



# Eurasian Minerals Inc.

## **Eurasian signs Letter of Intent to sell Serbian Properties to Reservoir**

**October 30, 2006 - Vancouver, British Columbia:** Eurasian Minerals Inc. (TSXV: EMX) has signed a letter of intent with Reservoir Capital Corp. (TSXV: REO.P) providing for the sale to Reservoir of all of the issued and outstanding securities and indebtedness of Eurasian's wholly-owned subsidiary, Southern European Exploration (BVI) Ltd. ("SEE BVI").

SEE BVI currently holds, through its Serbian subsidiary, exploration permits for six mineral properties located in the Republic of Serbia and has recently filed an application for a seventh that is currently being processed (the "**Properties**"). Reservoir is a capital pool company and intends the acquisition will constitute its 'Qualifying Transaction' under the policies of the TSX Venture Exchange. Eurasian understands that the management and a majority of the Board of Directors of Reservoir will change and Reservoir will complete a private placement for proceeds of a minimum of \$1,500,000 and a maximum of \$2,000,000 in connection with the purchase of SEE BVI.

Michael Winn, a director of Eurasian, is the President, Chief Executive Officer and a director of Reservoir and K. Peter Miller, a director of Eurasian, is also a director of Reservoir.

### **Terms of the Sale**

Subject to completion of satisfactory due diligence, execution of a definitive purchase agreement and receipt of applicable regulatory approvals, Eurasian intends to sell the shares and debt of SEE BVI to Reservoir in consideration of \$150,000 plus any funds advanced by Eurasian to SEE BVI subsequent to October 11, 2006, as well as an adjustment for cash and fixed assets held by SEE BVI on closing.

Reservoir will also: (i) grant to Eurasian a net smelter returns royalty at a rate of 2% for gold and silver and 1% for all other metals on all of the Properties; (ii) expend a minimum \$1,000,000 on the exploration of the Properties within three years of closing and, if such funds are not expended, pay to Eurasian in cash the difference between \$1,000,000 and the amount actually expended unless it abandons all of the Properties, in which case Eurasian will have a right of first refusal to receive the Properties back (subject to such re-transfer being permitted under applicable Serbian laws, which is not currently permitted); and (iii) within 10 years, pay \$500,000 or issue that number of shares of Reservoir as is equal to \$500,000, to Eurasian on the completion of a bankable feasibility study on the Properties, up to a maximum of two Properties, for an aggregate total of \$1,000,000. The issuance of the shares shall be equal to the average closing price for the 20 trading days preceding the date of delivery of each bankable feasibility study.

Concurrent with the sale, Eurasian will purchase 1,000,000 shares of Reservoir from various shareholders. Eurasian views the combination of the work commitments, un-capped royalties, the contingent feasibility study payments and the equity holding in Reservoir will provide Eurasian with significant near and long term value.

## **Properties Being Sold**

Eurasian understands the Brestovac exploration permit (the “**Brestovac Permit**”) has been selected by Reservoir as the “Qualifying Property” for the purposes of its Qualifying Transaction.

The Brestovac Permit comprises two areas (Brestovac and Zlot) that were acquired by Eurasian for their prospectivity for epithermal gold and porphyry copper mineralization. The permit expires on February 01, 2007 and, subject to obtaining positive results from exploration, Eurasian understands Reservoir anticipates applying for an extension to this permit should it complete the acquisition of SEE BVI. The Brestovac Permit is located in the Timok Magmatic Complex (part of the Carpathian Arc) approximately 5 kilometres south of the Bor copper-gold mines. The Timok area is one of the richest mineral belts in Europe with significant resources of gold and copper. The operating Bor and Majdanpek copper gold mines are currently in a process of privatization, and Dundee Precious Metals Inc., and Phelps Dodge Corp., are also exploring adjacent ground and in other parts of the belt.

The Brestovac geology comprises Cretaceous and Tertiary age volcanics and sedimentary rocks with historic surface gold workings and underground zinc-copper-lead workings. Eurasian’s exploration work has included detailed geological mapping, stream sediment sampling, soil and rock-chip sampling, and ground magnetic, induced potential and resistivity geophysical surveys. Eurasian has drilled one diamond drillhole, intersecting epithermal gold mineralization with 22.4 metres at 4.51 grams per tonne gold (from 9.10 metres down hole) and carbonate-replacement zinc mineralization with 3 metres averaging 4.67% zinc (from 288 metres down hole). Interpretation of this exploration data suggests the gold mineralization is hosted within a structurally-controlled, northeast-southwest trending zone of clay alteration that is 100 metres by 700 metres in size, with further drilling warranted to test this gold target. The permit also covers a possible projection of the Bor fault (host to the world-class Bor copper-gold deposits just to the north) that has the potential to host a blind copper-gold porphyry target and warrants further geophysical surveys and drill testing.

Until the completion of the sale of SEE BVI, Eurasian will continue its program to carry out sufficient exploration drilling in 2006 to fulfill its work commitment under the permit which otherwise would expire in February 2007.

In addition to the Brestovac Permit, the Properties include:

- Lece: The Lece exploration permit, 51 square kilometres in area, lies adjacent to the Lece gold-silver-zinc-lead mine in the Tertiary magmatic belt of south central Serbia. The Lece Exploration Permit was issued on the June 23, 2003 and expired on October 15, 2006. A six-month extension has been requested, but has not been granted as at the date of this press release.
- Plavkovo: The Plavkovo exploration permit, also in the Tertiary magmatic belt of southwest Serbia, is currently in its third year and is valid through June 30, 2007.
- Stara Planina: The Stara Planina exploration permit is located in Palaeozoic basement rocks of eastern Serbia close to the border with Bulgaria. It was first granted on March 28, 2005, is in its second year and valid through March 31, 2007.
- Zajaca: The Zajaca exploration permit completed its third year on September 30, 2006; an extension has been requested with a reduction in area to 32 square kilometres.

- Deli Jovan: The Deli Jovan exploration permit is located in eastern Serbia between the Timok Complex and the Bulgarian border. It was first granted on May 12, 2006 and is valid through May 12, 2007.

Eurasian has applied for an exploration permit with respect to the Zvonce-Ruj Planina area, located in southeastern Serbia, which permit, when issued, will form part of the Properties.

The foregoing disclosure, including results of the Company's exploration programs, have been reviewed, verified (including sampling, analytical and test data) and compiled by Duncan Large, Chartered Engineer (UK) and Eur. Geol. (a 'qualified person' for the purpose of National Instrument 43-101, *Standards of Disclosure for Mineral Projects*).

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