GRIFFIN MINING LIMITED

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17th June 2020

2019 RESULTS

ANNUAL REPORT & ACCOUNTS

Griffin Mining Limited ("Griffin" or the "Company") has today published its annual report and financial statements for the year ended 31 December 2019 which are available on the Company's web site wwww.griffinmining.com. The release of these were delayed by travel restrictions within and to China imposed by authorities to contain the Coronavirus pandemic preventing Company personnel and the auditors completing their work at Caijiaying.

In 2019, the Company and its subsidiaries (together the "Group") recorded;

- Revenues of $82,267,000 (2018: $99,067,000);
- Operating profit of $14,225,000 (2018: $35,555,000);
- Profit before tax of $11,712,000 (2018: $34,798,000);
- Profit after tax of $6,084,000 (2018: $25,477,000); and
- Earnings of 3.52 cents per share (2018: 14.83 cents).

Lower profits in 2019 were primarily caused by falling zinc prices and significantly higher smelter treatment charges resulting in lower zinc metal in concentrate prices received by the Group.

Despite greater quantities of zinc metal in concentrate being produced and sold, zinc metal in concentrate sales before royalties and resource taxes in 2019 amounted to $55,627,000 compared with $78,821,000 in 2018. Lead and precious metal in concentrate sales amounted to $29,850,000 compared with $24,920,000 in 2018.

In 2019, metal in concentrate sales were:

- Zinc 37,811 tonnes (2018: 36,672 tonnes);
- Gold 17,712 ounces (2018: 16,206 ounces);
- Silver 333,093 ounces (2018: 279,632 ounces); and
- Lead 1,221 tonnes (2018: 1,027 tonnes).

Average prices achieved in 2019 were:

- Zinc metal per tonne of $1,471 (2018: $2,149);
- Gold metal per ounce of $1,318 (2018: $1,173);
- Silver metal per ounce of $13.8 (2018: $12.60); and
- Lead metal per tonne of $1,575 (2018: $2,250).

Cost of sales of $48,609,000 in 2019 were up 6.1% on that incurred in 2018 of $45,798,000. This increase may be attributed higher mining costs with additional rock bolting and meshing costs and additional depreciation provisions reflecting increased costs capitalised being depreciated. Haulage costs were broadly in line with that incurred in 2018 and processing (milling) costs were marginally down on that incurred in 2018.

Administration expenses (including those of the Caijiaying Mine) rose $1,719,000 (9.7%) from $17,714,000 in 2018 to $19,433,000 in 2019. This increase arises mainly from inflationary increases; the pursuit of the mining licence over Zone II; levies and other costs in complying with Chinese health, safety and environmental requirements; and the expansion of activities of China Zinc in investigating potential ventures elsewhere in China.

Foreign exchange losses of $93,000 (2018: gains $42,000) were recorded in 2019.

Interest of $171,000 (2018: $223,000) was received on bank deposits in 2019 whilst $51,000 (2018: $Nil) was paid on short term bank loans.

Losses on the disposal of fixed assets of $305,000 (2018: $939,000) were recorded.

Provision of $1,985,000 (2018: $Nil) has been made to fully provide against the costs capitalised in respect of Hebei Sino Anglo's exploration licence area. Griffin intends to agree a contractual right to the licence to be transferred to Griffin's joint venture partner, prior to expiry of the licence in July 2020.

Finance costs on the lease of the dry tailings facility at Caijiaying Mine and the London and Perth offices totalling $326,000 (2018: $283,000) were incurred.

Income taxes of $5,628,000 (2018: $9,321,000) have been charged in 2019. This includes a deferred taxation charge of $380,000 (2018: credit $343,000).

Basic earnings per share in 2019 was 3.52 cents (2018: 14.83 cents) and diluted earnings per share was 3.24 cents (2018 13.35 cents).

Cash generated from operations of $21,639,000 (2018: $20,439,000) have been used in further developing the Caijiaying Mine and facilities.

Attributable net assets per share at 31 December 2019 was $1.24 (2018: $1.22)

Chairman's Statement:

Although 2019 turned out to be a successful year operationally for the Company, very low commodity prices coupled with very high treatment charges produced a below average financial result. In addition, as has been the case for far too many years to remember, any success was overshadowed by the continuing failure of regulatory authorities in China to issue the Company with its new mining licence over Zone II at the Caijiaying Mine.

Production of zinc, gold, silver and lead all increased in 2019 but prices received for zinc, gold and lead all decreased sharply leading to a 17% fall in revenue and a subsequent 60% fall in operating profit. For anyone who has ever read one of my Annual Report missives, my standard comment every year is that mining is a fixed cost business. Provided we can control our costs and maintain our production, we are at the vagaries of world commodity prices for our financial success, and even more importantly, to treatment charges offered by smelters in China. Unfortunately, 2019 was a particularly bad year for both.

Operationally, the focus was on developing Zone III for greater, and more efficient, production and that was achieved by the continued development and linking of the North and South Declines and associated infrastructure down to the 1000mRL; the development of the South Haulage Drive in preparation for the commencement of development into Zone II; significant mine ventilation improvements including two new 5 metre diameter ventilation shafts developed from surface together with an underground 5 metre diameter ventilation shaft down to the 1175mRL level and the completion of three ventilation shafts (the Underground Fresh Air Shaft totalling 126 metres, the Main Exhaust Ventilation Shaft totalling 305 metres and the Central Fresh Air Shaft totalling 176 metres) significantly improving ventilation and the working environment underground.

Geologically, the resource base continued to expand. Even more astonishingly, the conversion rate at the Caijiaying Mine from an Inferred to a Measured or Indicated Resource is effectively 157% based on a comparison of previous and current Mineral Resource Estimate reports. This means that exploration and resource definition drilling is not only successfully converting existing Inferred mineralisation to higher categories, but also defining new Measured or Indicated mineralisation. This is an extraordinary statistic and gives enormous comfort for the ultra-long mine life the Company will enjoy at the Caijiaying Mine.

In addition, ongoing exploration has utilised knowledge gained from the evolving structural model at Zone III to enable re-interpretation of structure in the adjacent zones. This is allowing the resource models for Zones II and VIII to be more accurately measured, leading to the probability of new resource estimates to be released in 2020 for these zones.

Yet, in light of all the above progress, 2019 has been overshadowed by the extraordinary beginning to 2020, the effects which remain with us still and will do for at least the next decade and perhaps forever. At the Company level, the declaration of a pandemic by the government of the People's Republic of China on the 24 January 2020 due to the Coronavirus COVID-19 outbreak forced mining and underground development operations not to restart after the traditional 2 week mining shutdown for the Chinese New Year holidays. Ore stockpiled at surface was processed until exhausted on the 30 January 2020, at which time the mill was placed on care and maintenance. Operations restarted on the 21 February 2020. Underground mining operations reached 100% of planned rates by the 13 March 2020 and, with a new supply of ore, processing operations by late March 2020. Nevertheless, international travel restrictions remain in place preventing foreign personnel returning to the Caijiaying due to the prohibition of entry into China to anyone other than Chinese citizens and permanent residents. This is currently having only a limited impact upon operations at the Caijiaying Mine.

At the operational level, we are grateful that we find our operations based in north-west China where COVID-19 virtually did not appear nor did it severely disrupt economic activity. Further, we operate, and our commodities are sold, in China where the economy has virtually returned to full production, albeit not with the projected economic growth estimated in 2019. It has been particularly pleasing to see the treatment charges start to fall significantly in the last 2 months, inevitably due to the lack of imports of foreign sourced concentrates by Chinese smelters.

At the Company level, thanks must be extended to the prudency of the directors with their long experience in the mining sector and the nature of the cyclical nature of commodities who only allowed debt to be incurred at the operational level to build or expand the operations at the Caijiaying Mine. Retained earnings, which also could have been paid out in dividends, were retained for the same capital needs. In addition, borrowings were never taken at the Griffin holding company level to buy back stock, something which will not only bankrupt a multitude companies, but also many industries, including the US Airline industry, without massive government assistance.

The COVID-19 crisis, debt laden balance sheets and the continuing low commodity price environment has shown the words of Warren Buffet to be truer than ever, "Only when the tide goes out do you discover who's been swimming naked." The last 3 months has seen a large closure of marginal zinc mines and world zinc production falling by at least 10%. This trend will inevitably get worse before it gets better, but it bodes well for the zinc price.

With the expectation of the granting of the new mining licence and the doubling of production, the Company appointed a new Nominated Advisor and Broker, Numis Securities Limited. We look forward to a long and successful relationship as the Company takes the next giant step in its growth.

Penultimately, it's my privilege to thank the people who have gone, and continue to go, the extra yard to maintain the Company's status as the only foreign owned mining company operating in China. That is an achievement almost none can imagine in its complexity, intricacy, difficulty and exhausting nature. It deserves all of our thanks. From the truly outstanding Company directors, our Chinese joint venture directors, our senior foreign staff, our Chinese operational staff, our contractors, consultants, Chinese government officials, spouses, partners and their children, I thank you for your time, excellence and dedication on behalf of the shareholders. You have been extraordinary.

Further information

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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 2019
(expressed in thousands US dollars)

	2019 Audited $000	2018 Audited $000
Revenue	**82,267**	99,067
Cost of sales	**(48,609)**	(45,798)
Gross profit	**33,658**	53,269
Administration expenses	**(19,433)**	(17,714)
Profit from operations	**14,225**	35,555
Losses on disposal of plant and equipment	**(305)**	(939)
Impairment of intangible assets	**(1,985)**	-
Foreign exchange(losses) / gains	**(93)**	42
Finance income	**171**	223
Finance costs	**(377)**	(283)
Other income	**76**	200
Profit before tax	**11,712**	34,798
Income tax expense	**(5,628)**	(9,321)
Profit for the year	**6,084**	25,477
Basic earnings per share (cents)	**3.52**	14.83
Diluted earnings per share (cents)	**3.24**	13.35

Griffin Mining Limited
Summarised Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019
(expressed in thousands US dollars)

	2019 Audited $000	2018 Audited $000
Profit for the year	**6,084**	25,477
Other comprehensive (expenses) / income that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**(2,324)**	(5,856)
Other comprehensive (expenses) / income for the year, net of tax	**(2,324)**	(5,856)
Total comprehensive income for the year	**3,760**	19,621

Griffin Mining Limited
Summarised Consolidated Statement of Financial Position
As at 31 December 2019
(expressed in thousands US dollars)

	2019 Audited $000	2018 Audited $000
ASSETS		
Non-current assets		
Property, plant and equipment	**228,287**	213,140
Intangible assets – exploration interests	**322**	2,016
	228,609	215,156
Current assets		
Inventories	**3,839**	4,951
Receivables and other current assets	**1,861**	2,819
Cash and cash equivalents	**19,885**	28,452
	25,585	36,222
Total assets	**254,194**	251,378
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	**1,728**	1,727
Share premium	**68,455**	68,442
Contributing surplus	**3,690**	3,690
Share based payments	**2,072**	2,072
Shares held in treasury	**(917)**	(917)
Chinese statutory re-investment reserve	**2,500**	2,386
Other reserve on acquisition of non controlling interests	**(29,346)**	(29,346)
Foreign exchange reserve	**1,703**	4,027
Profit and loss reserve	**165,059**	159,161
Total equity attributable to equity holders of the parent	**214,944**	211,242
Non-current liabilities		
Long-term provisions	**2,150**	2,302
Deferred taxation	**2,731**	2,393
Finance lease	**479**	258
	5,360	4,953
Current liabilities		
Trade and other payables	**31,769**	33,632
Finance lease	**2,121**	1,551
Total current liabilities	**33,890**	35,183
Total equities and liabilities	**254,194**	251,378
Attributable net asset value per share to equity holders of parent	**1.24**	$1.22

Griffin Mining Limited
Summarised Consolidated Statement of Changes in Equity.
For the year ended 31 December 2019
(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 1 January 2018	**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	-	-	-	-	-	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 expense:										
Exchange differences on translating foreign operations	-	-	-	-	-	(106)	-	(5,750)	-	(5,856)
Total comprehensive income	-	-	-	-	-	(106)	-	(5,750)	25,477	19,621
At 1 January 2019	**1,727**	**68,442**	**3,690**	**2,072**	**(917)**	**2,386**	**(29,346)**	**4,027**	**159,161**	**211,242**
Regulatory transfer for future investment	-	-	-	-	-	153			(153)	-
Issue of shares on exercise of options	1	13	-	-	-	-	-	-	-	14
Transaction with owners	1	13	-	-	-	153	-	-	(153)	14
Profit for the year	-	-	-	-	-	-	-	-	6,084	6,084
Adjustment for adoption of IFRS 16 leases									(33)	(33)
Other comprehensive expense:										
Exchange differences on translating foreign operations	-	-	-	-	-	(39)	-	(2,324)	-	(2,363)
Total comprehensive income	-	-	-	-	-	(39)	-	(2,324)	6,051	3,688
At 31 December 2019	**1,728**	**68,455**	**3,690**	**2,072**	**(917)**	**2,500**	**(29,346)**	**1,703**	**165,059**	**214,944**

Griffin Mining Limited
Summarised Consolidated Cash Flow Statement
For the year ended 31 December 2019
(expressed in thousands US dollars)

	2019 Audited $000	2018 Audited $000
Net cash flows from operating activities		
Profit before taxation	**11,712**	34,798
Foreign exchange losses / (gains)	**93**	(42)
Finance income	**(171)**	(223)
Finance costs	**377**	283
Depreciation, depletion and amortisation	**12,343**	10,328
Impairment of intangible assets	**1,985**	-
Losses on disposal of equipment	**305**	939
Decrease in inventories	**1,112**	917
Decrease / (increase) in receivables and other current assets	**959**	(1,059)
Increase / (decrease) in trade and other payables	**4,016**	(12,917)
Taxation paid	**(11,092)**	(12,585)
Net cash inflow from operating activities	**21,639**	20,439
Cash flows from investing activities		
Interest received	**171**	223
Proceeds on disposal of equipment	**1**	351
Payments to acquire – mineral interests	**(18,883)**	(10,669)
Payments to acquire – plant and equipment	**(8,193)**	(6,134)
Payments to acquire office, office furniture & equipment	**(69)**	-
Payments to acquire intangible fixed assets – exploration interests	**(308)**	(81)
Net cash outflow from investing activities	**(27,281)**	(16,310)
Cash flows from financing activities		
Issue of ordinary shares on exercise of options	**14**	1,174
Purchase of shares for treasury	**-**	(917)
Interest paid	**(52)**	-
Finance lease advance	**65**	
Finance lease repayments	**(2,762)**	(2,728)
Net cash outflow from financing activities	**(2,735)**	(2,471)
(Decrease) / increase in cash and cash equivalents	**(8,377)**	1,658
Cash and cash equivalents at the beginning of the year	**28,452**	26,518
Effects of exchange rates	**(190)**	276
Cash and cash equivalents at the end of the year	**19,885**	28,452
Cash and cash equivalents comprise bank deposits.		
Bank deposits	**19,885**	28,452

Included within net cash flows of $8,377,000 (2018 $1,658,000) are foreign exchange losses of $93,000 (2018: gains $42,000) which have been treated as realised.

Notes:

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.

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 2019 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 2019 statutory financial statements.

The annual report and accounts for 2019 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 and are available on Griffin Mining Ltd's web site www.griffinmining.com

The Group has one business segment, the Caijiaying zinc gold mine in the People's Republic of China. All revenues and costs of sales in 2019 and 2018 were derived from the Caijiaying zinc gold mine.

	2019 **$000**	2018 $000
REVENUES		
China	**82,267**	99,067
Zinc concentrate sales	**55,627**	78,821
Lead and precious metals concentrate sales	**29,850**	24,920
Royalties and resource taxes	**(3,210)**	(4,674)
	82,267	99,067
COST OF SALES: CHINA		
Mining costs	**17,652**	16,680
Haulage costs	**8,277**	8,374
Processing costs	**10,019**	10,423
Depreciation (excluding depreciation in administration costs)	**11,462**	9,652
Stock movements	**1,199**	669
	48,609	45,798
ADMINISTRATION EXPENSES		
China	**14,253**	13,122
Australia	**414**	442
UK / Bermuda	**4,766**	4,150
	19,433	17,714

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

Notes (continued):

TOTAL ASSETS	**2019**	2018
	$000	$000
China	**248,119**	245,505
Australia	**686**	924
UK / Bermuda	**5,389**	4,949
	254,194	251,378

CAPITAL EXPENDITURE	**2019**	2018
	$000	$000
China	**27,076**	16,803
Australia	**65**	
UK / Bermuda	**4**	-
	27,145	16,803

FINANCE INCOME	**2019**	2018
	$000	$000
Interest on bank deposits	**171**	223

FINANCE COSTS	**2019**	2018
	$000	$000
Interest payable on short term bank loans	**51**	-
Finance lease interest	**326**	283
	377	283

OTHER INCOME	**2019**	2018
	$000	$000
Scrap and sundry other sales	**76**	200

INCOME TAX EXPENSE

	2019	2018
	$000	$000
Profit for the year before tax	**11,712**	34,798
Expected tax expense at a standard rate of PRC income tax of 25% (2018 25%)	**2.929**	8,699
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**746**	629
Adjustments for short term timing differences:		
- In respect of accounting differences	**(234)**	(704)
Adjustments for permanent timing differences re prior year adjustments	**-**	(185)
Adjustments for permanent timing differences other	**1,757**	1,154
Withholding tax on intercompany dividends and charges	**50**	71
Current taxation expense	**5,248**	9,664
Deferred taxation expense / (credit)		
Correction of provision brought forward	**18**	(674)
Origination and reversal of temporary timing differences	**362**	331
	380	(343)
Total tax expense	**5,628**	9,321

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 2019 (25% in 2018) based upon the profits calculated under Chinese generally accepted accounting principles (Chinese “GAAP").

EARNINGS PER SHARE

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

	2019 Earnings $000	**2019 Weighted Average number of shares**	**2019 Per share amount (cents)**	2018 Earnings $000	2018 Weighted Average number of shares	2018 Per share amount (cents)
Basic earnings per share						
Earnings attributable to ordinary shareholders	**6,084**	**172,748,831**	**13.52**	25,477	171,842,166	14.83
Dilutive effect of securities						
Options	**-**	**15,107,500**	**(0.28)**	-	16,494,541	(1.30)
Diluted earnings per share	**6,084**	**187,856,331**	**3.24**	25,477	188,336,707	13.53

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.

Notes (continued):

PROPERTY, PLANT AND EQUIPMENT

	Mineral Interests	**Mill and mobile mine equipment**	**Office furniture & equipment**	**Total**
At 1 January 2018	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 1 January 2019	167,338	45,747	55	213,140
Foreign exchange adjustments	(1,611)	(786)	-	(2,397)
Additions during the year	18,883	8,193	69	27,145
Change in estimate of mine closure costs	(115)	-	-	(115)
Adjustment for adoption of IFRS 16 leases	-	-	370	370
Adjustment for change in accounting estimate on finance lease	-	2,792	-	2,792
Disposals	-	(305)	-	(305)
Depreciation charge for the year	(6,912)	(5,268)	(163)	(12,343)
At 31 December 2019	177,582	50,373	331	228,287
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
At 31 December 2019				
Cost	222,588	80,935	573	304,097
Accumulated depreciation	(45,006)	(30,562)	(242)	(75,810)
Net carrying amount	177,582	50,373	331	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 $1,997,000 (2018: $15,034,000) of assets under construction yet to be depreciated.

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

Notes (continued):

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During 2013 plant and equipment with a value of $11,381,000, revalued in 2019 to $14,150,000, were acquired under a finance lease, upon which depreciation of $5,123,000 (2018: $4,035,000) has been provided. At 31 December 2019 the net carrying amount of this equipment was $9,027,000 (2018: $7,534,000). In 2019 the Company's London office lease was capitalised to comply with IFRS 16 with a value of $371,000 upon which depreciation of $114,000 has been provided in 2019. At 31 December 2019 the net carrying amount of this office was $247,000.

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, most notably metal prices, 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 2019, particularly in view of the decline in metal prices for zinc and smelter treatment charges experienced in 2019. 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 $2,425 per tonne, gold of $1,500 per troy ounce and silver of $15 per troy ounce;
- Zinc treatment charges of 30% of market prices;
- Extraction of measured and indicated resources at Zone III at Caijiaying of 30 million tonnes with ore mined and processed at a rate of 1.2 million tonnes of ore per annum;
- Operating costs, recoveries and payables based upon past performance and that budgeted for 2020;
- Capital costs based upon that initially scheduled with sustaining capital based on future scheduling:
- Discount interest rate of 10%; and
- Continued maintenance and grant of applicable licences and permits. This assumes that Hebei Hua Ao will be converted to an equity joint stock company with an indefinite life without compensation to the Chinese Joint Venture Partner and that the business licence will be renewed at no significant cost.

Notes (continued):

INTANGIBLE ASSETS

CHINA – MINERAL EXPLORATION INTERESTS

	$000
At 1 January 2018	**2,035**
Foreign exchange adjustments	**(100)**
Additions during the year	**81**
At 1 January 2019	**2,016**
Foreign exchange adjustments	**(17)**
Additions during the year	**308**
Impairment during the year	**(1,985)**
At 31 December 2018	**322**

Intangible assets represent cost on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and development work in respect to regional exploration in China. Where expenditure on an area of interest is determined as unsuccessful such expenditure is written off to profit or loss. The recoverability of these assets depends, initially, on successful appraisal activities, details of which are given in the report on operations. The outcome of such appraisal activity is uncertain. Upon economically exploitable mineral deposits being established, sufficient finance will be required to bring such discoveries into production. At 31 December 2019 impairment charges of $1,985,000 (2018: $Nil) had been provided and charged to the income statement in respect of the above exploration costs previously capitalised by Hebei Sino Anglo. Griffin intends to agree a contractual right to transfer the exploration licence to Griffin's joint venture partner, Yuanrun, prior to expiry of the licence.

POST BALANCE SHEET EVENTS

Since the year end operations at Caijiaying were suspended for a month from 24 January to comply with restrictions instigated by the PRC authorities to contain the COVID 19 pandemic. Operations at Caijiaying recommenced on 21 February 2020 and have since steadily increased such that underground mining operations reached 100% of planned rates by mid-March and processing operations by late March. Since the re-commencement of operations at Caijiaying, restrictions in place to contain the coronavirus pandemic throughout China have relaxed, and as a result Hebei Hua Ao has been able to sell its output. As a result of these events, production and sale of metals in concentrate, and profitability was impacted in the first quarter of 2020, but has returned to planned levels subsequently.

As at 31 December 2019 there were no adjusting post balance sheet events (2018: none).