



GRIFFIN MINING LIMITED

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7th August 2018

INTERIM STATEMENT for the six months ended 30th June 2018

Griffin Mining Limited (“Griffin” or “the Company”) has today released its unaudited results for the six months ended 30th June 2018.

Highlights:

- Revenues of \$54.1 million
- Operating profit of \$21.1 million
- Profit before tax of \$21.3 million
- Profit after tax of \$15.3 million
- Basic earnings per share 8.95 cents

Financial and Trading:

The first six months of 2018 has seen falling zinc metal prices only marginally impacting profitability whereas higher grade gold areas have resulted in record gold in concentrate production in the first six months of the year. Operations at Caijiaying were maintained with minimal disruption throughout the first half of 2018.

In the six months to 30th June 2018, 448,530 tonnes of ore were processed to produce:

- 16,873 tonnes of zinc;
- 459 tonnes of lead;
- 132,689 ounces of silver; and
- 9,492 ounces of gold.

Zinc revenues before royalties and resource taxes in the six months to 30th June 2018 were \$42,573,000 with 16,881 tonnes of zinc metal in concentrate sold with an average price received after smelter charges of \$2,522 per tonne. Lead and precious metals revenues were \$14,045,000 with more gold in concentrate sold offset by lower silver in concentrate sold.

During the six months to 30th June 2018:

- 400,167 tonnes of ore were mined;
- 437,734 tonnes of ore were hauled; and
- 448,530 tonnes of ore were processed.

Cost of sales of \$23,336,000 in the first six months of 2018 was up on that incurred in 2017 of \$20,820,000. This in the main reflects additional costs incurred extracting ore from greater depth and backfilling waste material and tailings to minimise surface storage of tailings.

Administration expenses (including those of the Caijiaying site) have risen from \$8,061,000 in the first six months of 2017 to \$9,663,000 in 2018. This includes fees to the Group's Chinese partners, of \$2,186,000 (2017 \$2,111,000); equivalent to their equity interest of 11.2% of Hebei Hua Ao's profits. Administration costs within China have increased with higher fees and costs in dealing with stricter environmental, health and safety regulations and in applying for the mining licence over Zone II. At the beginning of 2018, Griffin's wholly owned Hong Kong subsidiary, China Zinc Ltd, engaged a corporate development manager to identify potential areas and projects of interest in China.

Basic earnings per share were 8.95 cents (2017: 8.85 cents). At 30th June 2018, attributable net assets per share amounted to 119 cents (2017: 91 cents).

Cash flows from operations in the period have been directed at paying down outstanding creditors and further development of the Caijiaying Mine.

On 11th July 2018 the Company's Chinese operating subsidiary, Hebei HuaAo Mining Industry Co Ltd ("Hebei Hua Ao") completed the most important phase in the granting of the new mining licence over Zone II of the Caijiaying Zinc-Gold Mine ("Zone II"). On 11th July 2018 a legally binding contract was signed with the Hebei Department of Land and Mineral Resources, as authorised by the Beijing Ministry of Natural Resources, pursuant to the Interim Administrative Regulation for Proceeds Collection from the Transfer of Mineral Rights (2017). Hebei Hua Ao has become the first company to proceed under this newly promulgated regulation governing the transfer and conversion of mining tenements. Hebei Hua Ao will be prioritized in its final documentation approvals for the conversion of the exploration licence over Zone II into a mining licence in compliance with relevant national policies.

With cash flows from operations now directed towards the development of the Zone II area at Caijiaying and in line with previous years' practice of determining annual dividends at the time of the Company's full year results, no interim dividend has been declared by the Board of Griffin.

Chairman's Statement

Chairman Mladen Ninkov commented, "This is a wonderful result in light of the 21% fall in the zinc since the beginning of the year. The second half of the year will remain challenging if commodity prices remain subdued. However, the recent signing of the Contract of Transfer and the progress towards the issue of the new Mining Licence over Zone II, sets the stage for an exciting 2019."

Further information

GRIFFIN MINING LIMITED

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014

Griffin Mining Limited's shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange (symbol GFM).

The Company's news releases are available on the Company's web site: www.griffinmining.com

GRIFFIN MINING LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
(expressed in thousands US dollars)

	6 months to 30/06/2018 Unaudited \$000	6 months to 30/06/2017 Unaudited \$000	Year to 31/12/2017 Audited \$000
Revenue	54,058	52,332	126,657
Cost of sales	(23,336)	(20,820)	(44,360)
Gross profit	30,722	31,512	82,297
Net operating expenses	(9,663)	(8,061)	(18,524)
Profit from operations	21,059	23,451	63,773
Losses on disposal of equipment	(18)	(16)	(1,067)
Foreign exchange gains (losses)	133	(104)	87
Finance income	102	63	143
Finance costs	(144)	(1,401)	(2,219)
Other income	179	60	160
Profit before tax	21,311	22,053	60,877
Income tax expense	(6,005)	(6,209)	(17,556)
Profit after tax	15,306	15,844	43,321
Basic earnings per share (cents)	8.95	8.85	24.63
Diluted earnings per share (cents)	8.42	8.36	22.97

GRIFFIN MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(expressed in thousands US dollars)

	6 months to 30/06/2018 Unaudited \$000	6 months to 30/06/2017 Unaudited \$000	Year to 31/12/2017 Audited \$000
Profit for the financial period	<u>15,306</u>	<u>15,844</u>	<u>43,321</u>
Other comprehensive income			
Exchange differences on translating foreign operations	(1,498)	3,854	5,004
Other comprehensive income for the period, net of tax	<u>(1,498)</u>	<u>3,854</u>	<u>5,004</u>
Total comprehensive income for the period	<u><u>13,808</u></u>	<u><u>19,698</u></u>	<u><u>48,325</u></u>

GRIFFIN MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(expressed in thousands US dollars)

	30/06/2018	30/06/2017	31/12/2017
	Unaudited	Unaudited	Audited
	\$000	\$000	\$000
ASSETS			
Non-current assets			
Property, plant and equipment	213,920	206,556	214,695
Intangible assets – Exploration interests	2,031	1,834	2,035
	<u>215,951</u>	<u>208,390</u>	<u>216,730</u>
Current assets			
Inventories	4,065	6,121	5,868
Other current assets	5,546	6,607	4,374
Cash and cash equivalents	27,841	15,752	26,518
	<u>37,452</u>	<u>28,480</u>	<u>36,760</u>
Total assets	<u><u>253,403</u></u>	<u><u>236,870</u></u>	<u><u>253,490</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1,725	1,790	1,700
Share premium	68,329	71,310	67,295
Contributing surplus	3,690	3,690	3,690
Share based payments	2,072	2,072	2,072
Shares held in treasury	(300)	(4,105)	-
Chinese statutory re-investment reserve	2,177	1,621	2,204
Other reserve on acquisition of non-controlling interests	(29,346)	(29,346)	(29,346)
Foreign exchange reserve	8,306	8,687	9,777
Profit and loss reserve	149,278	107,018	133,972
Total equity attributable to equity holders of the parent	<u>205,931</u>	<u>162,737</u>	<u>191,364</u>
Non-current liabilities			
Long-term provisions	2,387	2,332	2,418
Deferred taxation	2,830	2,670	2,865
Finance lease	-	3,479	712
	<u>5,217</u>	<u>8,481</u>	<u>5,995</u>
Current liabilities			
Taxation payable	6,077	2,826	12,349
Trade and other payables	33,039	26,142	40,088
Finance lease	3,139	1,995	3,694
Bank loans	-	34,689	-
Total liabilities	<u>42,255</u>	<u>65,652</u>	<u>56,131</u>
Total equities and liabilities	<u><u>253,403</u></u>	<u><u>236,870</u></u>	<u><u>253,490</u></u>
Number of shares in issue	172,512,061	179,041,830	169,993,727
Attributable net asset value / total equity per share	\$1.19	\$0.91	\$1.13

GRIFFIN MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(expressed in thousands US dollars)

	Share Capital	Share Premium	Contributing surplus	Share based payments	Shares held in treasury	Chinese re investment reserve	Other reserve on acquisition of non-controlling interests	Foreign exchange reserve	Profit and loss reserve	Total attributable to equity holders of parent
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 31st December 2016	1,790	71,310	3,690	2,072	(3,875)	1,583	(29,346)	4,871	91,174	143,269
Purchase of shares for treasury	-	-	-	-	(230)	-	-	-	-	(230)
Transaction with owners	-	-	-	-	(230)	-	-	-	-	(230)
Retained profit for the 6 months	-	-	-	-	-	-	-	-	15,844	15,844
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	38	-	3,816	-	3,854
Total comprehensive income for the period	-	-	-	-	-	38	-	3,816	15,844	19,698
At 30th June 2017 (Unaudited)	1,790	71,310	3,690	2,072	(4,105)	1,621	(29,346)	8,687	107,018	162,737
Regulatory transfer for future investment	-	-	-	-	-	523	-	-	(523)	-
Cancellation of shares in treasury	(90)	(4,015)	-	-	4,105	-	-	-	-	-
Transaction with owners	(90)	(4,015)	-	-	4,105	523	-	-	(523)	-
Retained profit for the 6 months	-	-	-	-	-	-	-	-	27,477	27,477
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	60	-	1,090	-	1,150
Total comprehensive income for the period	-	-	-	-	-	60	-	1,090	27,477	28,627
At 31st December 2017	1,700	67,295	3,690	2,072	-	2,204	(29,346)	9,777	133,972	191,364
Issue of shares on exercise of share options	25	1,034	-	-	-	-	-	-	-	1,059
Purchase of shares for treasury	-	-	-	-	(300)	-	-	-	-	(300)
Transaction with owners	25	1,034	-	-	(300)	-	-	-	-	759
Retained profit for the 6 months	-	-	-	-	-	-	-	-	15,306	15,306
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(27)	-	(1,471)	-	(1,498)
Total comprehensive income for the period	-	-	-	-	-	(27)	-	(1,471)	15,306	13,808
At 30th June 2018 (Unaudited)	1,725	68,329	3,690	2,072	(300)	2,177	(29,346)	8,306	149,278	205,931

GRIFFIN MINING LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(expressed in thousands US dollars)

	6 months to 30/06/2018 Unaudited \$000	6 months to 30/06/2017 Unaudited \$000	Year to 31/12/2017 Audited \$000
Net cash flows from operating activities			
Profit before taxation	21,311	22,053	60,877
Foreign exchange (gains) / losses	(133)	104	(87)
Finance income	(102)	(63)	(143)
Finance costs	144	1,401	2,219
Depreciation, depletion and amortisation	4,964	4,855	9,783
Losses on disposal of equipment	18	16	1,067
Decrease / (increase) in inventories	1,803	27	280
Decrease / (increase) in receivables and other current assets	(1,206)	1,602	3,928
(Decrease) / increase in trade and other payables	(6,880)	(3,807)	7,621
Taxation paid	(12,275)	(5,932)	(8,108)
Net cash inflow from operating activities	<u>7,644</u>	<u>20,256</u>	<u>77,437</u>
Cash flows from investing activities			
Interest received	102	63	143
Proceeds on disposal of equipment	-	-	184
Payments to acquire - mineral interests	(4,597)	(2,764)	(9,330)
Payments to acquire - plant & equipment	(1,323)	(1,201)	(4,125)
Payments to acquire – office equipment	(1)	(2)	(2)
Payments to acquire – intangible assets – exploration interests	(21)	1	(128)
Net cash (outflow) from investing activities	<u>(5,840)</u>	<u>(3,903)</u>	<u>(13,258)</u>
Cash flows from financing activities			
Purchase of shares for treasury	(300)	(230)	(230)
Issue of shares on exercise of share purchase options	1,059	-	-
Interest paid	-	(1,181)	(1,773)
Finance lease	(1,365)	(1,463)	(2,943)
Repayment of bank loans	-	(10,940)	(46,024)
Net cash (outflow) from financing activities	<u>(606)</u>	<u>(13,814)</u>	<u>(50,970)</u>
Increase in cash and cash equivalents	1,198	2,539	13,209
Cash and cash equivalents at beginning of the period	26,518	13,218	13,218
Effects of exchange rate changes	125	(5)	91
Cash and cash equivalents at end of the period	<u>27,841</u>	<u>15,752</u>	<u>26,518</u>
Cash and cash equivalents comprise bank deposits			
Bank deposits	<u>27,841</u>	<u>15,752</u>	<u>26,518</u>

GRIFFIN MINING LIMITED
NOTES TO THE INTERIM STATEMENT

1. These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2017.
2. This interim report will be available on the Company's web site, www.griffinmining.com. Hard copies are available from the Company's London office, 8th Floor, Royal Trust House, 54 Jermyn Street, London. SW1Y 6LX.
3. The summary accounts set out above do not constitute statutory accounts as defined by Section 84 of the Bermuda Companies Act 1981 or Section 434 of the UK Companies Act 2006. The condensed consolidated statement of financial position at 31 December 2017 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the year then ended have been extracted from the Group's 2017 statutory financial statements upon which the auditors' opinion is unqualified.
4. The summary accounts have been prepared on a going concern basis. Having considered the cash resources, banking facilities and forecasts for the remainder of the Hebei Hua Ao joint venture term, the directors do not expect any going concern issues to arise.
5. The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of diluted earnings per share is based on the basic earnings per share on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below:

	6 months to 30/06/2018 Unaudited			6 months to 30/06/2017 Unaudited			Year to 31/12/2017 Audited		
	Earnings \$000	Weighted average number of shares	Per share amount (cents)	Earnings \$000	Weighted average number of shares	Per share amount (cents)	Earnings \$000	Weighted average number of shares	Per share amount (cents)
Basic earnings per share									
Earnings attributable to ordinary shareholders	15,306	170,991,849	8.85	15,844	179,091,830	8.85	43,321	175,894,007	24.63
Dilutive effect of securities									
Options	-	17,086,523	(0.43)	-	10,311,861	(0.49)	-	12,703,367	(1.66)
Diluted earnings per share	15,306	188,078,102	8.42	15,844	189,403,691	8.36	43,321	188,597,374	22.97