



GRIFFIN MINING LIMITED

8th Floor, 54 Jermyn Street, London, SW1Y 6LX. United Kingdom

Telephone: + 44 (0)20 7629 7772 Facsimile: + 44 (0)20 7629 7773

E mail: griffin@griffinmining.com

16th September 2019

INTERIM STATEMENT for the six months ended 30th June 2019

Griffin Mining Limited (“Griffin” or “the Company”) has today released its unaudited results for the six months ended 30th June 2019.

Highlights:

- Revenues of \$38.6 million (30th June 2018 - \$54.1 million)
- Operating profit of \$6.0 million (30th June 2018 - \$21.1 million)
- Profit before tax of \$6.3 million (30th June 2018 - \$21.3 million)
- Profit after tax of \$4.1 million (30th June 2018 - \$15.3 million)
- Basic earnings per share of 2.36 cents (30th June 2018 - 8.95 cents)

Financial and Trading:

The first six months of 2019 has seen falling zinc metal prices and significantly higher smelter treatment charges resulting in the average zinc metal in concentrate prices received in the first six months of 2019 of \$1,591 per tonne compared with \$2,522 per tonne in the first six months of 2018, a 36.5% reduction.

In the six months to 30th June 2019, 432,592 tonnes (30th June 2018 - 448,530 tonnes) of ore were processed to produce:

- 16,692 tonnes of zinc (30th June 2018 - 16,873 tonnes);
- 494 tonnes of lead (30th June 2018 - 459 tonnes);
- 141,306 ounces of silver (30th June 2018 - 132,689 ounces); and
- 9,099 ounces of gold (30th June 2018 - 9,492 ounces).

Zinc revenues before royalties and resource taxes in the six months to 30th June 2019 were \$27,159,000 (30th June 2018 - \$42,573,000) with 17,072 tonnes of zinc metal in concentrate sold (30th June 2018 – 16,881 tonnes). Lead and precious metals revenues were \$13,036,000 (30th June 2018 - \$14,045,000) with less gold in concentrate sold.

During the six months to 30th June 2019:

- 410,819 tonnes of ore were mined (30th June 2018 – 400,167 tonnes);
- 426,070 tonnes of ore were hauled (30th June 2018 – 437,734 tonnes); and
- 432,592 tonnes of ore were processed (30th June 2018 – 448,530 tonnes).

Costs of sales (mining, haulage and processing costs) of \$22,671,000 in the first six months of 2019 were down 2.8% on that incurred in 2018 of \$23,336,000. Whilst enhanced safety requirements in China have caused an increase in mining costs, haulage and processing costs have been reduced with less waste materials hauled and sent to tailings and crushing efficiencies.

Net operating expenses (including those of the Caijiaying site) have risen from \$9,663,000 in the first six months of 2018 to \$9,955,000 in 2019. This includes fees to the Group's Chinese partners of \$1,820,000 (2018 \$2,186,000), equivalent to their equity interest in Hebei Hua Ao's profits. Whilst these fees have fallen, other operating 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.

Basic earnings per share were 2.36 cents (30th June 2018: 8.95 cents). At 30th June 2019, attributable net assets per share amounted to 124 cents (30th June 2018: 119 cents).

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

Chairman's Statement

Chairman Mladen Ninkov commented, "Although all stakeholders in the Company will be disappointed with the financial results for the first half of 2019, they are directly, and practically solely, attributable to the fall in the zinc price and the tremendously higher smelter treatment charges in the first 6 months of the year. Operations and metal production were generally in line with budget. As is often said, mining is a fixed cost business and, as such, a reduction in sales revenues has a direct and significant effect on the margin of profit. We continue to hope for a higher zinc price and lower treatment charges for 2019 into 2020."

Further information

GRIFFIN MINING LIMITED

Mladen Ninkov – Chairman
Roger Goodwin – Finance Director

Telephone: +44(0)20 7629 7772

PANMURE GORDON (UK) LIMITED

Dominic Morley

Telephone: +44 (0)20 7886 2500

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 30/06/2019 Unaudited \$000	6 months to 30/06/2018 Unaudited \$000	Year to 31/12/2018 Audited \$000
Revenue	38,619	54,058	99,067
Cost of sales	(22,671)	(23,336)	(45,798)
Gross profit	15,948	30,722	53,269
Net operating expenses	(9,955)	(9,663)	(17,714)
Profit from operations	5,993	21,059	35,555
Losses on disposal of equipment	(59)	(18)	(939)
Foreign exchange (losses) / gains	(4)	133	42
Finance income	82	102	223
Finance costs	(122)	(144)	(283)
Other income	386	179	200
Profit before tax	6,276	21,311	34,798
Income tax expense	(2,202)	(6,005)	(9,321)
Profit after tax	4,074	15,306	25,477
Basic earnings per share (cents)	2.36	8.95	14.83
Diluted earnings per share (cents)	2.17	8.42	13.35

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

	6 months to 30/06/2019 Unaudited \$000	6 months to 30/06/2018 Unaudited \$000	Year to 31/12/2018 Audited \$000
Profit for the financial period	<u>4,074</u>	<u>15,306</u>	<u>25,477</u>
Other comprehensive income			
Prior period adjustment (note 6)	(33)	-	-
Exchange differences on translating foreign operations	(297)	(1,498)	(5,856)
	<u>(330)</u>	<u>(1,498)</u>	<u>(5,856)</u>
Other comprehensive income for the period, net of tax			
	<u>(330)</u>	<u>(1,498)</u>	<u>(5,856)</u>
Total comprehensive income for the period	<u>3,744</u>	<u>13,808</u>	<u>19,621</u>

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

	30/06/2019 Unaudited \$000	30/06/2018 Unaudited \$000	31/12/2018 Audited \$000
ASSETS			
Non-current assets			
Property, plant and equipment	219,937	213,920	213,140
Intangible assets – Exploration interests	2,021	2,031	2,016
	<u>221,958</u>	<u>215,951</u>	<u>215,156</u>
Current assets			
Inventories	3,793	4,065	4,951
Receivables and other current assets	3,959	5,546	2,819
Cash and cash equivalents	19,293	27,841	28,452
	<u>27,045</u>	<u>37,452</u>	<u>36,222</u>
Total assets	<u>249,003</u>	<u>253,403</u>	<u>251,378</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1,727	1,725	1,727
Share premium	68,442	68,329	68,442
Contributing surplus	3,690	3,690	3,690
Share based payments	2,072	2,072	2,072
Shares held in treasury	(917)	(300)	(917)
Chinese statutory re-investment reserve	2,382	2,177	2,386
Other reserve on acquisition of non-controlling interests	(29,346)	(29,346)	(29,346)
Foreign exchange reserve	3,734	8,306	4,027
Profit and loss reserve	163,202	149,278	159,161
Total equity attributable to equity holders of the parent	<u>214,986</u>	<u>205,931</u>	<u>211,242</u>
Non-current liabilities			
Long-term provisions	2,182	2,387	2,302
Deferred taxation	2,389	2,830	2,393
Finance leases	413	-	258
	<u>4,984</u>	<u>5,217</u>	<u>4,953</u>
Current liabilities			
Trade and other payables	28,469	39,116	33,632
Finance leases	564	3,139	1,551
Total liabilities	<u>29,033</u>	<u>42,255</u>	<u>35,183</u>
Total equities and liabilities	<u>249,003</u>	<u>253,403</u>	<u>251,378</u>
Number of shares in issue	172,748,728	172,512,061	172,748,728
Attributable net asset value / total equity per share	\$1.24	\$1.19	\$1.22

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 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
<i>Other comprehensive income:</i>										
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
Regulatory transfer for future investment	-	-	-	-	-	288	-	-	(288)	-
Issue of shares on exercise of options	2	113	-	-	-	-	-	-	-	115
Purchase of shares for treasury	-	-	-	-	(617)	-	-	-	-	(617)
Transaction with owners	2	113	-	-	(617)	288	-	-	(288)	(502)
Retained profit for the 6 months	-	-	-	-	-	-	-	-	10,171	10,171
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(79)	-	(4,279)	-	(4,358)
Total comprehensive income for the period	-	-	-	-	-	(79)	-	(4,279)	10,171	5,813
At 31st December 2018	1,727	68,442	3,690	2,072	(917)	2,386	(29,346)	4,027	159,161	211,242
Retained profit for the 6 months	-	-	-	-	-	-	-	-	4,074	4,074
Prior period adjustment	-	-	-	-	-	-	-	-	(33)	(33)
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(4)	-	(293)	-	(297)
Total comprehensive income for the period	-	-	-	-	-	(4)	-	(293)	4,041	3,744
At 30th June 2019 (Unaudited)	1,727	68,442	3,690	2,072	(917)	2,382	(29,346)	3,734	163,202	214,986

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

	6 months to 30/06/2019 Unaudited \$000	6 months to 30/06/2018 Unaudited \$000	Year to 31/12/2018 Audited \$000
Net cash flows from operating activities			
Profit before taxation	6,276	21,311	34,798
Foreign exchange losses / (gains)	4	(133)	(42)
Finance income	(82)	(102)	(223)
Finance costs	122	144	283
Depreciation, depletion and amortisation	5,000	4,964	10,328
Losses on disposal of equipment	59	18	939
Decrease / (increase) in inventories	1,157	1,803	917
(Increase) / decrease in receivables and other current assets	(1,140)	(1,206)	(1,059)
Increase / (decrease) in trade and other payables	2,032	(6,880)	(12,917)
Taxation paid	(9,469)	(12,275)	(12,585)
Net cash inflow from operating activities	<u>3,959</u>	<u>7,644</u>	<u>20,439</u>
Cash flows from investing activities			
Interest received	82	102	223
Proceeds on disposal of equipment	-	-	351
Payments to acquire - mineral interests	(10,318)	(4,597)	(10,669)
Payments to acquire - plant & equipment	(1,519)	(1,323)	(6,134)
Payments to acquire – office equipment	-	(1)	-
Payments to acquire – intangible assets – exploration interests	(8)	(21)	(81)
Net cash (outflow) from investing activities	<u>(11,763)</u>	<u>(5,840)</u>	<u>(16,310)</u>
Cash flows from financing activities			
Purchase of shares for treasury	-	(300)	(917)
Issue of shares on exercise of share purchase options	-	1,059	1,174
Interest paid	(52)	-	-
Finance lease	(1,304)	(1,365)	(2,728)
Net cash (outflow) from financing activities	<u>(1,356)</u>	<u>(606)</u>	<u>(2,471)</u>
(Decrease) / increase in cash and cash equivalents	(9,160)	1,198	1,658
Cash and cash equivalents at beginning of the period	28,452	26,518	26,518
Effects of exchange rate changes	1	125	276
Cash and cash equivalents at end of the period	<u>19,293</u>	<u>27,841</u>	<u>28,452</u>
Cash and cash equivalents comprise bank deposits			
Bank deposits	<u>19,293</u>	<u>27,841</u>	<u>28,452</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 31st December 2018.
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 31st December 2018 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 2018 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 30/06/2019 Unaudited			6 months to 30/06/2018 Unaudited			Year to 31/12/2018 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	4,074	172,748,728	2.36	15,306	170,991,849	8.85	25,477	171,842,166	14.83
Dilutive effect of securities									
Options	-	14,823,528	(0.19)	-	17,086,523	(0.43)	-	16,494,541	(1.48)
Diluted earnings per share	4,074	187,572,256	2.17	15,306	188,078,102	8.42	43,321	188,336,707	13.35

6. The prior year adjustment relates to the capitalisation of leases following the introduction of International Financial Reporting Standard 16, on leases.