GRIFFIN MINING LIMITED

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RESULTS FOR 2018 AND ANNUAL REPORT AND ACCOUNTS

Griffin Mining Limited ("Griffin" or the "Company") has today published its annual report and financial statements for the year ended 31 December 2018 which are available on the Company's web site wwww.griffinmining.com.

In 2018, the Company and its subsidiaries (together the "Group") recorded;

- Revenues of $99,067,000 (2017: $126,657,000);
- Operating profits of $35,555,000 (2017: $63,773,000);
- Profit before tax of $34,798,000 (2017: $60,877,000);
- Profit after tax of $25,477,000 (2017: $43,321,000); and
- Earnings of 14.83 cents per share (2017: 24.63 cents).

Profits were impacted by falling zinc metal prices, higher treatment charges and lower concentrate production.

Zinc metal in concentrate sales before royalties and resource taxes in 2018 amounted to $78,821,000 (2017: $99,886,000). Lead and precious metal in concentrate sales amounted to $24,920,000 (2017: $32,758,000).

In 2018, metal in concentrate sales were:

- Zinc 36,672 tonnes (2017: 43,342 tonnes);
- Gold 16,206 ounces (2017: 20,489 ounces);
- Silver 279,632 ounces (2017: 310,611 ounces); and
- Lead 1,027 tonnes (2017: 1,421 tonnes).

Average prices achieved in 2018 were:

- Zinc metal per tonne of $2,149 (2017: $2,305);
- Gold metal per ounce of $1,173 (2017: $1,183);
- Silver metal per ounce of $12.60 (2017: $13.50); and
- Lead metal per tonne of $2,250 (2017: $2,242).

Cost of sales of $45,798,000 in 2018 were up 3.2% on that incurred in 2017 of $44,360,000. This increase may be attributed to inflation in China with consequent wage increases, higher costs incurred extracting ore from greater depth, higher costs incurred backfilling waste material and tailings to minimise surface storage of tailings, higher power charges and changes in the recoverability of Chinese VAT inputs.

Administration expenses (including those of the Caijiaying Mine) have fallen 4.4% to $17,714,000 from $18,524,000 in 2017. This reduction was mainly due to lower service fees paid to Hebei Hua Ao's Chinese shareholder, Zhangjiakou Yuanrun Enterprise Management Consulting Services Company Limited, of $3,732,000 in 2018 compared with $5,900,000 in 2017. Otherwise, administration costs were up reflecting inflationary pressures in China, expenses incurred in applying for the new mining licence over Zone II and the expansion of China Zinc Limited activities in investigating potential ventures elsewhere in China. Central Company costs incurred outside China have been reduced.

Foreign exchange gains of $42,000 (2017: $87,000) were recorded in 2018.

Following the repayment of all bank loans in 2017, bank deposit interest of $223,000 (2017: $143,000) was received.

Income taxes of $9,321,000 (2017: $17,556,000) have been charged in 2018. This includes a deferred taxation credit of $343,000 (2017: charge $95,000).

Basic earnings in 2018 were 14.83 cents per share (2017: 24.63 cents) and diluted earnings were 13.35 cents per share (2017: 22.97 cents).

Cash generated from operations have been used to reduce liabilities resulting in net cash flow from operating activities of $20,439,000, $16,884,000 of which has been expended in further development of the Caijiaying Mine including equipment and exploration. In addition, 540,000 shares in the Company were bought in at a cost of $917,000.

Attributable net assets per share at 31st December 2018 was $1.22 (2017: $1.13).

Chairman's Statement:

By the measure of almost any other mining company, 2018 would be considered a monumentally, outstanding success. $3 billion of in situ metal was added to the resource base, an operating profit of $36 million and a net profit after tax of $25.5 million was generated, major above and below ground capital developments were undertaken to position the Caijiaying Mine operationally for the next 10 years and all this whilst remaining debt free and self-funding from operations.

In terms of long term value added to the Company, over 3 million tonnes of zinc metal and 1.16 million ounces of gold have been defined by the Company since the start of mining in 2005 emphasizing the success of the Company's exploration efforts and the extraordinary size and nature of the orebody contained within the Caijiaying Mine.

Nevertheless, and reversing a well known proverb, perhaps every silver lining has a cloud, with the mining licence over Zone II still failing to be granted. In effect, this means constructed and commissioned infrastructure lies idle waiting for this new source of ore to be mined and processed to substantially increase the Company's metal production. I am not sure I have any remaining credibility in crystal ball gazing and my days as a seer may well and truly be over, but I sincerely believe the new mining licence will be granted in 2019.

The stand-out achievement of the year was the Company increasing its resource base by 78.5%, all from Zone III, including adding 807,000 tonnes of zinc metal, 311,000 ounces of gold and 13.6 million ounces of silver. Modelling of the other "zones" at the Caijiaying Mine has been progressing well with all concerned very excited on the possible size of the revised Zone II resource model as well as the maiden estimate for Zone VIII, both expected by the end of the northern summer.

Financially, the Company and its subsidiaries had a good year in light of falling zinc metal prices, higher treatment charges and lower concentrate production. Revenues of $99 million were recorded with an Operating Profit of $35.6 million, Profit before Tax of $34.8 million, Profit after Tax of $25.5 million and Earnings of 14.83 cents per share.

Operationally, ore mined amounted to 872,069 tonnes whilst ore processed was 930,472 tonnes amounting to metal in concentrate produced of 37,112 tonnes of zinc, 16,230 ounces of gold, 280,712 ounces of silver and 1,030 tonnes of lead.

With the development of Zone II awaiting the new mining licence, the decision was taken to institute a programme to further modernise the Caijiaying Mine. Underground development work was primarily focused on developing future stoping horizons between the 1175 metre and 1000 metre level, a much larger development than previously undertaken at the Caijiaying Mine. A twin boom electric hydraulic development drill and three 20 tonne, fully enclosed cabin, haulage trucks were added to the fleet by the contractor allowing more material being hauled from deeper in the Caijiaying Mine with less truck movements and greater reliability. Further fleet upgrades continue on an ongoing basis.

As a responsible citizen of both China and Planet Earth, the Company continues to maintain and further implement best practices regarding the protection of the environment and has invested heavily in the local community. The Company believes these to be moral, humane, community and planetary obligations. I would urge you to read of our practices and contributions in this Annual Report and obtain the sense of pride from the contributions the Company has made in this area.

In spite of all the above achievements, the Company does not rest on its laurels. In the words of Mark Twain, "To stand still is to fall behind." Firstly, it continues to explore areas surrounding the Caijiaying Mine, including the prospective Sangongdi area. The scope of that work can be deemed in the Exploration section of this Annual Report. Secondly, in 2018, the Company expanded the scope and activities of its wholly owned subsidiary China Zinc Limited to create a data base of the geology, exploration and mining activities in China to search for potential acquisitions of base metals projects that meet the Company's pre-set economic criteria. Any such projects found not to meet this criteria will be either ignored, or if seemingly of value, sold, joint ventured or offered in a separate vehicle to existing Griffin shareholders. Thirdly, the Company continues to investigate potential mining projects located outside of China on the same objective investment basis as historically has been the case.

Further information

Griffin Mining Limited

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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

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No.596/2014.

Griffin Mining Limited
Summarised Consolidated Income Statement
For the year ended 31 December 2018
(expressed in thousands US dollars)

	2018 Audited $000	2017 Audited $000
Revenue	**99,067**	126,657
Cost of sales	**(45,798)**	(44,360)
Gross profit	**53,269**	82,297
Administration expenses	**(17,714)**	(18,524)
Profit from operations	**35,555**	63,773
Losses on disposal of plant and equipment	**(939)**	(1,067)
Foreign exchange gains	**42**	87
Finance income	**223**	143
Finance costs	**(283)**	(2,219)
Other income	**200**	160
Profit before tax	**34,798**	60,877
Income tax expense	**(9,321)**	(17,556)
Profit for the year	**25,477**	43,321
Basic earnings per share (cents)	**14.83**	24.63
Diluted earnings per share (cents)	**13.35**	22.97

Griffin Mining Limited
Summarised Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018
(expressed in thousands US dollars)

	2018 Audited $000	2017 Audited $000
Profit for the year	**25,477**	43,321
Other comprehensive (expenses) / income that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**(5,856)**	5,004
Other comprehensive (expenses) / income for the year, net of tax	**(5,856)**	5,004
Total comprehensive income for the year	**19,621**	48,325

Griffin Mining Limited
Summarised Consolidated Statement of Financial Position
As at 31 December 2018
(expressed in thousands US dollars)

	2018 Audited $000	2017 Audited $000
ASSETS		
Non-current assets		
Property, plant and equipment	**213,140**	214,695
Intangible assets – exploration interests	**2,016**	2,035
	215,156	216,730
Current assets		
Inventories	**4,951**	5,868
Receivables and other current assets	**2,819**	4,374
Cash and cash equivalents	**28,452**	26,518
	36,222	36,760
Total assets	**251,378**	253,490
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	**1,727**	1,700
Share premium	**68,442**	67,295
Contributing surplus	**3,690**	3,690
Share based payments	**2,072**	2,072
Shares held in treasury	**(917)**	-
Chinese statutory re-investment reserve	**2,386**	2,204
Other reserve on acquisition of non controlling interests	**(29,346)**	(29,346)
Foreign exchange reserve	**4,027**	9,777
Profit and loss reserve	**159,161**	133,972
Total equity attributable to equity holders of the parent	**211,242**	191,364
Non-current liabilities		
Long-term provisions	**2,302**	2,418
Deferred taxation	**2,393**	2,865
Finance lease	**258**	712
	4,953	5,995
Current liabilities		
Trade and other payables	**33,632**	52,437
Finance lease	**1,551**	3,694
Total current liabilities	**35,183**	56,131
Total equities and liabilities	**251,378**	253,490
Attributable net asset value per share to equity holders of parent	**$1.22**	$1.13

Griffin Mining Limited
Summarised Consolidated Statement of Changes in Equity.
For the year ended 31 December 2018
(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 31 December 2016	**1,790**	**71,310**	**3,690**	**2,072**	**(3,875)**	**1,583**	**(29,346)**	**4,871**	**91,174**	**143,269**
Regulatory transfer for future investment	-	-	-	-	-	523	-	-	(523)	-
Purchase of shares held in treasury	-	-	-	-	(230)	-	-	-	-	(230)
Cancellation of shares held in treasury	(90)	(4,015)	-	-	4,105	-	-	-	-	-
Transaction with owners	(90)	(4,015)	-	-	3,875	523	-	-	(523)	(230)
Profit for the year	-	-	-	-	-	-	-	-	43,321	43,321
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	98	-	4,906	-	5,004
Total comprehensive income	-	-	-	-	-	98	-	4,906	43,321	48,325
At 31 December 2017	**1,700**	**67,295**	**3,690**	**2,072**	**-**	**2,204**	**(29,346)**	**9,777**	**133,972**	**191,364**
Regulatory transfer for future investment	-	-	-	-	-	288			(288)	-
Issue of shares on exercise of options	27	1,147	-	-	-	-	-	-	-	1,174
Purchase of shares held in treasury	-	-	-	-	(917)	-	-	-	-	(917)
Transaction with owners	27	1,147	-	-	(917)	288	-	-	(288)	257
Profit for the year	-	-	-	-	-	-	-	-	25,477	25,477
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(106)	-	(5,750)	-	(5,856)
Total comprehensive income	-	-	-	-	-	(106)	-	(5,750)	25,477	19,621
At 31 December 2018	**1,727**	**68,442**	**3,690**	**2,072**	**(917)**	**2,386**	**(29,346)**	**4,027**	**159,161**	**211,242**

Griffin Mining Limited
Summarised Consolidated Cash Flow Statement
For the year ended 31 December 2018
(expressed in thousands US dollars)

	2018 Audited $000	2017 Audited $000
Net cash flows from operating activities		
Profit before taxation	**34,798**	60,877
Foreign exchange gains	**(42)**	(87)
Finance income	**(223)**	(143)
Finance costs	**283**	2,219
Depreciation, depletion and amortisation	**10,328**	9,783
Losses on disposal of equipment	**939**	1,067
Decrease in inventories	**917**	280
(Increase) / decrease in receivables and other current assets	**(1,059)**	3,928
(Decrease) / increase in trade and other payables	**(12,917)**	7,621
Taxation paid	**(12,585)**	(8,108)
Net cash inflow from operating activities	**20,439**	77,437
Cash flows from investing activities		
Interest received	**223**	143
Proceeds on disposal of equipment	**351**	184
Payments to acquire – mineral interests	**(10,669)**	(9,330)
Payments to acquire – plant and equipment	**(6,134)**	(4,125)
Payments to acquire – office equipment	**-**	(2)
Payments to acquire intangible fixed assets – exploration interests	**(81)**	(128)
Net cash outflow from investing activities	**(16,310)**	(13,258)
Cash flows from financing activities		
Issue of ordinary shares on exercise of options	**1,174**	-
Purchase of shares for treasury	**(917)**	(230)
Interest paid	**-**	(1,773)
Finance lease repayments	**(2,728)**	(2,943)
Repayment of bank loans	**-**	(46,024)
Net cash outflow from financing activities	**(2,471)**	(50,970)
Increase in cash and cash equivalents	**1,658**	13,209
Cash and cash equivalents at the beginning of the year	**26,518**	13,218
Effects of exchange rates	**276**	91
Cash and cash equivalents at the end of the year	**28,452**	26,518
Cash and cash equivalents comprise bank deposits.		
Bank deposits	**28,452**	26,518

Included within net cash flows of $1,658,000 (2017 $13,209,000) are foreign exchange gains of $42,000 (2017 gains $87,000) which have been treated as realised.

Notes:

1. This statement has been prepared using accounting policies and presentation consistent with those applied in the preparation of the statutory financial statements of the Company.

2. The summary financial statements set out above do not constitute statutory financial statements as defined by Section 84 of the Bermuda Companies Act 1981 or Section 435 of the UK Companies Act 2006. The Summarised Consolidated Statement of Financial Position at 31 December 2018 and the Summarised Consolidated Income Statement, Summarised Consolidated Statement of Comprehensive Income, Summarised Consolidated Statement of Changes in Equity and the Summarised Consolidated Cash Flow statement for the year then ended have been extracted from the Group's audited 2018 statutory financial statements.

3. The annual report and accounts for 2018 are being sent by post to all registered shareholders. Additional copies of the annual report and accounts are available from the Company's London office, 8th Floor, 54 Jermyn Street, London, SW1Y 6LX.

4. The Group has one business segment, the Caijiaying zinc gold mine in the People's Republic of China ("PRC"). All sales and costs of sales in 2018 and 2017 were derived from the Caijiaying zinc gold mine.

	2018	2017
	$000	$000
REVENUES		
China	**99,067**	126,657
Zinc concentrate sales	**78,821**	99,886
Lead and precious metals concentrate sales	**24,920**	32,758
Royalties and resource taxes	**(4,674)**	(5,987)
	99,067	126,657
COST OF SALES		
Mining costs	**16,680**	16,630
Haulage costs	**8,374**	8,130
Processing costs	**10,423**	9,681
Depreciation, depletion and amortisation (excluding that in administration costs)	**9,652**	9,182
Stock movements	**669**	737
	45,798	44,360
ADMINISTRATION EXPENSES		
China	**13,122**	13,819
Australia	**442**	434
European Union	**4,150**	4,271
	17,714	18,524

All revenues, cost of sales and operating expenses charged to profit relate to continuing operations.

Notes (continued):

TOTAL ASSETS	**2018**	2017
	\$000	\$000
China	**245,505**	250,809
Australia	**924**	641
UK / Bermuda	**4,949**	2,040
	251,378	253,490

CAPITAL EXPENDITURE	**2018**	2017
	\$000	\$000
China	**16,884**	13,583
UK / Bermuda	**-**	2
	16,884	13,585

FINANCE INCOME	**2018**	2017
	\$000	\$000
Interest on bank deposits	**223**	143

FINANCE COSTS	**2018**	2017
	\$000	\$000
Interest payable on short term bank loans	**-**	1,772
Finance lease interest	**283**	447
	283	2,219

OTHER INCOME	**2018**	2017
	\$000	\$000
Scrap and sundry other sales	**200**	160

INCOME TAX EXPENSE	**2018**	2017
	\$000	\$000
Profit for the year before tax	**34,798**	60,877
Expected tax expense at a standard rate of PRC income tax of 25% (2017 25%)	**8,699**	15,219
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**629**	854
Adjustments for short term timing differences:		
- In respect of accounting differences	**(704)**	(490)
- Other	**-**	162
Adjustments for permanent timing differences re prior year adjustments	**(185)**	-
Adjustments for permanent timing differences other	**1,154**	1,678
Withholding tax on intercompany dividends and charges	**71**	38
Current taxation expense	**9,664**	17,461
Deferred taxation (credit) / expense		
Correction of provision brought forward	**(674)**	-
Origination and reversal of temporary timing differences	**331**	95
	(343)	95
Total tax expense	**9,321**	17,556

Notes (continued):

INCOME TAX EXPENSE (continued)

The parent company is not resident in the United Kingdom for taxation purposes. Hebei Hua-Ao paid income tax in the PRC at a rate of 25% in 2018 (25% in 2017) based upon the profits calculated under Chinese generally accepted accounting principles (Chinese “GAAP").

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 year. 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.

EARNINGS PER SHARE

Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below:

	2018			**2017**		
	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	**25,477**	**171,842,166**	**14.83**	43,321	175,894,007	24.63
Dilutive effect of securities						
Options	**-**	**16,494,541**	**(1.48)**	-	12,703,367	(1.66)
Diluted earnings per share	**25,477**	**188,336,707**	**13.35**	43,321	188,597,374	22.97

PROPERTY, PLANT AND EQUIPMENT

	Mineral Interests $000	**Mill and mobile mine equipment $000**	**Office furniture & equipment $000**	**Total $000**
At 31 December 2016	158,144	46,238	109	204,491
Foreign exchange adjustments	4,976	2,805	-	7,781
Additions during the year	9,330	4,125	2	13,457
Disposals	-	(1,250)	(1)	(1,251)
Depreciation charge for the year	(5,404)	(4,351)	(28)	(9,783)
At 31 December 2017	167,046	47,567	82	214,695
Foreign exchange adjustments	(4,450)	(2,291)	-	(6,741)
Additions during the year	10,669	6,134	-	16,803
Disposals	-	(1,289)	-	(1,289)
Depreciation charge for the year	(5,927)	(4,374)	(27)	(10,328)
At 31 December 2018	167,338	45,747	55	213,140

PROPERTY, PLANT AND EQUIPMENT (continued)

	Mineral Interests	**Mill and mobile mine equipment**	**Office furniture & equipment**	**Total**
	$000	**$000**	**$000**	**$000**
At 31 December 2016				
Cost	185,252	67,009	133	252,394
Accumulated depreciation	(27,108)	(20,771)	(24)	(47,903)
Net carrying amount	158,144	46,238	109	204,491
At 31 December 2017				
Cost	200,708	72,366	134	273,208
Accumulated depreciation	(33,662)	(24,799)	(52)	(58,513)
Net carrying amount	167,046	47,567	82	214,695
At 31 December 2018				
Cost	205,840	72,028	134	278,002
Accumulated depreciation	(38,502)	(26,281)	(79)	(64,862)
Net carrying amount	167,338	45,747	55	213,140

Mineral interests comprise the Group's interest in the Caijiaying ore bodies including costs on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and construction of the Caijiaying mine including expenditure for the initial establishment of access to mineral reserves, commissioning expenditure, and direct overhead expenses prior to commencement of commercial production and together with the end of life restoration costs.

Property, plant and equipment includes $15,034,000 (2017: $13,170,000) of assets under construction yet to be depreciated.

The office furniture and equipment disclosed above relates solely to the fixed assets of the Company and China Zinc Pty Limited.

During 2013 plant and equipment with a deemed value of $12,880,000 were acquired under a finance lease, upon which depreciation of $4,035,000 (2017: $3,428,000) has been provided. At 31 December 2018 the net carrying amount of this equipment was $7,534,000 (2017: $8,723,000).

The Group assesses the carrying value of the mineral interests, mill and mobile mine equipment at least annually, and more frequently in the event of any indications of impairment, by reference to discounted cash flow forecasts of future revenue and expenditure for each business segment. These forecasts are based upon both past and expected future performance, available resources and expectations for future markets.

The directors have reassessed the net carrying value of capitalised costs at 31 December 2018 and in estimating the discounted future cash flows from the continuing operations at the Caijiaying mine the following principal assumptions were made:

- Future market prices for zinc of $2,700 per tonne and gold of $1,300 per troy ounce;
- Future production from Zone III at Caijiaying to end of the business licence in 2037 with ore mined and processed rising to 1.5 million tonnes of ore per annum;
- Costs based upon past performance and that budgeted for 2019;
- Discount interest rate of 10%; and
- Continued maintenance and grant of applicable licences and permits.