accountable to the Company or its shareholders for any benefit of any kind conferred under or pursuant to this provision and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

(viii) The Directors may appoint any one or more of their body to the Managing Director or to hold other executive office for such period (subject to the Act) and on such terms as the Directors shall think fit.

(ix) A Director may hold and be remunerated in respect of any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office as Director and he (or his firm) may act in professional capacity for the Company (except as auditor) and may be remunerated for it.

(k) Indemnity of Officers

Subject to the provisions of, and so far as may be consistent with, the Act, every Director, Executive Director, manager, officer and the auditors will be indemnified out of the funds of the Company against all costs, charges, losses, expenses and liabilities incurred by him (or them) in the execution and discharge of his (or their) duties, including any liability incurred by him in defending any proceedings (whether civil or criminal) which relate to anything done or omitted or alleged to have been done or omitted by him (or them) in that capacity.

(l) Untraced Shareholders

Subject to various notice requirements, the Company may sell any shares of a member if, during a period of twelve years, at least three dividend payments on those shares have

become payable and the cheques or warrants have remained uncashed and the Company has received no indication of the existence of such member during such period.

(m) Dividends

(i) Out of the profits of the Company available for distribution, the Company may in general meeting declare dividends, but no dividend shall be in excess of the amount recommended by the Board.

(ii) Except so far as the rights attaching to the shares provide otherwise, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares (provided that calls have been made for all such payments) during any portion or portions of the period in respect of which the dividend is paid.

(iii) The Company may withhold payment of any dividend or other money which would otherwise be payable (or any shares otherwise distributable in lieu of payment) on any shares which represent 0.25% or more of the class of share concerned if the holder of such shares has been served with a restriction notice after a failure to provide the Company with information required by a statutory notice.

(iv) Any dividend which remains unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company. No dividend shall bear interest against the Company.

(n) Non-United Kingdom shareholders

Members with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices may be served.

4 Taxation of Dividends

Under current United Kingdom taxation legislation the Company is not required to withhold tax at source when paying a dividend, but the Company has to remit to the Inland Revenue an amount of advance corporation tax ("ACT") at a rate which is for dividends paid on or after 6 April 1994 one quarter of the dividend paid.

For shareholders resident in the United Kingdom for tax purposes, the ACT paid is available as a tax credit equal to 20/80ths of the dividend paid. The dividend (together with the associated tax credit) will be treated as the top slice of the shareholder's income for tax purposes. To the extent that this top slice does not exceed the threshold for higher rate tax, income tax will be chargeable on the amount of dividend plus the associated tax credit at the lower rate of 20%. No further tax will be payable in respect of the dividend as the tax credit will equal the income tax liability. To the extent that a dividend (together with the associated tax credit), again treated as the top slice of the shareholder's income, exceeds the threshold for higher rate tax, the income tax will be chargeable on the amount of dividend plus the associated tax credit at the higher rate of 40%. After deducting the amount of the associated tax credit this will give rise to additional tax of 20%, in respect of the dividend plus the associated tax credit. Where total tax credits exceed the overall income tax liability, an individual shareholder may claim to have the excess repaid to him by the Inland Revenue. A United Kingdom resident corporate shareholder will not be liable to United Kingdom corporation tax on any dividend received, and will be able to treat any dividend received and related tax credit as franked investment income.

Whether holders of shares in the Company who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of dividends on such shares depends in general upon the provisions of any double tax convention or agreement which exists between such countries and the United Kingdom. There are also specific provisions entitling individuals who are resident in countries which are member states of either the Commonwealth or the European Economic Area to claim such tax credit. Persons who are not resident in the United Kingdom should consult their own

tax advisers on the possible application of such provisions, the procedure for claiming payment and what relief or credit may be claimed in the jurisdiction in which they are resident for such tax credit.

Shareholders resident or ordinarily resident in the United Kingdom for tax purposes may be liable to tax on any gain arising on a disposal of the Ordinary Shares.

The above statements are intended as a general guide to current United Kingdom law and practice. Any person who is in doubt as to his taxation position or who is subject to taxation in a jurisdiction other than the United Kingdom should consult his professional advisers immediately.

5 Share Options

Employee Share Option Schemes

On 24 July 1996 the Company approved the adoption of an Unapproved Share Option Scheme ("the Unapproved Scheme") and, subject to the approval of the Board of the Inland Revenue, an Approved Share Option Scheme ("the Approved Scheme"). The Approved Scheme was approved by the Inland Revenue on 31 July 1996.

The share options issued under the Approved and Unapproved Schemes, outstanding as at the date hereof are as follows:

Scheme	*Number of Shares*	*Option Price*	*Date of Grant*
Unapproved Scheme	140,000	£2.10	24 July 1996*
Approved Scheme	None		

*See "Directors: Share Options" on page 22.

Details of these schemes are set out below.

The Approved Scheme

The principal features of the Approved Scheme (subject to any amendments required by the Board of the Inland Revenue), which will be administered by the Board or a committee of the Board ("the Administrators") and the terms of which are set out in full in the Rules of the Approved Scheme, are as follows:

(a) Eligible Employees

Options may be granted to selected Directors and employees provided that in the case of Directors they are contractually required to work more than 25 hours per week.

(b) Grant of Options

Options may be granted to participants at any time following approval of the Approved Scheme by the Inland Revenue. Options granted under the Approved Scheme may not be transferred or assigned.

The Board may in its discretion impose any objective conditions and/or limitations upon the exercise of any option granted under the Approved Scheme.

(c) Exercise price

The price per Ordinary Share at which options may be exercised will be determined by the Administrators and will not be less than the greater of the nominal value of the Ordinary Shares and the middle market quotations for the Ordinary Shares on the London Stock Exchange for the immediately preceding dealing day. If the shares are not listed on the London Stock Exchange then the market price shall be determined by the Administrators and agreed with the Inland Revenue Valuation Division.

(d) Exercise of options

Options will normally be exercisable by the participant at any time between the third and tenth anniversaries of the grant. Earlier exercise is permitted in the event of a takeover (although in this event there are provisions which may entitle the participant to transfer into the acquiring company's scheme), or a reconstruction or liquidation of the Company or if the participant's employment terminates by reason of death, ill health, injury, disability, retirement or redundancy. There are time limits within which early exercise of options in such circumstances must be made, failing which the options lapse. Except in these circumstances, if the participant ceases to be employed by the Company, the Board may consent to permit the holder to exercise the option in whole or in part and set the period within which such exercise must take place.

(e) Rights of shares and listing

Shares allotted and issued following exercise of an option will rank *pari passu* with the Ordinary Shares then in issue, save as regards dividends payable by reference to a record date prior to the date of issue. The Company will apply to any stock exchange on which the Company's Ordinary Shares are traded for any Ordinary Shares issued on the exercise of options pursuant to the Approved Scheme to be admitted to trading on that exchange. The Company will at all times keep available sufficient authorised and unissued share capital to satisfy outstanding options.

(f) Limits

No option may be granted to the extent that the number of shares comprised in the proposed grant together with the number of shares which have been issued or are issuable pursuant to subsisting options granted under the Approved Scheme and any other share option scheme operated by the Company or an associated company (not including options granted under any Save As You Earn Scheme) exceed 10% of the Ordinary Share capital of the Company.

No options may be granted more than 10 years after the date on which the Approved Scheme is approved by the Company in general meeting.

No options may be granted to a participant if the aggregate exercise price, at the date of grant, of all shares subject to options granted to that person in the preceding 10 years under the Approved Scheme and any other share option scheme established by the Company or any associated company exceeds four times their annual salary.

No option may be granted under the Approved Scheme to any person if the aggregate market value at the date of grant of all shares subject to options granted to them under the Approved Scheme and any other Inland Revenue approved executive share option scheme established by the Company or any associated company exceeds £30,000.

(g) Administration and amendments

The Approved Scheme will be administered by the Board or a Committee of the Board.

The number, nominal amount and class of Ordinary Shares subject to the Approved Scheme and the number, nominal amount and class of shares subject to any option are subject to appropriate adjustment in the event of any capitalisation or rights issue by the Company or any consolidation, sub-division or reduction of the Company's share capital.

The Board may make such amendments to the Approved Scheme as are necessary or desirable to retain the approval of the Approved Scheme under Part 1 of Schedule 9 of the Income and Corporation Taxes Act 1988.

The Board has the power to amend the Approved Scheme at any time, subject to the prior approval of the Inland Revenue, but except to the extent necessary to obtain or maintain such Inland Revenue approval, the provisions summarised above may not be amended to render materially more generous terms on which the options may be granted or to increase the limits set out in (f) above.

The Unapproved Share Option Scheme

On 24 July 1996, the Company adopted a share option scheme for which no application for approval will be made to the Inland Revenue (the "Unapproved Scheme").

The principal features of the Unapproved Scheme (which will be administered by the Board or a Committee of the Board), the terms of which are set out in full in the Rules of the Unapproved Scheme, are substantially the same as for the Approved Scheme, save for the following:

(a) Eligible employees

Participants will be selected Directors and employees.

(b) Exercise price

The price at which a share may be acquired will be determined by the Board and will not be less than the nominal value. Where the Company has obtained a listing on a stock exchange the price shall be not less than the market value, on the day preceding the date of grant.

(c) Exercise of options

Options will normally be exercisable at any time between the third and seventh anniversaries of grant. Where an option is granted prior to a flotation, it may, at the Board's discretion, be exercised as to 1/3 after each of the first, second and third anniversaries of the date of grant. Earlier exercise is permitted in the event of a takeover, or upon a reconstruction or liquidation of the Company, or if the participants employment terminates by reason of his death, ill health, injury, disability, retirement or redundancy. These are time limits within which the early exercise of options in such circumstances must be made, failing which the options lapse.

If any participant ceases to be an employee of the Company or its subsidiaries for any other reason the option will normally lapse, unless the Board exercise their discretion to allow it to be exercised early.

The Board have a general discretion to allow options to be exercised early in exceptional circumstances and to waive or amend the performance criteria for all employees where such criteria have ceased to be appropriate.

(d) Limits

No option may be granted to the extent that the number of shares comprised in the proposed grant together with the number of shares which have been issued or are issuable pursuant to subsisting options granted under the Unapproved Scheme and any other share option scheme operated by the Company or an associated company (not including options granted under any Save As You Earn Scheme) exceed 10% of the ordinary share capital of the Company.

No options may be granted more than 10 years after the date on which the Unapproved Scheme is approved by the Company in general meeting.

No options may by granted to a participant if the aggregate exercise price, at the date of grant, of all shares subject to options granted to that person the preceding 10 years under the Unapproved Scheme and any other share option scheme established by the Company or any associated company exceeds four times their annual salary.

(e) Administration and amendment

Amendment of the Unapproved Scheme is not subject to prior approval of the Inland Revenue.

RTI Options

In May 1995 the Company acquired the whole of the issued share capital of RTI Resources NL. Further details of the acquisition are set out on page 37.

In settlement of outstanding options granted to certain shareholders in RTI Resources NL the Company issued new options to those shareholders entitling them to subscribe for Ordinary Shares. Each option entitles the holder to subscribe at £2.50 for one Ordinary Share exercisable at any time up to 30 November 1998.

As at the date of this document there are a total of 700,000 RTI Options outstanding.

6 Warrants

On 24 September 1996 the Company approved an Instrument constituting warrants ("Warrants") to subscribe for Ordinary Shares at a subscription price of £3.10 per Ordinary Share at any time during the period commencing on 24 September 1996 and ending on the first anniversary of that date. Each Warrant entitles the warrantholder to subscribe for one Ordinary Share. With effect from Admission Framlington Russian Investment Fund has agreed to subscribe for 40,000 Warrants for an aggregate subscription price of £400. The Warrant Instrument contains provisions whereby the subscription rights of the warrantholder are adjusted on the occurrence of certain events including a capitalisation of profits or reserves, a rights issue or a reduction of capital.

7 Loan Stock

Convertible loan stock outstanding at the date of this document is as follows:

Convertible Loan Stock	*Holder*	*Amount*
£257,416 Convertible Loan Stock 1996	Framlington Russian Investment Fund	£128,708
	T Hoare & Co. Limited	£128,708
£320,760 Convertible Loan Stock 1996	Framlington Russian Investment Fund	£224,532
	T Hoare & Co. Limited	£96,228
£128,825 Convertible Loan Stock 1996	Framlington Russian Investment Fund	£128,825
Total		£707,001

The loan stock is to be redeemed at any time on or before 31 October 1997. If the loan stock is not redeemed by 31 October 1997, the loan stock holder may convert all or any part of the loan stock held into Ordinary Shares on the basis of £2.10 nominal amount of loan stock for each Ordinary Share, which would result in the issue of 336,667 Ordinary Shares.

OTHER INFORMATION

1 Constitution

(a) The Company was incorporated in England and Wales on 16th January 1995 under the Companies Act 1985 as a public limited company with registered number 3010091.

(b) The Memorandum of Association of the Company provides that the Company's principal objects are to carry on the business of an investment, holding and co-ordinating company, to carry on the business of a mining company and the like.

(c) The liability of the members of the Company is limited.

2 Group Structure

(a) The Company is the ultimate holding company of the Group. The principal subsidiaries and associated undertakings of the Company are set out in the following table.

	Country of Incorporation/ Registration	*Principal Activity*	*Principal Country of Operation*	*Description and Proportion of Shares Held*
Principal subsidiary undertakings				
Eurasia Mining (UK) Limited	England & Wales	Holding Company	England	100% Ordinary
RTI Resources NL	Australia	Holding Company	Australia	100% Ordinary
Eurasia Investments Limited*	Cyprus	Holding Company	Cyprus	100% Ordinary
Eurasia Holdings Limited	Cyprus	Holding Company	Cyprus	100% Ordinary
Eurasia North 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
A0ZT Karabash Mining Limited	Russia	Mineral Evaluation and Production	Russia	50% Ordinary
AO Central Mine	Russia	Mineral Evaluation and Production	Russia	49% Ordinary
A0ZT Urals Geological Services	Russia	Mineral Evaluation Services	Russia	50% Ordinary
AO Chromite*	Russia	Mineral Evaluation and Production	Russia	20% Ordinary

*The incorporation of Eurasia Investments Limited and Eurasia North Limited and the acquisition of AO Chromite occured after 6 June 1996.

RTI Resources NL and Eurasia Mining (UK) Limited are direct subsidiary undertakings of the Company. All other shareholdings are held indirectly.

3 Activities

(a) The Directors are unaware of any exceptional factors which have influenced the Company's recent activities.

(b) There are no patents or other intellectual property rights, licences or particular contracts (other than as disclosed in this document) which are or may be of fundamental importance to the Company's business.

(c) There are no significant investments in progress other than those outlined on pages 8 to 13.

(d) Other than as disclosed in this admission document, there have been no significant recent trends concerning the development of the Company's business nor any significant acquisitions or disposals of assets since 31 December 1995.

4 Litigation

Neither the Company nor any other member of the Group is engaged in any legal or arbitration proceedings nor, as far as the Directors are aware, are any legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any other member of the Group which are having or which may have a significant effect on the Company's financial position.

5 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group during the two years proceeding the date of this document and are or may be material:

(a) In May 1995 pursuant to an offer made to the shareholders of RTI Resources NL ("RTI Resources") the Company acquired the entire issued share capital of RTI Resources and options to subscribe for 700,000 Ordinary Shares. The consideration was one Ordinary Share for every RTI Resources ordinary share and one option to subscribe for Ordinary Shares at a price of £2.50 per Ordinary Share on or before 30 November 1998 for every option to subscribe for ordinary shares of RTI Resources.

(b) A Subscription Agreement dated 25 July 1995 (as amended on 24 September 1996) ("the Agreement") made between Framlington Russian Investment Fund ("Framlington") and others (together referred to as "the Investors") (1) the Company (2) the Directors at the time (3) and the shareholders at the time ("the Shareholders") (4) by which the Investors agreed to subscribe for a total of 246,365 Ordinary Shares at a subscription price of £1 per Ordinary Share immediately following execution of the Agreement and for 750,850 Ordinary Shares at £2.10 per Ordinary Share three months after the date of the Agreement ("the First Completion Date"). Framlington also agreed to subscribe for a further 305,000 Ordinary Shares at £2.10 per Ordinary Share on the same date as the first completion date (the "Second Completion Date"). If a flotation or placing takes place at a price less than 420p per Ordinary Share before the first anniversary of the Second Completion Date the Company shall issue warrants to the Investors in accordance with a formula contained in the Agreement (which obligation has been waived by the Investors). If no such flotation or placing takes place and a placing takes place after the first anniversary and before the second anniversary of the Second Completion Date at a price less than 525p per share or if no flotation or placing takes place within this period the Company shall issue warrants to the Investors in accordance with the provisions referred to above. All warrants are to be issued at 1p per warrant, payable in full in cash on issue of the warrant. The Company, AH Counsell and RTI have given warranties and, with the exception of the Company, an indemnity to the Investors for breach of warranty. There are limitations on the liability of the Company, Mr Counsell and RTI under the warranties and indemnity. There are covenants on behalf of the Company and the Shareholders to protect the Investors during the period commencing on the First Completion Date and ending on the earlier of flotation (including the admission of shares to trading on AIM) and the date when the Investors between them hold less than 400,000 Ordinary Shares in the issued share capital of the Company ("the Investor Protection Period"). During the Investor Protection Period the prior written consent of Framlington is required in relation to certain activities of the Company and the Group including, *inter alia*, the alteration of or variation of rights attaching to the Company's authorised or issued share capital, the creation, allotment or issue of new shares or the creation of any interest in a new company or joint venture (subject to certain exceptions); and any change to the Memorandum or Articles of Association ("the Articles") of the Company. There is also a provision that none of the Shareholders or Directors party to the Agreement will, during the Investor Protection Period, without the prior written consent of the Investors or the Special Director (appointed pursuant to the Articles), dispose of any shares held by them except in accordance with article 12 of the Articles or in accordance with the Agreement. The Company has agreed to pay Framlington Overseas Investment Management Limited a fee of US$10,000 per annum in relation to financial advice to be provided by that company. AH Counsell has given undertakings, *inter alia*, not to be engaged in a business in competition with the Company for two years from the First Completion Date.

(c) Pursuant to an agreement ("Agreement") dated 24 September 1996 between the Company and Framlington Russian Investment Fund ("FRIF"), FRIF is entitled to appoint a Director to the Board for as long as it is the beneficial owner of 20% or more of the issued Ordinary Shares. In addition, FRIF agrees to procure that Framlington Overseas Investment Management will monitor the financial progress and position of the Group and regularly liaise with the Board for the purposes of providing advice with regard to the budgets and financial requirements of the Group from time to time. The Company has agreed to pay FRIF US$5,000 per annum in relation to the director to be appointed by FRIF and a fee to Framlington Overseas Investment Management of US$10,000 per annum in relation to the financial advice to be given by that company. All of the Company's obligations under the Agreement cease upon FRIF ceasing to hold at least 20% of the issued Ordinary Shares.

(d) Loan Stock Instruments dated 29 January 1996, 14 September 1995, 1 November 1995, 24 November 1995 and 19 December 1995 constituting £330,000, £267,000, £350,000, £290,000 and £325,000 Convertible Loan Stock respectively. The loan stock was converted into Ordinary Shares on 8 May 1996.

(e) A Loan Stock Instrument dated 15 July 1996, constituting £257,416 Convertible Loan Stock 1996. The loan stock is to be redeemed on 31 October 1997. If it is not redeemed by 31 October 1997, the loan stock holder may convert all or any part of the loan stock held into Ordinary Shares on the basis of £2.10 nominal amount of loan stock for each Ordinary Share.

(f) A Loan Stock Instrument dated 8 August 1996 constituting £320,760 Convertible Loan Stock 1996. The loan stock is to be redeemed on 31 October 1997. If it is not redeemed by 31 October 1997, the loan stock holder may convert all or any part of the loan stock held into Ordinary Shares on the basis of £2.10 nominal amount of loan stock for each Ordinary Share.

(g) A Loan Stock instrument dated 11 September 1996 constituting of £128,825 Convertible Loan Stock 1996. The loan stock is to be redeemed on 31 October 1997. If it is not redeemed by 31 October 1997 the loan stock holder may convert all or any part of the loan stock held into Ordinary Shares on the basis of £2.10 nominal amount of loan stock for each Ordinary Share.

(h) An Underlease dated 8 September 1995 and made between Fruit of the Loom Limited ("the Landlord") (1) and the Company (2) of premises on the second floor of 18 Wellington Street and 17 Exeter Street, London WC2 for a term commencing 1 September 1995 and expiring 1 December 1996. The rent is £36,487.50 per annum, exclusive of VAT, payable quarterly in advance together with any insurance and service charge (subject to limitations contained in the underlease) that the landlord may have to pay to the superior landlord pursuant to obligations contained in the head lease and any interest due at 3% per annum over the base rate of Barclays Bank plc. The Company is responsible for repair with the exclusion of the air conditioning units and fire detection and fire alarm systems. The premises are to be used as offices. The Company must not make alterations to the premises. Underletting of part is prohibited and the premises may not be assigned, underlet or shared without the consent of the Landlord. There is provision for forfeiture if payment of rent is overdue by 14 days, there is breach of covenant or condition of the underlease or if the Company goes into liquidation or is dissolved.

(i) A Nominated Adviser Agreement dated 24 September 1996 between the Company and Neill Clerk Capital Limited ("NCC") pursuant to which the Company appoints NCC to act as Nominated Adviser to the Company for the purposes of AIM for a period of 12 months commencing on the date of the Agreement. The Company agrees to pay NCC a fee in respect of Admission of £30,000 plus VAT together with reasonable travel expenses incurred on execution of the Agreement, and a fee of £15,000 per annum, payable in four equal instalments three monthly in advance, in respect of services following Admission. The Company gave warranties to and will indemnify NCC in respect of losses in connection with, *inter alia*, the Admission and the contents of this document. The Agreement may be terminated at any time following Admission by either party giving to the other not less than four months prior written notice or without notice on the happening of certain events including breach of the Agreement.

(j) The Placing Agreement referred to in paragraph 6 below.

(k) A Finance and Investment Agreement between AO Chromite (1) Urals Mining Geological Company ("UMGC") (2) and the Company (3) dated 14 December 1995 whereby UMGC agreed to procure the transfer or issue of 20% of the issued share capital of AO Chromite to the Company for a consideration of US$20,000 and agreed to procure the transfer of a further 20% subject to the Company providing a loan of at least US$250,000. The Company has the right for Mr Counsell to be appointed a director of AO Chromite and for a further director nominated by it to be appointed if it increases its shareholding to 40%. For 12 months after completion of a feasibility study satisfactory to the Company, the Company will have the right to subscribe for or acquire shares in AO Chromite increasing its shareholding to 51%.

(l) A Joint Venture Agreement between Fund of Development of Zarechny Technopolis (1) the Company (2) Urals Gold Platinum Company ("UGPC") (3) and Urals Mining Geological Company (4) dated 14 December 1995 for the formation of a joint venture company, Zarechny Gold, to tender for a licence to mine gold in Gagarka. The parties each agreed to subscribe for 500 shares of 100,000 roubles each and to make a capital contribution of 50,000,000 roubles (US$9,300) to the joint venture company's bank account. The parties agreed not to participate in the tender other than through the joint venture company. The Company and UGPC have each agreed to provide assistance of US$250,000 on condition that the agreement can be cancelled at any stage of the feasibility study if the project is not viable. Subject to its satisfaction with the feasibility study the Company has agreed to provide 100% of the finance for the implementation of the project. The Company will then be issued further shares to increase its total shareholding to at least 51%.

(m) A Foundation Agreement for the establishment of a joint venture company between the Company (1) UGS (2) and the Committee for State Property of Kunashak ("Kunashak") (3) dated 15 July 1996 for the incorporation of the Sultanovsky Mining Company ("SML") to apply for a mining licence. The Company agreed to subscribe for 510 shares of 150,000 roubles each, representing a 51% interest, and to make a capital contribution of 76,500,000 roubles (US$14,200) to the joint venture bank account. The Company has agreed to provide US$500,000 to SML, at agreed times during 1996, after the licence is obtained, provided that the Company may cancel the agreement at any stage of the feasibility study if it decides the project is not viable. UGS has agreed to transfer information and Kunashak will provide use of land. Subject to completion of a feasibility study satisfactory to the Company, the Company will provide 100% of the finance for the implementation of the project and for as long as it does this the Company will have operating control of SML.

(n) An Agreement between the Property Fund of Chelyabinsk Oblast (1) and Eurasia Holdings Limited (2) dated 26 January 1996 for the acquisition by Eurasia Holdings Limited of 49% of the charter capital of AO Central Mine for a consideration of 135,000,000 roubles (US$25,000). Eurasia Holdings is obliged to pay off debt of AO Central Mine in the aggregate amount of 1.68 billion roubles (US$312,000) and, at its option, may pay off further debts in the aggregate sum of 4.0 billion roubles (US$742,000) or apply some or all of that sum to *inter alia* preparing a programme for business stabilisation, obtaining all neccessary licences and mine restoration.

(o) A Co-operation Agreement between RTI (on behalf of the Company) (1) and AO Central Mine (2) dated 23 November 1995 expiring on 31 December 2000 pursuant to which the parties agree to co-operate in areas of finance, marketing, industrial and development services to ensure the stability and development of AO Central Mine. Subject to a satisfactory feasibility study and consents by the directors and shareholders of both companies, AO Central Mine agrees to issue a minimum of 75% of its charter capital to the Company. The agreement can be cancelled by either party on 45 days notice or by RTI if the results of the feasibility study are unacceptable.

(p) Agreement between TOO Uranix ("Uranix") (1) Mr Alexey Makarov (2) and RTI Resources NL (3) dated 8 December 1995 for the acquisition, by RTI Resources NL, of 650 shares in KML for 13,800,000 roubles (US$2,600) and the release of Uranix from its liabilities to RTI Resources NL in respect of certain of Uranix's obligations under the joint venture agreement founding KML satisfied by RTI Resources NL and the assumption by

RTI Resources NL of certain of Uranix's liabilities under that joint venture agreement. The Agreement is subject to the approval of the shareholders of KML and contains a warranty as to title to the shares.

(q) Agreement between Gold of the Urals (1) Eurasia North Limited (2) dated 19 April 1996 for the acquisition by Eurasia North Limited of 20 shares in Chromite for 420,000 roubles (US$80).

(r) Undertakings dated 24 September 1996 from each of the Directors and RTI, who hold or may acquire shares or options in the Company ("the Covenantors"), to T Hoare & Co Limited ("T Hoare"), NCC and the Company whereby each of the Covenantors undertakes, for a period of one year from the date of admission of the Company's ordinary shares to trading on AIM ("Restricted Period") not to sell, transfer, assign, charge or otherwise dispose of (other than in certain stated circumstances) any interest in their ordinary shares in the Company, including any shares arising out of new issues or capitalisations during the Restricted Period. Each Convenantor also undertakes to T Hoare and NCC to give three days written notice of any intention to deal in securities of the Company for a period of one year after the Restricted Period.

(s) An Advisory Agreement dated 24 September 1996 between T Hoare and the Company pursuant to which T Hoare agrees to provide corporate finance and stockbroking services to the Company and to act as Nominated Broker to the Company. The Advisory Agreement can be terminated by either party giving to the other two months written notice or summarily by the Company in the case of material persistent breach by T Hoare. A fee of £50,000 per annum, payable quarterly, is payable to T Hoare, together with T Hoare's reasonable out-of-pocket expenses in connection with their engagement under the Advisory Agreement.

6 The Placing Agreement

A Placing Agreement dated 24 September 1996 between the Company (1) A H Counsell (2) RTI (3) and T Hoare & Co Limited ("T Hoare") (4) by which T Hoare undertook to use its best endeavours to procure subscribers for 939,000 Ordinary Shares at a price of £3.10 per Ordinary Share. The Agreement contains representations and warranties given by the Company, Mr Counsell and RTI, each of whom are subject to different limitations on liability, and an indemnity given by the Company. Under the Agreement the Company agreed to pay T Hoare a placing fee equal to 6.5% (plus VAT) of the gross proceeds of the Placing. There are also provisions entitling T Hoare to terminate its obligations under the Agreement in certain circumstances prior to Admission.

7 Minimum Subscription

The minimum amount which in the opinion of the Directors must be raised by the Placing in order to provide the sums required to be provided pursuant to paragraph 21 of Schedule 1 of the Public Offer of Securities Regulations 1995 is as follows:

(a)	the purchase of property	£Nil
(b)	commission (payable per para 6 above)	£189,000
(c)	repayment of borrowings	£Nil
(d)	working capital	£2,722,000

8 Overseas Shareholders

The making of an offer to persons who are resident in, or citizens of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Any person outside the United Kingdom wishing to acquire Ordinary Shares must satisfy himself as to full observance of the laws of any relevant territory in connection therewith,

including obtaining and observing any requisite formalities and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him unless, in the relevant territory, such an invitation or offer can lawfully be made to him without the contravention of any registration or other legal requirement.

9 General

(a) The expenses of or incidental to the Placing are payable by the Company and are estimated to amount to approximately £310,000.

(b) The nominal value of the Ordinary Shares is £1.00; they are being placed at £3.10 per Ordinary Share, giving a premium of £2.10 per Ordinary Share.

(c) The promoters of the Company are Mr Counsell and RTI. No cash, securities or benefits have been paid, issued or given or are to be paid, issued or given by the Company to Mr Counsell or RTI in their capacity as promoters.

(d) T Hoare & Co Ltd, ACA Howe and KPMG Audit plc have each given and not withdrawn their written consent to the issue of this document with the inclusion, in the case of ACA Howe and KPMG Audit plc, of their reports and the reference to such reports, and to their names, and in such forms and contexts in which they appear.

(e) Copies of the following documents may be inspected at the offices of Frere Cholmeley Bischoff, 4 John Carpenter Street, London EC4Y 0NH during usual business hours on any weekdays (Saturdays and public holidays excepted) for a period of 14 days following the date of this document:

(i) the Memorandum and Articles of Association of the Company;

(ii) the audited accounts of the Company for the period from incorporation to 31 December 1995;

(iii) the rules of the Company's Approved Share Option Scheme and Unapproved Share Option Scheme referred to on pages 32 to 34;

(iv) the service and consultancy agreements with the Directors referred to on pages 24 to 25;

(v) the material contracts referred to in paragraph 5 above other than those in paragraphs 5(k) to (q) which contain commercially sensitive information;

(vi) the written consents referred to in paragraph 9(d) above.

GLOSSARY

The following terms and expressions are used in this document:

"alluvial"	deposits or rocks commonly unconsolidated formed by erosion and deposited by river systems.
"assay"	determination of the proportion of metal in a rock sample.
"basic"	igneous rock having a relatively low silica content.
"Cambrian"	geological time period approximately 500-570 million years ago.
"carbon in leach (CIL)"	method of recovering gold from cyanide solution using a suspension of fine activated carbon to absorb the gold.
"Carboniferous"	geological time period approximately 290-360 million years ago.
"chromite"	iron chromium oxide mineral.
"concentrate"	product of a treatment plant in which the ore minerals are concentrated relative to the ores, commonly by flotation or gravity.
"cut-off grade"	the lowest grade of mineralised material that qualifies as ore in a given deposit.
"Devonian"	geological time period extending from 360-400 million years ago.
"disseminated"	mineralisation occuring as small particles scattered through a mass of rock.
"dunite"	dark coloured igneous rock comprised mainly of olivine.
"fault"	line of fracturing due to movement in a rock sequence.
"fire assay"	analytical method used for gold assays.
"flotation"	method of separation of minerals where finely ground ore minerals adhere to bubbles and are floated off and non-ore minerals are rejected.
"fold"	bend in strata or any planar structure.
"gabbro"	coarse grained dark igneous rock composed mainly of feldspar and pyroxene.
"grade"	relative quantity or percentage of metal or ore mineral contained in mineralised rock.
"granodiorite"	igneous rock similar to granite where sodium/calcium feldspars exceed potassium feldspars.
"g/t"	grams per tonne.
"Indicated Mineral Resource"	that portion of a Mineral Resource for which quantity and quality are estimated with a lower degree of certainty than for a Measured Mineral Resource. The sites used for inspection, sampling and measurement are too widely or inappropriately spaced to enable the material or its continuity to be defined or its grade throughout to be established. (UK/IMM)
"Inferred Resource"	resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedure but before testing and sampling information is sufficient to allow a more reliable and systematic estimation; lower level of reliability than Indicated Resource.
"in-situ"	in its natural position in the ground.
"intrusion"	body of igneous rock that invades older rock.
"Mt"	million tonnes.

"mafic"	dark coloured igneous rock or minerals with high magnesium and iron contents.
"massive"	sulphide mineralisation occuring in high concentration.
"Measured Mineral Resource"	that portion of a Mineral Resource for which tonnage or volume is calculated from dimensions revealed in outcrops, pits, trenches, drill-holes or mine workings, supported where appropriate by other exploration techniques. The sites used for inspection, sampling and measurement are so spaced that the geological character, continuity, grades and nature of the material are so well defined that the physical character, size, shape, quality and mineral content are established with a high degree of certainty. (UK/IMM)
"metallurgy"	science of treating ores and extracting metals from them.
"Mineral Potential"	described a body of rock or mineralisation or other material or an area for which evidence exists to suggest that it is worthy of investigation but to which neither volume, tonnage nor grade shall be assigned. (UK/IMM)
"Mineral Reserve"	that portion of a Mineral Resource on which technical and economic studies have been carried out to demonstrate that it can justify extraction at the time of the determination and under specified economic conditions. (UK/IMM)
"Mineral Resource"	a tonnage or volume of rock or mineralisation or other material of intrinsic economic interest the grades, limits and other appropriate characteristics of which are known with a specified degree of knowledge. (UK/IMM)
"ore"	naturally occurring rock from which a mineral or minerals of economic value can be extracted at reasonable profit.
"oz"	troy ounce equivalent to 31.104 grams.
"platiniferous"	containing platinum.
"podiform"	mineralisations occurring in discrete pods.
"Precambrian"	geological era extending from 600 to 3,100 million years ago.
"Probable Mineral Reserve"	that portion of a Measured and/or Indicated Resource on which sufficient technical and economic studies have been carried out to demonstrate that it can justify extraction at the time of the determination and under specified economic conditions. (UK/IMM)
"Proved Mineral Reserve"	that portion of a Measured Mineral Resource on which detailed technical and economic studies have been carried out to demonstrate that it can justify extraction at the time of the determination and under specified economic conditions. (UK/IMM)
"pyrite"	common iron sulphide mineral.
"pyroxenite"	igneous rock formed principally of pyroxene minerals, calcium/magnesium/sodium/iron/aluminium silicate.
"quartz"	common rock forming mineral composed of silicon and oxygen.
"Reserve"	in-situ quantity of mineralised rock of known grade from which the contained metal can be recovered economically, taking into consideration geological, mining and metallurgical factors and where sufficient planning and testwork has been undertaken to establish this; tonnes and grade quoted are mine recoverable allowing for mining losses and mining dilution.

"Resource"	in-situ quantity of mineralised rock of known grade where tonnes and grade are quoted in situ without implications as to economic mineability.
"serpentinite"	rock formed mainly of the mineral serpentine derived from the alteration of olivine-rich peridotites.
"significant"	when used in this document in relation to a particular resource, means a resource which it is estimated contains in excess of one million ounces of precious metal.
"sulphide"	minerals containing sulphur and a metal.
"tailings"	reject products from a minerals treatment plant.
"tectonic"	pertaining to the rock structure resulting from deformation of the earth's crust.
"topography"	land surface.
"tpa"	tonnes per annum.
"UK/IMM"	UK Institute of Mining and Metallurgy.
"ultrabasic/ultramafic"	igneous rock composed principally of mafic materials.
"volcanoclastic"	rock principally composed of volcanic material.

SCHEDULE I

This Schedule contains the statement of directors' responsibilities in respect of preparation of financial statements, the audited accounts of the Company for the period from incorporation to 31 December 1995 and the auditors' report thereon within the meaning of Section 235 of the Act, as extracted from the published report and accounts of the Company for that period. The Directors confirm that the accounts set out in this Schedule I have been prepared in accordance with the law and that they accept responsibility for those accounts.

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 48 to 59.

Respective responsibilities of Directors and auditors

The Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 disclosures made in the financial statements concerning the future funding requirement of the Company and the risks associated with operating in Russia, including those relating to the repatriation of funds sufficient to meet ongoing debt obligations and the payment of dividends. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1 to the financial statements. 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 1995 and of the loss of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Pro Forma Balance Sheet

The financial statements include a pro forma balance sheet for both the company and the group on page 50. These have been prepared to show the effect of the conversion of the loan stock had this taken place before the year end. In our opinion the pro forma balance sheets have so far as the calculations are concerned, been properly compiled on the basis set out in the accounting policies on page 48.

KPMG Audit Plc
Chartered Accountants
Registered Auditors
London

6 June 1996

ACCOUNTING POLICIES

1 Accounting convention

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

The Company is reliant upon raising additional equity funds to continue its operations. The Directors are confident that adequate funding will be available and accordingly the accounts have been prepared on a going concern basis.

2 Basis of consolidation

Details of principal subsidiaries and associated undertakings are given in note 10. 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 1995 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 write-off of exploration and development expenditure which the Directors do not consider to be supported by the existence of 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 write-off of exploration and development expenditure which 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.

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.

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.

8 Pro forma balance sheet

The pro forma balance sheets on page 50 demonstrate the effect of converting £1,097,000 of the convertible loan stock to share capital as at 31 December 1995. On 8 May 1996 823,500 shares were allotted to Framlington Russian Investment Fund (FRIF) at a subscription price of £2.10. FRIF paid £353,350 and converted all of their loan stock as consideration for these shares.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 December 1995

	Notes	*1995* £
Administrative expenses	4	(518,070)
Other operating income		9,296
Loss from continuing activities before interest		(508,774)
Interest receivable & similar items	6	9
Interest payable & similar charges	7	(73,374)
Loss from continuing activities before taxation		(582,139)
Taxation	8	—
Loss on continuing activities after taxation		(582,139)
Minority interests		—
Retained loss for the financial year		(582,139)
Loss per share	9	58.08p

BALANCE SHEETS

At 31 December 1995

	Notes	Consolidated 1995 £	Consolidated Pro forma Note 18 £	Company 1995 £	Company Pro forma Note 18 £
Fixed assets					
Tangible – Exploration, development and production interests	10(a)	725,226	725,226	—	—
Tangible – Other	10(a)	38,289	38,289	20,799	20,799
		763,515	763,515	20,799	20,799
Investments	10(b)	8,182	8,182	1,489,355	1,489,355
Intangible – Exploration, development and production interests	11	1,649,706	1,649,706	—	—
Total fixed assets		2,421,403	2,421,403	1,510,154	1,510,154
Current assets					
Debtors		71,113	71,113	56,792	56,792
Amount due from subsidiary undertakings		—	—	1,084,182	1,084,182
Amount due from associated undertaking		39,739	39,739	—	—
Cash at bank		363,551	363,551	263,752	263,752
Total current assets		474,403	474,403	1,404,726	1,404,726
Creditors – amounts falling due within one year					
Other Creditors		104,851	104,851	77,786	77,786
Convertible Loan Stock	13	1,232,000	135,000	1,232,000	135,000
Shareholder Loan	14	65,000	65,000	65,000	65,000
Accruals		332,254	332,254	235,313	235,313
		1,734,105	637,105	1,610,099	513,099
Net current (liabilities)/assets		(1,259,702)	(162,702)	(205,373)	891,627
Total assets less current liabilities		1,161,701	2,258,701	1,304,781	2,401,781
Capital and reserves					
Called-up share capital	12	1,731,367	2,828,367	1,731,367	2,828,367
Preference shares	12	12,500	12,500	12,500	12,500
Reserves	15	(582,553)	(582,553)	(439,086)	(439,086)
Shareholders' funds		1,161,314	2,258,314	1,304,781	2,401,781
Minority interests		387	387		
		1,161,701	2,258,701		
Attributable to equity		1,149,201	2,246,201	1,292,281	2,389,281
Attributable to non-equity		12,500	12,500	12,500	12,500
		1,161,701	2,258,701	1,304,781	2,401,781

The financial statements on pages 48 to 59 were approved by the Board of Directors on 6 June 1996 and were signed on its behalf by:

AH Counsell, Director

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 1995

	Notes	*1995* £	*1995* £
Operating activities			
Net cash outflow from operating activities	17(a)		(250,067)
Returns on investments and servicing of finance			
Interest received		9	
Interest paid		—	
Net cash inflow from returns on investments and servicing of finance			9
Investing activities			
Purchase of fixed assets		(942,258)	
Net cash outflow from investing activities			(942,258)
Net cash outflow before financing			(1,192,316)
Financing			
Issue of ordinary share capital		246,367	
Issue of convertible loan stock		1,297,000	
Issue of preference shares		12,500	
Net cash inflow from financing			1,555,867
Increase in cash and cash equivalents	17(b)		363,551

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the period ended 31 December 1995

	1995 £
Loss for the financial year	(582,139)
Exchange adjustments on foreign currency net investments	(414)
Total recognised gains and losses for the financial year	(582,553)

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

For the period ended 31 December 1995

	1995 £
Total recognised gains and losses for the financial year	(582,553)
New share capital issued	1,743,867
Net addition to shareholders' funds	1,161,314
Opening shareholders' funds	—
Closing shareholders' funds	1,161,314

NOTES TO THE FINANCIAL STATEMENTS

1 Operating Environment and Risks

The Company is in an early stage of development and there can be no assurances that the Company will generate sufficient revenues from operations in order to meet operating expenditures and capital requirements and commitments. In order to finance operations and future capital requirements, the Company is dependent upon securing additional debt and equity financing.

Discussions are currently taking place for the issue of new shares to finance the Group's activities during the next stage of its development.

The Company's operations are also subject to the unique economic, political and social risks inherent in doing business in the Russian Federation. These include matters arising out the policies of the Russian government, economic conditions, imposition of or changes to taxes or other similar charges by regulatory bodies, upcoming presidential elections, foreign exchange fluctuations and controls, civil disturbances, deprivation or unenforceability of contract rights, and the taking of property without fair compensation.

The Russian government has exercised and continues to exercise substantial influence over many aspects of the private sector. Confronted with the collapse of the command economy, the government has been attempting to implement economic reform policies and encourage substantial private economic activity. However, these reforms have been only partially successful to date. The economy in Russia is still characterised by high unemployment, high inflation, increasing foreign debt, a weak currency and the possibility of widespread bankruptcies.

It is the opinion of management that planned 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 assets is not required.

2 Segment analysis

	Loss before taxation 1995 £	*Net assets 1995* £
By geographical area		
Russia	105,777	825,047
Western Europe	443,441	270,656
Australia	32,921	65,998
	582,139	1,161,701

All the Company's activities are related to the exploration and development of gold and other minerals.

3 Employees

	1995 £
Staff costs (including executive Directors)	
Salaries and wages	228,955
Social security costs	493
	229,448

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

	Number
Operations	2
Administration	5
	7

4 Administrative expenses

	1995 £
These include:	
Directors' remuneration (see note 5):	
Emoluments	107,600
Depreciation of other tangible fixed assets	5,828
Auditors' remuneration – KPMG	12,292

Administrative expenses include fees of £13,500 (excluding direct reimbursable costs) levied by Russian Technology International Pty Limited, a company in which Mr Counsell has a beneficial interest, in respect of office accommodation, sale of equipment and consulting fees.

5 Directors' emoluments

The emoluments of Mr A Counsell, the highest paid Director were £66,000.

The following table shows the number of Directors whose emoluments fell into the bands shown:

	1995
£0 – £5,000	2
£40,001 – £45,000	1
£65,001 – £70,000	1

The services of Mr Counsell during the period were provided under a consultancy agreement with Hortac Pty Ltd in which Mr Counsell has a beneficial interest.

6 Interest receivable and similar items

	1995 £
Bank deposit interest	9

7 Interest payable and similar charges

	1995 £
On loans	5,681
On convertible loan stock	17,343
Arrangement fees	50,350
	73,374

8 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.

9 Loss per share

Loss per share is calculated by reference to the loss for the period of £582,139 and the weighted average number of Ordinary Shares in issue during the period of 1,002,391.

10 Fixed assets

(a) Tangible

	Group		Company
	Exploration and Development Interests £	*Other Fixtures & Equipment* £	*Fixtures & Equipment* £
Cost			
Additions	725,226	44,117	26,627
At 31 December 1995	725,226	44,117	26,627
Depreciation, depletion and amortisation Charge for the period	—	5,828	5,828
At 31 December 1995	—	5,828	5,828
Net book value			
At 31 December 1995	725,226	38,289	20,799

(b) Investments

	Group *Associated undertakings* £	Company *Subsidiary undertakings* £
Cost		
Additions	8,182	1,489,355
At 31 December 1995	8,182	1,489,355

None of the investments are listed on the London Stock Exchange.

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

	Country of Incorporation/ Registration	*Principal Activity*	*Principal Country of Operation*	*Description and Proportion of Shares Held*
Principal subsidiary undertakings				
Eurasia Mining (UK) Limited	England & Wales	Holding Company	Great Britain	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
A0ZT Karabash Mining Limited	Russia	Mineral Evaluation & Production	Russia	50% Ordinary
AO Central Mine	Russia	Mineral Evaluation & Production	Russia	49% Ordinary
A0ZT Urals Geological Services	Russia	Mineral Evaluation Services	Russia	50% Ordinary
RTI Resources NL	Australia	Holding Company	Australia	100% Ordinary

RTI Resources NL and Eurasia Mining (UK) Limited are direct subsidiary undertakings of Eurasia Mining PLC. All other shareholdings are held indirectly.

11 Intangible assets

On 26 April 1995 the Company made an offer to the shareholders of RTI Resources NL for the acquisition of the entire shareholding of RTI Resources NL in exchange for shares in Eurasia Mining PLC subject to, *inter alia*, commitments satisfactory to the Board being received for the subscription of a further £1.9 million for shares in Eurasia Mining PLC from other parties. On 26 May 1995 the offer was declared unconditional.

The consideration was one new ordinary £1 share in Eurasia Mining PLC for every ten ordinary 25c fully paid shares in RTI Resources NL.

The acquisition gave Eurasia control over the rights and interests of RTI Resources NL in Karabash Mining Limited and details of all geological, metallurgical and other studies performed by RTI Resources NL in appraising the Karabash project and other mining opportunities in the Urals.

The premium paid over the net asset value of RTI Resources at the date of acquisition has been treated as an intangible exploration and development asset.

The Board considered that the circumstances of business combination do not meet the criteria of a merger as set out in FRS6 and have therefore adopted the acquisition method of accounting.

Russian Technology International Limited, a company in which Mr A Counsell is beneficially interested and of which he is a director, held a 43.8% interest in RTI Resources NL at the date of sale, together with options to subscribe for further shares representing 43.8% of the issued capital at the date of acquisition.

Fair Value Summary

	Balances on Acquisition £	*Fair Value Adjustment* £	*Total* £
Exploration Production & Development	94,248		94,248
Intangible Exploration & Development	—	1,649,705	1,649,706
Cash	5,123		5,123
Debtors	53		53
Creditors	(199,812)		(199,812)
Loan from Eurasia	(64,705)		(64,705)
Investments	387		387
Net Assets Acquired	(164,706)	1,649,706	1,485,000
Consideration			1,485,000

12 Called-up share capital

	Number of shares	*Nominal value* £
Authorised:		
At 31 December 1995		
Ordinary Shares at £1	20,000,000	20,000,000
Preference Shares at £1	50,000	50,000
Ordinary shares allotted, called-up and fully paid:		
At 31 December 1995	1,731,367	1,731,367
Preference shares allotted, called-up and part paid:		
At 31 December 1995	50,000	50,000

The preference shares have been issued 25 pence part paid. The preference shares confer no rights to receive notice of, attend or vote at any general meeting of the Company. The holders are entitled to receive in priority to any rights of the holders of Ordinary Shares, a fixed dividend at the rate of 0.01% per annum on the nominal amount of the preference shares. Upon a winding up or return of capital the holders shall receive out of the assets of the Company available for distribution, the amount of capital paid up on such shares *pari passu* with and in proportion to any amount of capital paid to the holders of Ordinary Shares then in issue but shall not have any rights to participate in any surplus arising following such payment.

On 8 February 1996 the Company gave notice to the preference shareholders and redeemed the preference shares.

The following changes in the share capital of the Company took place during the period.

On 16 January	2	£1 subscriber shares issued for £1 each
On 22 March	50,000	£1 Preference shares issued as 25 pence part paid
On 26 May	1,485,000	£1 Ordinary shares issued for 14,850,000 25 cent shares in RTI Resources NL credited as to £1 each
On 26 July	246,365	£1 Ordinary shares issued for £1 each

Mr RJG Jenkins is Senior Investment Manager of Framlington Russian Investment Fund which subscribed for and was allotted Ordinary Shares.

Mr AGD Johnston is a director of Waverley Mining Finance plc which subscribed for and was allotted Ordinary Shares.

Mr AH Counsell is a director of and has a beneficial interest in the share capital of Russian Technology International Pty Limited which subscribed for and was allotted Preference Shares.

13 Convertible Loan Stock

During the period the Company made four issues of Loan Stock. Each issue of Loan Stock was redeemable within a two month period and thereafter convertible at the shareholders discretion according to the formula £1 Loan Stock for one £1 Ordinary Share.

Interest on each issue of Convertible Loan Stock was at the rate of LIBOR + 6%.

At the balance sheet date £267,000 of Loan Stock had fallen due for redemption and remained outstanding. The balance fell due at various dates between 1 January 1996 and 19 February 1996.

On 8 May 1996 Framlington Russian Investment Fund as a Loan Stock holder exercised its rights of conversion but on the basis of £2.10 Loan Stock for one £1 Ordinary Share.

Mr RJG Jenkins is Senior Investment Manager of Framlington Russian Investment Fund which subscribed for and was allotted Ordinary Shares.

Mr AGD Johnston is a director of Waverley Mining Finance plc which subscribed for and was allotted Convertible Loan Stock.

14 Shareholder Loans

Waverley Mining Finance plc advanced an unsecured loan to the Company. The loan carries interest at 15% pa. There is no fixed date for repayment.

Mr AGD Johnston is a director of Waverley Mining Finance plc.

15 Profit and loss account

	Group £	*Company* £
Retained loss for the year	(582,139)	(439,086)
Exchange loss for the year	(414)	—
At 31 December 1995	(582,553)	(439,086)

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 Contingencies and commitments

Pursuant to the Joint Venture Agreement leading to the formation of Karabash Mining Limited, the Group is to fund development expenditure and working capital of Karabash Mining Limited of up to a maximum of US$10 million.

Pursuant to the Share Purchase Agreement with the State Property Committee, for the acquisition of 49% of the issued share capital of Central Mine, the Group has undertaken, subject *inter alia* to completing a feasibility study and agreeing to proceed with the redevelopment of the Central Mine, to make available 4,000 million roubles for the refurbishment of the mine and repayment of creditors. The Management anticipates that refurbishment and new development costs will be in excess of this amount.

17 Cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1995 £
Operating loss	(508,774)
Depreciation depletion and amortisation charges	5,828
Increase in debtors	(110,352)
Increase in creditors	363,731
Net cash outflow from operating activities	(250,067)

(b) Analysis of changes in cash and cash equivalents

	1995 £
Cash inflows from acquisitions	5,123
Other net cash inflow	358,428
Balance at 31 December	363,551

(c) Analysis of changes in financing during the year

	Unsecured Loans and Loan Stock 1995 £	*Ordinary Shares 1995* £	*Preference Shares 1995* £
Cash inflow from financing	1,297,000	246,367	12,500
Acquisition of subsidiary		1,485,000	
Balance at 31 December	1,297,000	1,731,367	12,500

(d) Movement arising from acquisitions

	1995 £
Exploration, production and development interests	(1,743,954)
Debtors	(53)
Creditors	264,517
Investment	(387)
Cash	(5,123)
Net Assets	(1,485,000)
Goodwill	—
Acquisition price	1,485,000
Consideration in Ordinary shares	1,485,000
Cash consideration	—
Analysis of net inflow of cash	
Cash consideration	—
Cash	5,123
	5,123

18 Post Balance Sheet Event

On 13 March 1996 the Company was given notice by Framlington Russian Investment Fund that all the conditions precedent as set out in the Share Subscription Agreement dated 26 July 1995 had been met.

Accordingly on 8 May Framlington Russian Investment Fund and the Prometheus Fund as parties to the Share Subscription Agreement, subscribed for and were allotted new Ordinary Shares in the Company and at the same time Framlington Russian Investment Fund gave notice to convert all its Loan Stock into Ordinary Shares.

The Company has prepared a pro-forma balance sheet as at 31 December 1995 to reflect the position had Framlington Russian Investment Fund converted the Loan Stock into Ordinary Shares prior to the year end.

SCHEDULE II

In February 1996, the Company engaged ACA Howe, a firm of consulting geologists, to carry out a technical review of the company's projects and mineral interests. The aim of the review was to become familiar with the projects to determine those geological parameters which are material to their present and future performance and to satisfy themselves that the preliminary estimates being used to project their performance are reasonable and based on proper industry practice. ACA Howe was not required to conduct independent primary engineering studies or cost estimates nor to audit any financial or other data that was reviewed. ACA Howe were not required to conduct title searches or to carry out due diligence in any joint venture agreements, contracts or other legal matters.

The following report is extracted from the full report submitted to the Company in April 1996. Since that date ACA Howe have made a further visit to the projects but have not conducted further work for the Company under the above terms of reference. Neither the Company nor ACA Howe are aware of any subsequent additional information which was not provided at the time of their report which would affect the statement made in their report.

A full version of the report of ACA Howe is available for inspection at the offices of the Company.

1 INTRODUCTION

At the request of the Company, ACA Howe have carried out a geotechnical review of the Company's Urals Project for the purpose of independent verification in connection with the proposed listing of the Company on the Alternative Investment Market of the London Stock Exchange.

The project is based on the underground copper, zinc, gold and silver bearing sulphide deposits and the surface gold and silver bearing gossans of the Central Mine at Karabash; the gold bearing tailings from the Karabash mill; the platinum deposits at Soloviev Hill; the gold deposits at Gagarka and the copper, zinc, gold and silver deposits of Sultanovka. These deposits are located in an industrialised part of the Urals Mineral Belt of the Russian Federation within an area 300 by 120 kilometres elongated north-south, between latitudes 55 and 58 degrees north and between longitudes 59 and 62 degrees east. This area includes the cities of Chelyabinsk and Ekaterinburg (previously Sverdlovsk) which is Eurasia's operational headquarters in Russia. All the properties are within 170 kilometres of Ekaterinburg.

Our review is based on various reports, drawings and translations provided by Eurasia and a visit to Russia by one of our Senior Geologists, JG Langlands. During the visit he familiarised himself with the projects by means of site visits, meetings and discussions with local representatives and, with Eurasia's assistance, examined various other data and obtained copies of selected items.

2 TERMS OF REFERENCE

A letter from the Company to ACA Howe dated 5 February 1996 outlines our terms of engagement.

3 VISIT TO RUSSIA

John Langlands, Senior Geologist with ACA Howe, visited Russia for the purpose of familiarisation with the projects from 12-20/2/96.

Due to deep snow on site it was decided by Eurasia not to schedule a field tour of the Soloviev Hill platinum project area. A visit to the Sultanovka copper, zinc, gold and silver deposit which is obscured by thick overburden and known only from drillholes, was not scheduled.

4 REGIONAL INFRASTRUCTURE

The area in which Eurasia's activities are based is the most industrialised part of the Urals metalliferous region and has a well developed mining infrastructure including a large population, a good road and rail network, power supplies, diverse industry and smelting facilities.

5 RESERVES CLASSIFICATION SYSTEM IN RUSSIA

The definitions of the Russian system of resource and reserve classification system are given in Appendix I which is a translation provided by Eurasia of an extract from "Regulations for gold ore deposit reserves classification". (State Commission for Mineral Resources Reserves). On this basis and comparing with the

definitions for UK/IMM resources and reserves provided by Miskelly (1994) we have interpreted the following approximate equivalence between the Russian and UK systems.

RUSSIAN system *Hard rock resources and/or reserves*		*UK/IMM system* *Resource*	*Reserve*
Explored reserves	A, B and C_1	Measured and Indicated	Proved and probable
Preliminary estimated reserves	C_2	Indicated	Probable
Inferred resources	P_1, P_2 and P_3	Inferred	—

The Russian definitions are very detailed but a practical example of their application is afforded by the longitudinal reserve sections of the Central Mine at Karabash. Here, Russian category A reserves are explored by sub-level and raise development. Category B reserves are based on a combination of more widely spaced development on levels and extension to, but not beyond, drill intersections. Category C_1 reserves are extrapolated beyond drill intersections for a distance appropriate to the thickness and grade trends shown by development and drilling to a limiting product of thickness and grade set by the local management.

In general, the actual criteria for reserve categorisation are explicitly stated for each deposit and are based largely on the density of drilling and sampling. Within any particular category different densities may be applied commensurate with the degree of structural complexity, ground stability and other variables. Inferred category P_1 resources are extrapolated from C_2 reserves on the basis of geological, geophysical and geochemical surveys. Inferred category P_2 resources are based on the possible existence of undiscovered deposits analogous to known deposits in a mineral district, supported by large scale geological mapping, prospecting of showings, geophysical and geochemical anomalies. Inferred category P_3 resources are based on the theoretical existence of undiscovered deposits of a particular genetic type with regard to the existence of a favourable geological environment established by geological mapping, interpretation of satellite imagery, geophysical and geochemical surveys.

6 KARABASH GOLD, COPPER, ZINC AND SILVER PROJECTS

Location

Karabash is a mining town and mining district in the Soymanovsky Valley on the eastern side of the Ural Mountains about 150 kilometres south of Ekaterinburg and 80 kilometres northwest of Chelyabinsk (Figure 1). It lies at an altitude of about 350 metres and is surrounded by mostly rounded hills up to a maximum altitude of 800 metres with sparse pine and birch forest. It is served by good paved roads, a railway system and the electric power grid. There are abundant local water supplies.

Licences

We have seen copies and translations of parts of the Central Mine underground mining licence (expiring 2014), and three other licences covering Golden Hill (issued 1993), the Old and New tailings dams (expiring 2009) and the mine waters slimes dam (expiring 2014), in which Eurasia has an interest. We have not carried out any formal verification of the licences or the contained rights and obligations. It is understood that an application to enlarge the mining licence to include exploration targets has been made.

Exploration area

We understand that Eurasia intends to apply for an exploration licence surrounding Central Mine within an area including several known mineral deposits, prospects and geological environments favourable for further discoveries, which is 15 kilometres by 5 kilometres elongated in a northeasterly direction.

Geology and mineralisation

Karabash is located in a north-striking, east-dipping, folded, sheared and metamorphosed lower Palaeozoic belt. From west to east the sequence includes 1, basic volcanics and tuffs; 2, andesitic volcanics, tuffs and tuffaceous sandstones; 3, spilites and lava breccias; 4, a "mine sequence" 100-200 metres thick of sericite schists, quartz-sericite schists, chlorite schists and numerous stratiform, conformable, probably submarine, volcanic-exhalative pyritic bodies associated with silicified black shales, pyritic black shale albitites and sericite schist derived from quartz eye porphyries; 5, phyllitic schists, dacitic and quartz-albite porphyrites; 6, a unit of alternating andesitic and dacitic tuffs with layers of pyroxenite; and 7, a limestone-marble-calc-silicate unit at the structural/stratigraphic top. There are thrust fault bounded serpentinites both east and west of the volcano-sedimentary belt (Hopwood, September 1994 and September 1995). From the available 1/25,000 geological map the belt extends for more than 20 kilometres over a mapped width of 1 to 3 kilometres and contains 13 named mineral deposits or prospects of which at least six are mined or unmined stratiform, stratabound sulphide deposits.

The conformable pyritic orebodies (which are called veins locally) contain copper, zinc, gold and silver and at least the Central Mine deposits contain a range of rare metals including germanium, tellurium, selenium, iridium, gallium, thallium and cadmium which appear to have been of commercial or strategic importance in the past. The Central Mine sulphides are predominant pyrite, subordinate chalcopyrite, sphalerite, tennantite and arsenopyrite with other rarer secondary sulphides in places. Gangue minerals include quartz, sericite, barite, carbonates, chlorite and gypsum. The ores are massive, banded and disseminated and are of generally fine to medium grain size.

The style of mineralisation and the geological environment are similar to those in a number of volcanogenic stratabound sulphide mining districts world-wide such as New Brunswick, Canada, the Iberian Pyrite Belt and Rosebery, Tasmania.

The surface zones of the sulphidic deposits and adjacent disseminated sulphide have been oxidised to gossans to a depth of a few tens of metres due to weathering processes. This has enhanced the gold content.

6.1 CENTRAL MINE, UNDERGROUND

Recent Productions and Mine Closure

The deposits of Central Mine have been worked since 1903 according to dates on the longitudinal sections. A compilation of annual production from 1971 to 1994 by Galena A Shillova of early 1996, shows the following ranges of production and grades:

	1971-1987	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*
'000 tpy	313-513	286	195	147	74	78	66	20
Cu%	0.83-1.37	0.80	1.92	1.30	2.28	2.02	2.09	2.33
Zn%	0.85-1.49	0.66	0.34	0.84	—	0.50	0.91	0.53
Au g/t	1.51-1.92	1.63	2.05	2.07	1.76	2.55	1.86	1.60
Ag g/t	11.4-18.9	8.20	12.60	12.70	15.20	14.10	16.80	15.60
S%	28.6-37.6	36.50	28.60	28.40	—	36.00	28.10	28.30

The mine closed in 1994 when the water level rose above the bottom of the Ventilation Shaft. There was a steady decline in production from 1987 until closure which corresponds with a substantial increase in copper grades, substantial decrease of zinc grades and slight increase in gold indicating, perhaps, a shift in mining operations to the "veins" of the Eastern system near the Central Shaft at 24 level. This may have been done with a view to more profitable operations in a time of political change, which may have resulted in changes in operational conditions including a high water make from the hanging wall of the Eastern orebodies, which eventually closed the mine.

Project Status

Prior to closure there were three shafts in operation: Novo Kapital (906m), Ventilation (837m) and Central (896m). Novo Kapital is the main hoisting shaft and the Central shaft is used for water drainage and monitoring. The Ventilation shaft worked in upcast mode. Mining was by sub-level caving with main levels at intervals of 45 metres with two sub-levels.

The underground mine closed in 1994 due to a rise in water level above the bottom of the Ventilation Shaft. In mid February 1996 the water level was reported to be at 15 level, about 510 metres subsurface. It is understood that the mine is not being pumped at the present time, but water levels are monitored in the Central Shaft. Eurasia is assembling exploration, development and mining data and conducting pre-feasibility studies with a view to dewater and reopen the mine for production of copper, zinc, gold and silver bearing concentrates and explore for additional reserves and resources.

Available data

The mine office at Central Mine contains comprehensive geological and mining data and drawings including maps, level plans, longitudinal sections and cross-sections on the base metals aspect of the mine, which are gradually being made available to Eurasia. Available data on gold and silver are much less complete and rather informally documented and it may be that comprehensive gold and silver assay data equivalent to the copper, zinc, sulphur assay data does not exist or is in other hands. There are mine production data which may help to identify the areas of the mine with higher precious metals contents in the absence of sample data. Longitudinal reserve sections show numerous holes drilled from surface and underground, upon which the undeveloped copper and zinc reserves are based but the mine does not appear to have either drill logs or cores. These and other data are believed to be with the various Exploration Parties which have carried out exploration and ore reserve assessments at different times

(Karabash 1925-63, Miass, Vyshnevogorsk-1978). We were told that available gold and silver assays were made by the following laboratories.

Underground composites from levels	Laboratory of Karabash Smelter
Drill samples	Laboratory of Urals Geological Mapping Expedition
Gossan samples	UNIPROMED Laboratory

Our visit to the Chief Chemist at the Laboratory of the Karabash smelter revealed that gold assays are carried out according to a 1976 Moscow publication which specifies procedures and acceptable errors for different kinds of gold ores at different metal contents. For example, the permissible error by fire assay at an internal laboratory of a sample with 2 to 4 g/t Au is 1.0 g/t Au. Actual primary assay data and repeats of Central Mine samples and an opportunity to inspect the fire assay facilities were not forthcoming.

It is clear that a large body of useful geological, exploration, mining and production data has been generated. However, it is rather dispersed at the present time.

Underground base metal and pyrite reserves and associated gold-silver

As previously noted, the available gold and silver data is limited. Nevertheless, the average gold grades which have been reported, (indicated in Table 1B) are high enough to justify a more rigorous analysis of the gold-silver assay data and related base metals by the Central Mine office staff with a view to an integrated base and precious metal resource/reserve calculation.

In summary, there are three ore types distinguished: massive and disseminated copper-zinc ores of the Western Vein system, massive and disseminated copper ores of the Eastern system and massive pyrite of these systems plus the Vein of the Hanging Wall (See Table 1A, Summary for reserves and Cu, Zn, S grades) Available gold, silver assay data indicate that the base metal orebodies and at least some parts of the low base metal, massive pyrite orebodies (Western and Eastern Pyrite) contain interesting gold and silver values (2.7 to 4.5 g/t Au averages for five "veins" of Table 1B). These precious metal averages should not be extrapolated to the whole of the large low base metal pyrite reserve of about 5 million tonnes, a large part of which contains no known gold, silver assay data.

Exploration potential

Within the existing underground mining licence the known orebodies of the Central Mine occur in a folded and probably thrust faulted "mine sequence" which is 100-200 metres thick. Drilling from surface and hanging wall cross-cuts, as depicted on available sections, seems to have adequately tested the hangingwall zones of the known orebodies, but there may be scope to locate new orebodies on the footwall zones on these sections and on the mineralised trend in both footwall and hangingwall zones where drill cover is sparse or absent. Surface gossan between the Hope/Southern shaft and the Felix shaft at the projected position of the Central shaft does not appear to be underlain by any workings. The apparent absence of parallel veins adjacent to the Main/Dzherzhinsky orebody, despite the existence of three parallel gossan zones 150 metres north of the Felix shaft, may indicate that the wallrocks of the Dzherzhinsky Vein have not been adequately explored by drillholes or cross-cuts. It is possible, therefore, that orebodies equivalent to those of the gold-bearing Eastern system, extend north of the Eastern Vein. We have seen no gold data on the reserves in the Vein of the Hanging Wall near Novo Kapital Shaft. By analogy, at least parts of this deposit are likely to be gold-bearing.

Beyond the limits of the existing mining licence the favourable rocks extend for at least 13 kilometres with named deposits and prospects. A comprehensive programme of data compilation and exploration has an excellent chance of discovering new deposits analagous to those already known.

6.2 OPEN PIT GOLD IN GOSSANS

The Central Mine gossan zone contains at least three structural/stratigraphic horizons dipping east at 60-65 degrees. The 1,240 metre strike and 40 metre depth limits are based on the extent of near surface sloping of 1903-1911 above 1 level, which is understood to have produced gold from rich, narrow, high grade zones. Lower grade material and gossanised pyritic schists with gold have not been worked. Outcrops in this zone grab sampled for Eurasia in September average 7.2 g/t Au and 28.5 g/t Ag. Assumed dimensions (presented in Table 2) of the deposit based on the location of the grab samples indicate a potential resource of 3.2 million tonnes provisionally allocated to the inferred P_1 resource category of the Russian system. Compilation of any relevant mining data and exploration by trenching and drilling and, if possible, sampling in any accessible, near surface, underground workings is required to substantiate the resource.

The gossan zone is not specifically covered by the Central Mine underground licence, the northwestern boundary of which is very close to the gossan trend. It will be necessary to negotiate a variation of the existing licence.

Along strike, outside the existing licence area, there are gossans of other sulphide deposits which may be amenable to open pit gold production and prospects which remain to be tested. It is reasonable to assume that by exploration of these other gossan prospects a resource equivalent to that at Central Mine could be discovered.

Preliminary open pit planning studies by Eurasia for the Central Mine zone based on the above figures, indicate that a highly profitable, short lead time open pit could be developed with a tonnage based waste to ore ratio of 1.4/1. Possible problems, which are not regarded as serious, include the need to work through old stopes and relocate roads and houses. A process route has not been decided, but the gold is likely to be amenable to heap leaching or simple treatment in a carbon-in-pulp circuit as part of a mine tailings retreatment facility.

6.3 TAILINGS PROJECT

This project is based on the recovery of gold from the tailings of copper and zinc flotation concentrates from the Karabash Mill.

The Old and New Tailings Dams gold reserves and the Sak Elga River tailings gold resource are located respectively two kilometres southwest, 4.5 kilometres south and 6 kilometres south-southeast of the Novo Kapital shaft.

The basis of reserves and resources (summarised in Table 3), are described by Malcolm Hancock and Associates in a very thorough report (4 August 1994). None of the original data was available during our visit to Karabash. The Old Tailings Dam has been assessed with reference to Karabash mill production records, survey data, 85 holes drilled in 1975-76, 20 holes drilled in 1993, metallurgical testwork and feasibility studies. The New Dam assessment uses mill records, survey data, 9 holes drilled in 1993, metallurgical testing and feasibility studies. The Sak Elga river tailings, which are not impounded in any way and resulted from uncontrolled dumping into the river, are assessed with reference only to mill production records prior to the use of the Old Tailings Dam and one confirmatory grab sample 5 kilometres downstream from the Karabash mill.

The Old Tailings Dam contains a reserve of 5.8 million tonnes at a grade of 1.1 g/t Au, originally assessed with reference to Australian resource regulations and reserve calculations to which we have allocated a provisional category A reserve status in the Russian system.

The New Tailings Dam contains a reserve of 3.1 million tonnes at a grade of 1.1 g/t Au, allocated a provisional category B Russian reserve status due to less drilling. The River Tailings which are not presently licensed, contain an inferred resource of 8.9 million tonnes (the same tonnage as the combined reserves of the Old and New Tailings Dams) at a grade of 0.9 g/t Au. These have been allocated a Russian P_1 inferred resource status.

Eurasia's preliminary preferred scheme of operation is to excavate and truck the contents of the smaller, New Dam to a stockpile on top of the upstream end of the larger, Old Dam using low cost local contractors in order that the New Dam can be reinforced with enlarged capacity to accommodate the retreated tailings.

The retreatment facility is likely to be constructed at or near the derelict Karabash Mill. As retreatment proceeds, the Old Dam, which is in poorer condition than the New Dam, would be repaired to receive the balance of retreated tailings.

A small pilot plant was seen to be under construction in one of the old Karabash mill buildings, to carry out test work, the results from which will be used to design the full scale plant. The pilot plant process route includes acid leaching with sulphuric/nitric acid to oxidise the sulphides, precipitation of copper and zinc sulphides with sodium bisulphite, cyanide leaching of the gold-bearing pulp and gold recovery by a carbon-in-pulp process. The pilot plant capacity is 1 tonne per day and it is intended to sample the Old and New Dams to provide a 120 tonne stockpile to be treated over a 3 month period.

It may be possible to use the pilot plant to process samples for the upgrading of the New Dam Tailings and River Tailings to higher reserve categories.

6.4 OTHER PROSPECTS

Golden Hill

The Golden Hill gold prospect lies about 1.5 kilometres east of the Central Mine and is included in the Central Mine licence. It is apparently associated with talc carbonate and calc-silicate lenses enclosed in the

large area of serpentinites, breccias and schists which lies immediately east of the Karabash volcano-sedimentary belt. The prospect is located at the northern end of a belt of calc-silicate rocks and quartz-chlorite-sericite schists some 4.5 kilometres long, which strikes north-northeast over a width of 500 metres within the same serpentinitic mass.

A report prepared for Eurasia noted that there are three levels on a narrow structure up to 1 metre wide with 1.0-6.5 g/t Au. Malcolm Hancock and Associates Pty Ltd (1994) report that gold was mined in the 1940's from a shear zone in serpentinites at Golden Ridge. Mineralisation extends to 400 metres strike and 1,200 metres depth over a width of 1 to 3 metres. The Golden Hill prospect may be regarded as a showing on a larger exploration target.

New Karabash

The New Karabash prospect is located in the western margin of the eastern serpentinite unit 800 metres south of the Central Mine licence area. Pyrite with 0.5% Cu and 0.5% Zn is reported but nothing further is known about this prospect.

7 SOLOVIEV HILL PLATINUM PROJECT

Location

The Soloviev Hill project is located in a low relief area of the Urals 110 kilometres northwest of Ekaterinburg and 30 kilometres southwest of the town of Nizhny Tagil immediately north of the village of Uraletz at an altitude of 425 metres to 550 metres in rolling hill country on the lands of the Vissim Forestry area. The property appears from available maps to be well provided with road, rail and electric power facilities and water supplies.

Licences

A licence which extends to 1.22 square kilometres valid until 2018, has been issued to the public joint stock company "Chromite" for the purpose of geological studies and the mining of platinum and associated mineral resources.

A geological allotment or exploration licence applied for by Urals Geological Services (Eurasia-UGME joint venture) extends to about 73 square kilometres, and is centred on the mining licence. This covers the whole of the Nizhny Tagil mafic-ultramafic complex which hosts the bedrock platinum mineralisation.

Geology of the Nizhny Tagil Mafic-Ultramafic Complex

The Nizhny Tagil zoned mafic-ultramafic igneous complex is the largest of eleven similar dunite-bearing intrusions, only three of which contain significant platinum concentrations, in a 480 kilometre belt in this part of the western Urals. Its outcrop describes an irregular "D" shaped ellipse 12 by 5 kilometres elongated north-south, enclosed in Lower Palaeozoic greenschists and amphibolitic rocks of Lower Palaeozoic age. A map prepared at 1/30,000 scale depicts the straighter western boundary as a thrust fault dipping eastwards. Internally, the complex has an irregular, concentric zonation defined by an outer gabbroic phase on the eastern and southern margins, succeeded inwards by pyroxenites which enclose a core of partially serpentinised dunites. The more detailed 1/30,000 scale map subdivides the pyroxenite outcrops into pyroxenites and clinopyroxenites and distinguishes wherlites (olivine-augite peridotites) between the pyroxenites and dunites. Both maps show an extensive linear zone of serpentinites separating internal dunite and marginal pyroxenite parallel and close to the western contact.

The general form of the complex is interpreted to be a layered laccolith dipping gently eastwards (Mertie, 1969) with a dunite-pyroxenite-gabbro igneous stratigraphy complicated by thrust faulting along the western margin.

A central core of coarse grained platinum bearing dunite has been identified which is repeated east of the internal linear serpentinite zone. Within this central dunite core there is an area with irregularly shaped chromite schlieren some of which are rich in platinum, which, together with the overlying dunite/pyroxenite contact, is the main focus of platinum mineralisation.

The Nizhny Tagil complex is classified as an alpine type mafic-ultramafic intrusion and is similar to many others in tectonic belts worldwide, except for its high platinum content. It was probably intruded syntectonically, which would account for the complexity of internal geological boundaries and the chromite schlieren zones. Despite this, there is clear evidence of igneous compositional layering and magmatic differentiation. Except for the much smaller scale, complex structure and serpentinisation, the geological environment is similar to that which hosts the layered gabbro type platinum deposits of Bushveld, Great Dyke and Stillwater.

Geology and bedrock platinum mineralisation of Soloviev Hill

Bedrock platinum is associated with four rock units at increasing concentrations: 1. Very fine-grained dunites with background levels, 2. Fine to coarse-grained "recrystalised" dunites with intermediate values, 3. Chromite schlieren dunites, 4. The upper contact zone of the chromite schlieren dunites with overlying pyroxenites.

1 Early, unmineralised, very fine-grained dunites with 1 to 2% of formless chromite grains (0.07 to 0.20mm) and some diopside contain 0-0.04 g/t platinum. These occur as small irregular bodies and, we think, may be a chill facies of the dunite suite.

2 The remainder, and the bulk of the dunites, are characterised by a richer concentration of chromite grains in the range 0.2 to 5.0mm and olivine grain sizes from 0.7 to 11.0mm. These are the so-called "recrystallised" dunites which are divided into irregular, but mappable units with gradational transitions as to:

- fine-grained with traces to 0.47 g/t platinum
- medium-grained with 0 to 1.5 g/t platinum
- coarse-grained with 0 to 2.3 g/t platinum

The "recrystallised" dunites are depleted in iron and titanium and enriched in nickel as well as the platinum group metals. On the basis of grain size and chemical variation, we consider it likely that the "recrystallised" dunites are actually the cumulates of a magmatic differentiation series.

3 Within the "recrystallised" dunites there are concentrations of disseminated to massive chromite in the form of irregular layers, lenses, pipes, pods and veins, more abundant in the coarser grained than in the finer grained dunites. These are known locally as schlieren, and occur at all scales up to 600 metres in plan view, 200 metres of vertical extent over widths up to several metres. Many are mapped at or parallel to contacts. Platinum content is highly variable up to 1100 g/t but chromite schlieren at the Alexandrovsky Gully averaged 5.5 g/t and the old Godspodokaya mine production, believed to be a few tens of thousands of tonnes, averaged 443 g/t platinum from an irregular, steep, pipe-like structure mined to a depth of 183 metres. The mapped contact zones of the medium and coarse grained "recrystallised" dunites are, in some cases, coincident with chromite schlieren zones. These contact zones contain tectonic breccias.

4 The dunites are surrounded by clinopyroxenites which are interpreted by the Russian geologists to have overlain the coarse dunites now exposed at Soloviev Hill. The dunite/pyroxenite contact zone contains cataclastic breccias up to several metres thick which are sub-concordant with the igneous layering. These are the "special conglomerates" of Visosky and are composed of fragments of serpentinite, dunite, pyroxenite and chromite cemented by magnesium carbonate and clay minerals. These contain dense inclusions and nuggets of platinum. Residual placers at this dunite/pyroxenite contact have been worked in deposits 3 to 3.5 metres thick with 30 to 60 g/t platinum, including nuggets from 80 to 350g in weight.

Bedrock Platinum Mineralogy

Primary magmatic platinum occurs in association with the anhydrous ultramafic minerals olivine and pyroxene and chromite as platinum, iridium-platinum and osmium-iridium. Late or post-magmatic platinum is associated with hydrothermal-pneumatolitic processes and serpentinisation and occurs as a wide range of platinum group alloys with iron, copper and nickel. It is also accompanied by native copper, magnetite and calcium and magnesium carbonates. "Platinum" from the Gospodskaya Mine and Pit No 2 are reported to have the following compositions:

Gospodskaya: Pt 64.05%, Fe 13.75%, Ir + Rh 6.13%, Cu 0.77%, Os-Ir 3.73%, Chromite 11.50%. Total 99.93%.

Pit No 2: Pt 70.0%, Fe 14.3%, Ir 1.5%, Pd 0.06%, Rh 0.6%, Cu 8.2%, Os-Ir 0.5%, Chromite 3.3%. Total 98.46%.

A characteristic feature of Soloviev Hill platinum alloys is their magnetic susceptibility which is reported to be the highest in the Urals. UGME reports that a very large proportion of the platinum is amenable to magnetic or electromagnetic separation. Depending on the location, non-magnetic platinum constitutes 0-10% of the total platinum.

Placer platinum at and around Soloviev Hill

The worked placer platinum deposits are classified into four types: 1. residual, 2. residual-alluvial transition ("verkhoviks"), 3. headwater gullies ("logs") and 4. river valley alluvials.

1 It is reported that a superficial residual layer above bedrock covers the whole area. On the western and southern slopes of Soloviev Hill, this material has been worked by panning and contains more than 200 mg/m3 of platinum on average.

2 There is a transitional type of placer deposit: the residual-alluvial type, known locally as "verkhovik".

3 The headwaters alluvial deposits are those of the Alexandrovsk, Sirkov, Kamenny, Poupkov, Kosogorsk, Kroutai and Arckhipov Logs on the property. These are 10-30 metres wide, 3 to 5 metres thick, and vary in length up to 700 metres within the licence area. Together with the "verkhovik" and the adjoining residual placers of the south western and southern slopes of Soloviev Hill these deposits constitute a unique source of abundant large platinum nuggets. Thousands weighing up to 100g have been found and the largest was 9.6 kilograms.

4 Downstream from the gullies draining Soloviev Hill the river valley alluvials have produced large quantities of platinum. The deposits are 100-150 metres wide and 3-30 kilometres long. Recorded production to 1922 was as follows:

Martyan River	49.6 t of platinum
Vissin River	28.7 t of platinum
Chausa River	2.1 t of platinum
Sissin River	1.7 t of platinum

The average grade is reported to be about 10 g/t.

Previous Platinum Production and Exploration

Placer platinum production in the Urals dates from 1824, seems to have peaked in the early part of this century, and continues today, although on a much smaller scale.

Primary, bedrock platinum was first discovered in the Urals in 1890. At Soloviev Hill it was worked and explored underground in the Gospodskaya and Aurorinskaya mines. Officially recorded production is 1,232 kilograms. At the Gospodskaya Mine, which lies in the northwest part of the mining licence, the workings are mapped over 200 metres south of the shaft at 375 metres altitude and are reported to extend to a depth of 183 metres. The mine operated until 1953 and is reported by UGME to have produced 50,000 tonnes of ore from a steeply plunging podiform chromitite pipe at an estimated average grade of 443 g/t platinum. Impressive examples of rich chromite-platinum ore from this source and a model of the mine are displayed in the Geological Museum in Ekaterinburg.

In addition to the Gospodskaya mine there are quite extensive exploratory underground workings of the 1950's, which are depicted on 1/2,000 scale geological and 1/500 scale, 406 metre level assay plan.

Section A:	550 metres of northwest driveage at 406 metres level with more than 1,500 metres of cross-cuts over an area 550 metres northwest by up to 250 metres wide including an area 60 metres by 50 metres intensively developed by very close spaced cross-cuts and room and pillar workings.
Section A to Section H:	640 metres of northeast driveage at 406 metres level with 750mm of cross-cuts over an area 750 metres northeast by up to 250 metres wide.
Drift 5, 500m east of Gospodskaya:	210 metres of southeast driveage at 403 metres level with 200 metres of cross-cuts over an area 210 metres southeast by up to 140 metres wide.

This amounts to more than 3.85 kilometres of underground exploration. At least a proportion of this, in the Section A area, has been sampled over the full 7.5 m^2 square metre cross section of the driveage every 4 or 5 metres by using every fourth mine car, yielding 454 samples of about 8 cubic metres each which were treated in a washing plant.

Five widely-spaced drill sites are shown on the 1/2,000 scale map the results of which are believed to be with UGME. Mertie (1969) notes that a borehole 600 metres deep showed that the dunite was not serpentinised below 450 metres.

A line of 23 overburden holes from a section reported to be at Kosogorsk Gully, northeast of the summit of Soloviev Hill, records high platinum values of about 2, 3 and 1.5 g/t platinum in three adjacent holes at the base of overburden at 40 metres depth. These values occur over dunite at a dunite-gabbro contact.

Assays of small samples of chromitic dunite and chromitite collected for Eurasia in September 1994 show the following correspondence of Pt, Cr and Fe.

Sample	*Pt* g/t	*Cr* %	*Fe* %	*CR+Fe*
SP2A(1)	8.77	36.1	22.2	58.3
SP5A	3.46	20.6	11.4	32.0
SP2A(2)	2.75	24.5	14.4	38.9
SP2	1.03	10.9	8.3	19.2
SP4	0.83	9.6	9.9	19.5
SP2B	0.37	11.7	8.6	20.3

Other studies on the suite of samples have shown that platinum is located in ferromagnetic regions in chromite and also in discrete Pt-Fe alloy particles in the rock matrix and not in the chromite. These studies show that platinum may be concentrated by magnetic separation techniques after fine grinding. Magnetic susceptibility contrasts between chromitic dunite and unmineralised dunite may enable magnetometry to be used as our exploration tool, but it should be borne in mind that serpentinisation of dunites can produce magnetite which may mask the effect.

Platinum assays of 59 small surface grab samples of dunites and chromite schlieren collected by Malakov (1993) are plotted on the 1/2,000 geological map referred to together with other data including various locations of placers, open-cut pits, exploratory trenches, the supposed system of ore bodies, lenses and schlieren, prospects labelled Section A, B, C, D, E, F, G, H, I and K (there is no "J"), three lines for cross-sections (of which we do not have copies) and locations at which primary bedrock platinum was found in the 19th century.

Platinum Grade Estimates and Resource Potential

Assays of the samples collected for Eurasia are useful confirmation of potentially economic grades. However, the only extensive data are the 59 Malakov Assays and the 454 underground assays at the Section A prospect.

The Malakov samples are reported to be grab samples from pits and outcrops. Aberrant high values (115.7, 166.4 and 250.5 g/t) distort the averages. These could be due to biased sampling and a nugget effect. Underground sampling was not biased and the large sample size would have reduced or eliminated any nugget effect. The highest underground value is 19.3 g/t which, adjusted for, say, 65% recovery and 20% dilution, provides a meaningful cut for the Malakov assay data at 35.6 g/t. Thus, the average cut grades become 9.6 g/t above a 0.5 g/t cut-off and 15.1 g/t above a 1.0 g/t cut off. On this basis 25% of the Malakov samples are above a 1.0 g/t cut-off and average 15.1 g/t.

The underground assays (summarised in Table 5A) may be low due to dilution (say 20%) and washing plant recovery (say 65%). No assay cutting seems necessary due to the large sample size. These adjustments convert the tabulated average grades to 3.0 g/t above a 0.5 g/t cut-off and 5.2 g/t above a 1.0 g/t cut-off. On this basis 9% of the underground samples are above a 1.0 g/t cut-off and average 5.2 g/t.

The underground sampling provides the only dimensional assay data on which to base a resource estimate. It is far from satisfactory but serves to give a perspective on the resource potential. The provisional P_1 inferred resource within the Section A prospect is 1.16 million tonnes at an in-situ estimated grade of 4.6 g/t. However, some account may be taken of the Malakov assay data as amended by the assay cutting procedure outlined above and the very high reported grade at the Gospodskaya mine when considering the resource potential of the whole mining licence area. It is suggested, therefore, that a reasonable grade for the estimation of resource potential is higher than 4.6 g/t and lower than 15.1 g/t. Bearing in mind the high Gospodskaya mine grade and the possibility that other similar deposits may be found in the area we propose to use the average of these two values which is 9.9 g/t.

By inspection of the 1/2,000 geological map, the geological environment of Section A could be repeated in three or four other parts of the mining licence, eg Sections F-G, Section H, Section I-K and Section E, where contorted chromitic schlieren are associated with the coarse and medium-grained dunites. On this basis, and assuming that resources equivalent to two deposits similar to the Section A prospect exist, the P_2 resource potential is 2.32 million tonnes at 9.9 g/t. P_1+P_2 resources are 3.48 million tonnes at 9.9 g/t.

It is probable that such resources would exist in a few deposits which would be worked initially by open pit methods followed by underground operations as knowledge of the structures and grade distribution become known.

Outside the existing mine licence within the exploration licence, there is geological evidence for the existence of bedrock platinum deposits but insufficient data to quantify resources.

Project Status

Soloviev Hill is a bedrock platinum exploration project based on a geologically inferred resource of 3.5 million tonnes at an estimated grade of 9.9 g/t, which may exist within the mining licence area in a small number of separate deposits which would probably be worked by a combination of open pit and underground methods. Within the surrounding exploration licence, which encloses the whole of the Nizhny Tagil mafic-ultramafic complex, there are geological situations and platinum occurrences which constitute good exploration targets for the discovery of additional resources of similar scale and grade.

8 GAGARKA GOLD PROJECT

Location

The Gagarka deposit is located 44 kilometres east of Ekaterinburg in low relief, partly forested agricultural land at an altitude of about 265 metres. The paved highway from Ekaterinburg to Tyumen crosses the mineral reserve/resource area and the Trans-Siberian railway crosses the northern extensions of the mineralised zones 650 metres to the northeast. The small town of Zarechny and a number of surrounding villages including Gagarka lie 4 to 10 kilometres to the northeast. The area is well supplied with water and power. There is a nuclear energy scheme within a few kilometres.

Licences

No licence documentation or maps have been seen but a UGME operation is actively leaching gold from in-situ oxidised ores and we assume that any required rights to the deposit and possible extensions will become available through the Eurasia-UGME joint venture.

Geology and mineralisation

The Gagarka mineralised zone as depicted on a 1/10,000 scale geological map prepared for Eurasia in September 1995 is in the form of an open "S" shaped belt 3 kilometres long and 150 to 350 metres wide striking generally northeastwards and dipping very steeply to the northeast.

The zone is largely composed of late Silurian to early Devonian plagiogranite, tonalite and quartz diorite. It is conformably enclosed by Lower Palaeozoic tuffaceous schists in the footwall and amphibolites in the hanging wall. The mineralised zone is bounded on the east and south by major faults.

Within the conformable granitic rocks there are multiple, conformable lenses and layers of various cataclased granites, schistose rocks including sericite-quartz and quartz-sericite-albite metasomatites, chlorite schists, sericitised plagiogranites, muscovite-albite-quartz schists, biotite gneiss and silicified granitic rock with quartz veins. These cataclased granites and schistose metasomatic rocks are mineralised with 5 to 7% of primary ore minerals. These are largely pyritic, polymetallic sulphides, small amounts of tellurides, native gold and graphite and small amounts of oxides. The ore contains 71.2% SiO_2, and 11.4% Al_2O_3. (Ahkriev and Karkh, 1995)

There are seven named veins in the southern part of the zone and five mapped veins in the north. Thicknesses within each vein are extremely variable. For example, the thickest vein, Orebody 2 of the Southern Ore Zone, ranges from 0.59 to 26.40 metres and averages 8 metres. The range of average thicknesses of eleven orebodies is 0.50 to 8.00 metres with 6 orebodies less than 2 metres thick. The veins have been intersected to depths of 400 metres and, according to Russian standards, sufficiently drilled for delineation of C_1, C_2 and P_1 reserves and resources over a strike length of 700 metres. However, with such extreme thickness variation and low average thickness in half the orebodies, there must be questions regarding correlation and continuity between drill intersections.

The top part of the deposit is partially oxidised, broken and jointed over an interval of about 10 to 35 metres to a maximum depth of about 60 metres. Above this is a zone 5 to 25 metres thick which is completely oxidised.

Exploration work

Exploration to PI inferred resource level is limited to the area 700 metres long and 120-360 metres wide lying more than 120 metres south of the Trans-Siberian railway.

Between 1981 and 1994 exploration works included the following:

Core drilling:	218 holes to a maximum vertical depth of 400 m
"Portable" drilling:	6270 m
Trenching:	3937 m^3
Pitting:	821 m
Laboratory ore studies:	9 samples
Lithological survey:	1 km^2
Mercury survey:	1 km^2
Channel sampling:	2,259 m

Reserves and resources

The left hand panel of Table 6 is a summary extract of the Gagarka in-situ oxide and the underground primary reserves and resources in the $C_1+C_2+P_1$ categories to a depth of 800 metres. The C_1 category is based on drill intercepts at 40 metre spacing. The C_2 category is based on 80 metre spacing and the P_1 category is based on a variable spacing and geological extrapolation from C_2. The techno-economic studies are based on the 1.5 g/t Au cut-off figures which amount to 10.8 million tonnes at 4.1 g/t Au and 15.2 g/t Ag. As noted above, the thickness of the primary orebodies is extremely variable and several are less than 2 metres thick. Drill data should be used to check interpretations and correlations on the reserve cross sections. P_2 type resources as calculated by the Russians are noted below under additional resource potential.

It is not yet clear which of the three available oxidised ore reserve and resource tonnages and grades are applicable to the in-situ leach project, but the 0.5 g/t Au cut-off numbers are given for illustration: 1.9 million tonnes at 1.8 g/t Au and 6.5 g/t Ag.

The right hand panel of Table 6 presents tonnage and grade pro-rata to a depth of 180 metres which might be amenable to hypothetical open pit mining. It should be noted that no attempt has been made to estimate waste to ore ratio for this reserve/resource. For the purposes of illustration the total hypothetical open pit reserves and resources, at primary ore cut-off of 1.5 g/t Au, and 0.5 g/t Au cut-off for oxidised ores, are 4.3 million tonnes at 3.1 g/t Au and 12.0 g/t Ag. It may of course be desirable to use a lower cut-off, especially for the primary ores, and thereby bring more gold into the resource. These hypothetical open pit resources are presented only to give a perspective of open pit potential and it is clear that open pit reserves and resources should be recalculated from primary data or from available reserve cross sections as appropriate.

Additional resource potential

The underground deposit is open at depth and to the northeast for 2 kilometres based on geological maps and a showing 1.7 kilometres to the north of the P_1 resource. This showing, in a report prepared for Eurasia in September 1995, was apparently investigated by UGME and trenches gave values of 5.0 to 6.0 g/t Au over 30 metres. Five ore zones are mapped in this area at 1/10,000 scale. This situation indicates that additional drilling may discover reserves and resources analogous to those which are described above. P_2 inferred resources of 32.2 million tonnes at 3.4 g/t Au and 11.8 Ag are noted in Table 3.20 of the techno-economic study. Until some confirmatory drilling is carried out this large inferred resource should be regarded as highly speculative.

The hypothetical open pit deposit is open to the northeast as described above for a distance of 2 kilometres and further drilling may discover more ore similar to the material described above.

Project status

The Gagarka deposit contains a large gold reserve/resource which has been extensively drilled and tested with a view to an in-situ leach and underground gold mining operation to sell gold bearing ore as copper smelter flux. A feasibility study and pilot scale leaching are in place. Eurasia has identified the possibility of a smaller, but more profitable, open pit operation to heap leach oxide ore and produce primary ores for use as copper smelter flux. If the smelter flux end use option proves to be non-viable the indicated tonnages and grades would appear to be sufficient to support the establishment of more conventional open pit operation with in-house gold recovery facilities on site.

9 SULTANOVSKA COPPER, ZINC, GOLD AND SILVER PROJECT

Location

The Sultanovska deposit lies 55 kilometres north-northeast of the city of Chelyabinsk and 4 kilometres east of the village of Sultanovo, in Kunashky district. The countryside is agricultural and flat lying with

scattered shallow lakes at an altitude of about 200 metres. The road between Sultanovo and the town of Muslyumovo, population 6,000, 6 kilometres to the west, passes over the deposit. Muslyumovo is served by rail, high voltage power lines and a gas supply from the Trans-Siberian pipeline. There is an abundant water supply in the area.

Licences

A licence has been applied for but no details are available.

Geology and mineralisation

The geology is known only from drillholes, since the deposit is overlain by 60 metres of Cretaceous to Tertiary clays, sandstone and sands and recent sediments. Lower Palaeozoic spilitic volcanics and quartz-albite volcanics and diabase and diabasic porphyries, probably sills, make up the bulk of the sequence which hosts the ore zones. Subordinate layers and lenses of quartzitic schists, micaceous quartz schists and quartz-chlorite schists occur within the volcanics and adjacent to conformable stratiform sulphide horizons. Minor bodies of siliceous rocks and jaspers and serpentinite are present adjacent to the western boundary fault. The metavolcanic sequence occurs in a northerly trending belt which has been drilled over 2.3 kilometres. It is bounded on the west by a major, steeply east-dipping, arcuate thrust fault plane above Devonian sandstones, schists and conglomerates and on the east by an angular inconformity dipping east below the Devonian sediments. Between these limits the volcanic belt is 350 to more than 500 metres wide at rockhead and the volcanics and the sulphidic horizons are contorted by numerous irregular folds.

There are at least four sulphide horizons, the aggregate strike length of which, measured round folds, exceeds 7 kilometres. Copper-zinc sulphide and chalcopyrite ores are distinguished on the available maps and a report prepared for Eurasia in February 1996 identifies four types of ore: chalcopyrite, copper-zinc pyrite, copper-zinc ores and massive pyrite. These have been traced by drilling to a vertical depth of 430 metres. Due to variable dip and strike the widths shown on maps and the single available cross section are not a dependable guide to thickness and no descriptive detail is available.

Ignoring the exaggeration of dimensions on the available cross section and other relatively minor "thickenings" on the maps it seems likely that the sulphide horizons are generally 1-5 metres thick, but this requires further verification.

Exploration work

The deposit was discovered in 1951 by drilling a magnetic anomaly to test for iron ore. A report prepared for Eurasia in September 1995 notes the subsequent drilling of 500 holes up to 1970. Available maps show 227 drill holes with surveyed trajectories plotted, on 40 drill lines at mostly 50 metre and 100 metre spacing. We are not yet aware of any other exploration work such as metallurgical testing.

Reserves and resources

Table 7 is an extract of a Russian reserves/resources table. The location of these reserves and resources is not depicted on the available maps and we do not have the parameters on which the reserve and resource tonnages and grades are based. The total resources and reserves to P_1 category of 25.5 million tonnes at 2.0% Cu, 0.9% Zn, 1.4 g/t Au and 15 g/t Ag equate to a gold equivalent grade of about 6.3 g/t. Parts of the reserves are richer than this but the components are likely to be rather dispersed in view of the number of drillholes and the large "surface area" over which the richer reserves may exist. Taking the "rich" C_1+C_2 ores together produces a reserve of 3.3 million tonnes at a gold equivalent grade of a bit less than 10 g/t possibly in different ore horizons, at different strike positions and at different levels.

Additional resource potential

The available maps and sections seem to show that the deposit has been drilled to its limits. To the north and south the ore zones are mapped as lensing out. In depth on the one available cross section the ore zone is truncated by the western boundary fault.

Project status

The deposit was thoroughly drilled from 1951 to 1971 but there is no underground development. Subject to verification of thickness and continuity of ore, a large, medium grade, polymetallic, underground mine may be a possibility. However, a smaller, underground project based on the higher grade reserves would probably be more attractive to investors.

Our initial impression is that open pit development will be precluded by the thick Mesozoic-Recent overburden but this possibility should be borne in mind.

The Eurasia project is at a preliminary, data acquisition stage and requires access to primary exploration and reserve delineation data to better assess the possibilities for development of a mine.

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TABLE 1A – KARABASH CENTRAL MINE UNDERGROUND RESERVES OF 1 JANUARY 1995

(Based on 'Balance Report on the Southern Deposit for 1994' submitted by Chief Engineer of the Leased Company 'Central Mine' to Chelyabinsk Geological Fund and Ministry of Geology, Moscow)

VEINS	*COMPONENTS*	*LEVELS*	*ORE TYPE*	*CATEGORY*	*TONNES*	*Cu%*	*Zn %*	*S %*	*REMARKS*
1 Western system	1.1 Protection pillar	6-15	Cu-Zn, massive and dissem.	A+B+C1	367,308	2.42	1.73	34.5	
	1.2 Vein of Hanging side Flange	9-15	〃	〃	74,330	1.01	0.63	35.4	
	1.3 Balance	24 sub	〃	A	17,568	0.81	1.33	45.6	
	1.4 Balance	24	〃	A	458,732	0.78	0.98	45.8	
	1.5 Balance	Below 24	〃	A+B+C1	1,091,096	1.67	2.27	44.5	
	1.6 North Branch Balance	Below 24	〃	A+B+C1	231,176	3.14	3.55	35.9	
	SUB-TOTAL	6-33	〃	A+B+C1	2,240,210	1.73	1.99	41.9	Copper – zinc ores
2 Eastern system	2.1 Balance	24	Cu ores, massive and dissem.	A	148,696	3.26	0.16	33.8	
	2.2 Balance	Below 24	〃	A+B+C1	1,518,300	2.64	0.65	39.2	
	2.1+2.2 SUB-TOTAL	24-33	〃	A+B+C1	1,666,996	2.70	0.61	38.7	Copper ores
	1+2 TOTAL	6-33	Cu-Zn ores and Cu ores, massive and dissem.	A+B+C1	3,907,206	2.14	1.40	40.5	Copper – zinc ores and copper ores
					−231,176				Item 1.6 of 231,176 t omitted from Russian total
					=3,676,030				
3 Vein of the Hanging Wall (not Eastern H/W Vein)		Above 21	Massive pyrite	A+B+C1	1,052,968	0.28	0.62	46.6	
4 Western system		Below 24	〃	B+C1	2,371,600	0.18	0.28	46.7	
5 Eastern system	5.1	Above 21	〃	A+B+C1	314,037	0.13	0.18	46.5	
	5.2	24 sub	〃	A+B+C1	203,500	0.25	0.16	44.6	
	5.3	Below 24	〃	B+C1	1,023,100	0.24	0.18	44.6	
	3+4+5 TOTAL	Above 21 to below 24	〃	A+B+C1	4,965,205	0.21	0.32	46.1	Massive pyrite
				SUMMARY					
Western system		6-33	Cu-Zn ores, mass. and dissem.	A+B+C1	2.24 million	1.73	1.99	41.9	Copper-zinc ores
Eastern system		24-33	Cu ores, massive and dissem.	A+B+C1	1.67 million	2.7	0.61	38.7	Copper ores
	TOTAL				3.91 million	2.14	1.40	40.5	Copper-zinc ores plus copper ores
Vein of the Hang-ing Wall, Western system, Eastern system		Above 21 to below 24	Massive pyrite	A+B+C1	4.97 million	0.21	0.32	46.1	Massive pyrite

TABLE 1B

KARABASH CENTRAL MINE. AVAILABLE UNDERGROUND GOLD AND SILVER GRADES WITHIN Cu-Zn RESERVES

(Based on Hopwood, March 1996 tabulations of data on 1/1000 longitudinal reserve sections showing drill intersections, Drawings 5.4 to 5.8)

VEIN	*LEVELS SAMPLED*	*DRILL-HOLES SAMPLED*	*AVERAGE OF INTERCEPTS m*	*Au g/t*	*Ag g/t*	*WITHIN Cu-Zn RESERVE CATEGORIES:*
Western,	24	31				
southern	27 sub	1986				
part		1987				
		19??				
		2016				
		2017	7.0(Au)	2.7		
			or 8.0(Ag)		12.4	B
Western,		2021				
northern	—	2031				
part		2036	3.8	4.5	45.4	B+C1
Eastern	—	1991				
		2001				
		2002	3.9	3.9	19.1	B
Eastern	24 sub	1990				
Pyrite		1991				
		2044	6.8	4.1	4.7	B+C1
Eastern	24 sub	1990				
Hangingwall		1991				
		2062	2.8	3.3	14.2	B+C1
Approx grade of 5 by tons veins weighted				3.8	14.7	

NOTES:

Grades ascribed to development levels, on which the above summary is partly based, are derived from composites of samples originally assayed for Cu and Zn and reassayed for gold and silver at the request of the Central Mine Chief Geologist. These are recorded in a manuscript ledger seen and copied at first hand in Karabash. These assays of composites together with assay data from drill intersections are recorded in manuscript by the Chief Geologist on paper working copies of the longitudinal reserve sections referred to in the title of this table. These represent only a small proportion of the intercepts on which the Cu-Zn reserves are based and their distribution is irregular. Therefore, although these are the best available gold and silver data, care should be taken if the derived grades are applied to the Cu-Zn reserves.

The gold and silver grades of the 20,359 tonnes of ore produced in 1994 from the Western Vein, northern part at the 27 sub-level and the Eastern system at the 24 level, were 1.6 g/t Au and 15.6 g/t Ag according to the certified "Balance Report" for calendar 1994. Annual ore production data compiled by Galena Shillova, from 1971 to 1994 records gold and silver contents in the range 1.51 to 2.55 g/t Au and 8.18 to 18.9 g/t Ag.

Some 500,000 tonnes of reserves in different parts of the Western Vein at the 21 and 24 levels, written off in April, 1990, contain 2.36 g/t Au and 25.73 g/t Ag as recorded on a 1/1000 scale longitudinal section, Drawing 5.9/5.10. The same drawing records the following grades of rare metals in the written off reserves(g/t):

Ge 1.70, Te 36.60, Se 43.6, In 4.50, Ga 14.20, Tl 2.70, Cd 43.00, As 2100.

TABLE 2
KARABASH CENTRAL MINE. SUMMARY OF OPEN PIT GOLD RESOURCE IN GOSSANS

(Based on Hopwood, September 1995 and 9 February 1996)

GOSSAN No.	*GRAB SAMPLE No.*	*Au g/t*	*Ag g/t*	*STRIKE POSITION m N*	*REMARKS*
10	K3	0.1	1.6	1370	
8	K1	0.5	2.8	1230	
9	K2	tr	6.4	1210	
7	K4	tr	6.2	1180	
				1050	Felix Shaft
6	K5	3.4	27.3	1030	
5	K6	8.8	5.9	870	
				750	Central Shaft (offset)
4	K7	0.5	tr	730	
				455	Hope/Southern Shaft
3	No outcrop	—	—	380	
1	U17	9.7	34.2	340	
2	K8	54.6 (30.0 cut)	221.6	310	
2	U16	2.0	1.0	282	
1	K9	tr	6.6	280	
				265	Ventilation Shaft
				85	Southern Rock Shaft

Average all 7.2 uncut 28.5 uncut

Average
0m to Felix 7.8 cut 42.4 uncut

1 level mine workings from 0m to 1240m N

85% continuity gives 1054m strike

Average thickness from mine staff 25m (Estimated range 20 to 55m)

Assumed depth 40m

Assumed density allowing for "barytes sands" and Fe oxides 3.0 t/m^3

Inferred resource 3.2 m tonnes at 7.2 g/t Au uncut and 28.5 g/t Ag uncut

Provisional Russian category P1

Notes:

The above summary is base on the results of a preliminary sketch mapping and grab sampling programme carried out over a few days in September 1995 and follow-up mapping at 1/1000 scale in January, 1996.

It is emphasised that there are no dimensions attached to grab samples which is reflected by the provisional allocation of the gossans to the P1 inferred resource category in the Russian system.

TABLE 3

KARABASH TAILINGS. SUMMARY OF RESERVES AND RESOURCES

(Based on Malcolm Hancock and Associates Pty Ltd, 4 August 1994)

Reserve	*Resource*	*Australian category*	*Provisional Russian Category*	*Tonnes millions*	*Grade g/t Au*	*Gold oz*
Old Dam	—	Proved	A	5.8	1.1	205,000
New Dam	—	Probable	B	3.1	1.1	110,000
		Proved + Probable	A + B	8.9	1.1	315,000
	River	Inferred	P1	8.9 (the same)	0.9	258,000

Old Dam reserves are based on mill production records, survey data, 1975-76 drilling of 85 holes with sampling every 2m, 1993 drilling of 20 holes, metallurgical testing, feasibility studies

New Dam reserves are based on mill production records, survey data, 1993 drilling of 9 holes, metallurgical testing, feasibility studies

River resources are based on mill production records and one grab sample 5 km downstream of the plant which assayed 1.18 g/t Au

Provisional categorisation by A C A Howe International and not Russian geologists

TABLE 4

KARABASH PROJECT. SUMMARY OF UNDERGROUND, OPEN PIT AND TAILINGS RESERVES AND RESOURCES

(From Tables 1A, 1B, 2 and 3)

UNDERGROUND

Location	*Type*	*Categories*	*Million tonnes*	*Cu %*	*Zn %*	*Au g/t*	*Ag g/t*	*Remarks*
Western and Eastern system	Copper-zinc and copper	A+B+C1	3.91	2.14	1.40	(3.8)	(14.7)	Indicative Au and Ag Grades
All veins	Pyrite	A+B+C1	4.97	0.21	0.32	?	?	Some pyritic ores contain gold
OPEN PIT RESOURCES								
Central Mine	Gossan	P1 (provisional)	3.2	—	—	7.2	28.5	Uncut averages of grab sample assays
TAILINGS RESERVES AND RESOURCES								
Old Dam and New Dam	Copper-zinc flotation tailings	A+B (provisional)	8.9	—	—	1.1	—	Based on mill production and drilling etc
River	Copper-zinc flotation tailings	P1 (provisional)	8.9 (the same)	—	—	0.9	—	Based on mill production

(provisional) signifies category allocation by A C A Howe International Ltd and not Russian geologists

TABLE 5A
SOLOVIEV HILL. SUMMARY OF PLATINUM GRADE DATA

(Based on Hopwood, September 1994 grade histograms, Fig 12)

	Section A, Aurorinskaya. 1950s underground development samples of about 8m³ each				*Malakov, 1993 surface grab samples of about 5kg each*				
Cut-off g/t	*No of samples*	*% of samples*	*Range g/t*	*Uncut average g/t*	*No of samples*	*% of samples*	*Range g/t*	*Uncut average g/t*	*Cut at 35.6 g/t average g/t*
0	454	100	0-19.3	0.5	59	100	0.01-250.5	11.2	—
0.5	96	21	0.5-19.3	1.6	24	41	0.5-250.5	16.5	0.6
1.0	42	9	1.0-19.3	2.8	15	25	1.0-250.5	42.0	15.1

These grades may be low due to mining dilution and losses of fines in washing plant and other losses

These grades may be high due to biased grab sampling and nugget effect in relatively small samples. Cut at 35.6 g/t is highest underground assay of 19.3 g/tw 0.65x1.20 to allow for washing plant losses and dilution

TABLE 5B
SOLOVIEV HILL. SUMMARY OF CATEGORY P1 'PLATINUM' RESOURCES WITHIN MINING LICENCE

(Based on Hopwood September 1994 analysis of Section A, Aurorinskaya, underground sample washing plant recovery data with amendments and grade adjustment for dilution and plant recovery)

Section A Orebody	*Average thickness m*	*Average strike m*	*Assumed depth extent m*	*Density t/m³*	*Payability %*	*Tonnes*	*1950s Washing plant recovery g/t*	*Implied in-situ grade at say 65% recovery and 20% dilution*
1	5.0	50	100	3	100	75,000	1.49	2.75
2	5.0	120	100	3	100	180,000	2.07	3.82
3	5.0	55	100	3	100	82,500	2.05	3.78
4	5.5	100	100	3	100	165,000	3.50	6.46
5	8.7	145	100	3	100	378,450	1.96	3.62
6	4.2	85	100	3	100	107,100	4.62	8.53
7	5.0	80	100	3	100	120,000	2.48	4.58
8	4.0	40	100	3	100	48,000	2.19	4.04
Sub Total	4.0-8.7	675	100	3	100	1,156,050	2.48	4.58

Note:

Pt content of "platinum" is expected to be up to 97% alloyed with Fe, Ni, Cu and other PGE according to Vidoussov and Kharkhevich, 13 March 1996

TABLE 6

GAGARKA. SUMMARY OF PRIMARY AND OXIDISED + MIXED RESERVES AND RESOURCES (A+B+C1+C2+P1)

(Based on Hopwood September 1995 presentation of UGME commissioned calculation by the State Institute for Project Research on Gold and Diamonds, Moscow and TEO by Scientific, Technical and Design Centre of Gold Mining Industry, Moscow Table 3.10)

PRIMARY RESERVES AND RESOURCES

Cut-off grade g/t Au	*Reserves and resources to 800m depth C1+C2+P1*				*Pro-rata resources to 180m depth for hypothetical open pit*			
	million t	*g/t Au*	*g/t Ag*	*million oz*	*million t*	*g/t Au*	*g/t Ag*	*million oz Au*
2.0	8.3	4.7	17.6	1.2	1.9	4.7	17.6	0.29
1.5	10.8	4.1	15.2	1.4	2.4[1]	4.1	15.2	0.32
1.0	18.9	3.0	10.9	1.8	4.3	3.0	10.9	0.41
0.5	32.6	2.0	7.6	2.1	7.3	2.0	7.6	0.47
	OXIDISED AND MIXED RESERVES AND RESOURCES A+B+C1+C2+P1 to max 60m				*OXIDISED AND MIXED RESOURCES TO MAX 60m*			
0.5	1.9	1.8	6.5	0.11	1.9[2]	1.8	6.5	0.11
Total of hypothetical open pit reserves and resources at 1.5 g/t Au cut-off for primary ores and 0.5 g/t Au cut-off for oxidised and mixed ores ([1]+[2])					4.3	3.1	12.0	0.43

TABLE 7

SULTANOVKA. SUMMARY OF RESERVES AND RESOURCES

(based on 'Master table of calculation of the ore copper, zinc, sulphur, gold, silver reserves for the Sultanovsky chalcopyrite deposit' from a Russian source appended to Hopwood, 22 February 1996)

	Ore type	*Million t*	*Cu %*	*Zn %*	*S %*	*Au g/t*	*Ag g/t*
C1	'Rich'	2.03	3.85	1.52	37.1	1.4	15
	'Ordinary'	6.03	1.76	0.72	34.4	1.4	15
C2	'Rich'	1.25	3.71	0.24	40.55	1.4	15
	'Ordinary'	3.88	1.77	0.17	31.45	1.4	15
C1+C2	All	13.19	2.27	0.93	34.5	1.4	15
P1	All 'Ordinary'	12.30	1.83	0.84	28.1	1.4	15
Total	All	25.49	2.05	0.88	31.41	1.4	15

Notes:

Available maps in four adjacent sheets originally at 1/1,000 scale and one sample drill section, show a straight line strike length of 2.3 kilometres, 227 drill holes with curved trajectories plotted, on 40 drill lines spaced at mostly 50m and 100m, and drilled vertical depth of 430m below 60m of Mesozoic-Recent barren overburden. The aggregate strike length of at least four conformable sulphidic layers mapped around folds exceeds 7 kilometres. Hopwood, 22 February 1996, notes a minimum estimated tonnage of 7 million t of 2.5% Cu, 1.5% Zn, 1.4 g/t Au and 33.7 g/t Ag. He also quotes the above total C1+C2+P1 tonnage and grades except for silver (31.4 g/t Ag). The source of his silver grades is not identified.

APPENDIX I

Extract from

"Regulations for gold ore deposit reserves classification."

(State Commission for Mineral Resources Reserves)

Categories of reserves and inferred resources of hard-rock mineral resources.

8 Reserves of hard-rock mineral resources are classified in accordance with the degree of there investigation into explored resources – categories A, B and C1, and preliminary estimated – category C2.

Inferred resources of hard rock mineral resources are further subdivided in accordance with the degree of their substantivation into categories P1, P2 and P3.

9 **Category A reserves** must satisfy the following requirements:

- sizes, form and conditions of mineral resources body bedding are defined, character and trends of morphological and inner structure changeability are studied, non-ore and off-grade sections inside the mineral resources body are identified and contoured, in case of rupture disturbances their position and deviation amplitude are determined;
- natural varieties are determined, industrial (technological) types and grades of mineral resources are singled out and contoured, chemical composition, properties and distribution of useful and harmful elements in mineral forms are defined; quality of the singled out industrial (technological) types and grades of the mineral resources are characterised in accordance with the characteristics established by the standards;
- technological properties of the mineral resources are studied in detail to enable the obtaining of initial data sufficient for designing of technological scheme of processing with complex extraction of components that have commercial value;
- hydrogeological, engineer-geological, geocryological, mining-geological and other natural conditions are studied to the degree that enables the obtaining of initial data necessary for compiling deposit development project;
- contour of the mineral resources reserves is determined in accordance with the standard requirements to holes and mine workings.

10 **Category B reserves** must satisfy the following requirements:

- sizes, main peculiarities and changeability of form, inner structure and conditions of bedding of the mineral resources body, spatial placement of inner non-ore and off-grade sections are determined; in case of existence of large-scale rupture disturbances their position and deviation amplitude are ascertained, possible degree of minor amplitude rupture disturbances is characterised;
- natural varieties are established, industrial types of mineral resources are singled out and if possible contoured; in case contouring is impossible there are established tendencies of spatial placement and of quantitative correlation of industrial (technological) types and grades of mineral resources, mineral forms of useful and harmful components; quality of the singled out industrial (technological) types and grades of mineral resources are characterised in accordance with characteristics established by the standards;
- technological properties of mineral resources are studied to the degree necessary for the selection of the principal technological scheme of processing providing for rational and complex usage of the resources with extraction of the components having commercial value;
- hydrogeological, engineer-geological, geocryological, mining-geological and other natural conditions are studied to the degree that enables to describe qualitative and quantitative characteristics of their main components and their influence on the deposit development;
- contour of the reserves of mineral resources is established according to the requirements of the hole and mining workings standards with the inclusion (in case of consistent thickness and quality of mineral resources) of limited zone of extrapolation sustained by geological criteria, geophysical and geochemical data.

11 **Category C1 reserves** must satisfy the following requirements:

- sizes and characteristic forms of mineral resources bodies, main peculiarities of the conditions of their bedding and inner structure are determined, changeability and possible interittence of the mineral resources body must are estimated, and for bedded deposits and construction and facing stones deposits there is information about existence of areas of intensive development of minor amplitude tectonic disturbances;
- natural varieties and industrial (technological) types of mineral resources are defined, general tendencies of their spatial distribution and quantitative correlation between industrial (technological) types and grades of mineral resources, mineral forms useful and harmful components are established; quality of the singled out industrial (technological) types and grades is characterised in accordance with the characteristics established by the standards;
- technological properties of mineral resources are characterised to the degree sufficient for substantiation of the commercial value of the explored reserves;
- hydrogeological, engineer-geological, geocryological, mining-geological and other natural conditions are to be studied in full detail to enable the preliminary description of their characteristics;
- contour of the mineral resources reserves is determined in accordance with the requirements of holes and mining working standards taking into consideration geophysical and geochemical data and geologically substantiated data.

12 **Category C2 reserves** must satisfy the following requirements:

- sizes, forms, inner structure of the mineral resources bodies and conditions of their bedding are estimated according to geophysical data and are confirmed by development of the mineral resources by means of sporadic holes and mining workings;
- quality and technological properties of the mineral resources are determined in accordance with the results of investigation of separate laboratory samples or are estimated by analogy with well-explored sections of this or another similar deposits;
- hydrogeological, engineer-geological, geocryological, mining-geological and other natural conditions are estimated according to the existing data for other sections of the deposit, according to observations in exploratory workings and by analogy with the deposits that are well-known in the region;
- contour of the mineral resources is determined in accordance with the standard requirements on the basis of sporadic holes, mining workings, natural rock exposure or on their totality taking into consideration geophysical and geochemical investigations data and geological constructions data as well as by means of geological substantivated extrapolition of parameters used in estimation of the reserves of higher categories.

13 Complex ores reserves and the main components that they contain are estimated according to the same categories. Reserves of the concomitant components having commercial value are calculated within the framework of the main components reserves estimation and are characterised in categories according to the degree of their exploration, character of distribution, forms of existence and technology of extraction.

14 At the developed deposits the reserves of opened up and ready for extraction mineral resources as well as mineral resources in protective pillars of mining-capital and mining-preparatory workings are calculated separately with further subdivision into the categories in accordance with the degree of their exploration.

15 **Inferred category P1 resources** take into consideration the possibility of increase of the reserves at the expense of broadening of the territory of the mineral resources distribution beyond the contours of reserves estimation according to category C2 or at the expense of additional exposure of new bodies of the mineral resources on the explored, prospected and exposed during searching-estimation works deposits.

Estimation of the resources is based on the results of geological, geophysical and geochemical investigations of the territories of mineral resources possible distribution as well as on the geological extrapolation of the data about more explored part of the deposit regarding form and structure of the mineral resources bodies, their mineral composition and quality (concentration of useful components), structural peculiarities, lythological and stratographic preconditions, determining areas and depth of the distribution of the mineral resources having commercial value.

Inferred category P2 resources take into consideration the possibility of exposure of new mineral resources deposits in the basin, region, ore field, the assumed existence of which is based on the positive estimation of the exposed during large-scale geological mapping and searching works manifestations of the mineral resources as well as geophysical and geochemical anomalies, nature and prospects of which are established by sporadic workings. Quantitative estimation of the reserves of the assumed deposits, conception of form, sizes of the mineral resources bodies, their mineral composition and quality are based on the analogies with the deposits of the same formation (genetic) type.

Inferred category P3 resources take into consideration only potential possibility of formation and industrial localisation of the deposits of this or that type on the basis of favourable stratographic, lythologic, tectonic and paleogeographic preconditions, exposed during geological mapping, decoding of satellite pictures as well as on the basis of the results of geophysical and geochemical investigations. Quantitative estimation of the resources of this category is made according to the assumed parameters on the basis of the analogy with the well-explored districts, territories, basins where explored deposits of the same genetic type exist.