



## GRIFFIN MINING LIMITED

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4<sup>th</sup> AUGUST 2015

### INTERIM STATEMENT for the six months ended 30<sup>th</sup> June 2015

Griffin Mining Limited ("Griffin" or "the Company") has today released its results for the six months ended 30th June 2015.

#### Highlights:

- Revenues of \$35.2 million (2014: \$33.2 million)
- Operating profit of \$6.4 million (2014: \$7.6 million)
- Profit before tax of \$3.7 million (2014: \$5.8 million)
- Profit after tax of \$2.2 million (2014: \$3.7 million)

#### Financial and Trading:

Throughput of 418,950 tonnes of ore in the six months to 30<sup>th</sup> June 2015 at Griffin's Caijiaying Mine was up 2.5% on that achieved of 408,671 tonnes in the six months to 30<sup>th</sup> June 2014. With effort directed to improving precious metal recoveries, metal in concentrate production in the period was:

- 20,081 tonnes of zinc (2014: 19,147 tonnes);
- 962 tonnes of lead (2014: 609 tonnes);
- 193,098 ounces of silver (2014: 147,901 ounces); and
- 6,274 ounces of gold (2014: 5,999 ounces), a record high.

Metal in concentrate production in the six months to 30<sup>th</sup> June 2015 compared to that in the six months to 30<sup>th</sup> June 2014 benefited from better grades and better lead and gold recoveries.

Zinc revenues before royalties and resource taxes in the six months to 30<sup>th</sup> June 2015 were \$26,288,000 (2014 \$24,860,000) having benefited from higher prices achieved whilst lead and precious metals revenues were \$10,799,000 (2014: \$10,222,000) with increased quantities sold albeit at lower prices.

Cost of sales in the six months to 30<sup>th</sup> June 2015 was up on the same period in 2014 mainly as a result of increased processing costs with efforts directed at improving precious metal recovery rates. Net operating costs were up with increased regulatory, environmental and social security costs in China.

Profits before tax were impacted by: Foreign exchange losses of \$24,000 (2014: \$26,000) arising from a weaker Renminbi offset by gains on Sterling deposits against the US dollar in the period; interest payable on Chinese bank loans of \$2,480,000 (2014: \$1,629,000); finance lease interest of \$392,000 (2014: \$411,000); interest receivable of \$106,000 (2014: \$126,000); and other income of \$36,000 (2014: \$62,000).

Taxation of \$1,442,000 (2014:\$2,009,000) has been provided resulting in profits after tax of \$2,220,000 (2014: \$3,749,000).

Basic earnings per share were 1.27 cents (2014: 2.09 cents) and diluted earnings per share 1.27 cents (2014: 2.09 cents). At 30<sup>th</sup> June 2015, attributable net assets per share amounted to 82 cents (2013: 84 cents).

Funds continue to be repatriated from China to cover central costs whilst leaving sufficient working capital within Hua Ao for the completion of the upgrade of the processing facilities and the further development of the Caijiaying mine. During the period: \$8,589,000 was expended on mine development and plant upgrade work, and \$3,875,000 was incurred in buying in Griffin shares held in treasury. Bank loans in China of \$3,328,000 were drawn down; whilst cash balances throughout the Group have increased by \$977,000 (2014: \$1,968,000 decrease).

Administrative state issues in China outside the Company's control continue to delay the grant of a new mining licence over the unmined Zone III deeps, Zone II and adjacent areas at Caijiaying. Development of the mine at Zone III continues and the main drive between Zone III and Zone II has almost been completed.

A new additional power line to the Caijiaying mine has almost been completed and will be connected immediately thereafter allowing the commissioning of the new primary ball mill. The new power line and ball mill will increase the capacity of the Caijiaying processing facilities to 1.5 million tonnes per annum.

In line with previous years' practice and the Company's policy 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, "Operationally, the Company continues to achieve very good results in light of the current downturn in commodity prices with, period to period, increased zinc, lead, silver and gold production, including record gold output, better grades and good recoveries, all this without the imminent commissioning of the new 1.5 million tonnes per annum processing facilities. Nevertheless, the continuing severe weakness in commodity prices coupled with the fixed cost nature of mining production inevitably means any costs increases, such as the increased regulatory costs in the first half, impact the profitability of the Company. The Company eagerly looks forward to any or all of the following occurring: The increased processing and production profile, the long awaited Mining Licence over new production areas and/or a rise in commodity prices."

### **Further information**

#### **GRIFFIN MINING LIMITED**

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Roger Goodwin – Finance Director

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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](http://www.griffinmining.com)

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

	<b>6 months to 30/06/2015 Unaudited \$000</b>	6 months to 30/06/2014 Restated Unaudited \$000	Year to 31/12/2014 Audited \$000
<b>Revenue</b>	<b>35,216</b>	<b>33,226</b>	45,564
Cost of sales	<b>(20,676)</b>	<b>(18,217)</b>	(25,345)
<b>Gross profit</b>	<b>14,540</b>	<b>15,009</b>	20,219
Net operating expenses	<b>(8,124)</b>	<b>(7,373)</b>	(13,487)
<b>Profit from operations</b>	<b>6,416</b>	<b>7,636</b>	6,732
Losses on disposal of equipment	-	-	(1,835)
Foreign exchange (losses)	<b>(24)</b>	<b>(26)</b>	(39)
Finance income	<b>106</b>	<b>126</b>	223
Finance costs	<b>(2,872)</b>	<b>(2,040)</b>	(4,165)
Other income	<b>36</b>	<b>62</b>	105
<b>Profit before tax</b>	<b>3,662</b>	<b>5,758</b>	1,021
<b>Income tax expense</b>	<b>(1,442)</b>	<b>(2,009)</b>	(831)
<b>Profit after tax</b>	<b>2,220</b>	<b>3,749</b>	190
<b>Basic earnings per share (cents)</b>	<b>1.27</b>	<b>2.09</b>	0.11
<b>Diluted earnings per share (cents)</b>	<b>1.27</b>	<b>2.09</b>	0.11

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

	<b>6 months to 30/06/2015 Unaudited \$000</b>	6 months to 30/06/2014 Restated Unaudited \$000	Year to 31/12/2014 Audited \$000
<b>Profit for the financial period</b>	<u>2,220</u>	<u>3,749</u>	<u>190</u>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	<u>10</u>	<u>(367)</u>	<u>(281)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>10</u>	<u>(367)</u>	<u>(281)</u>
<b>Total comprehensive income for the period</b>	<u><u>2,230</u></u>	<u><u>3,382</u></u>	<u><u>(91)</u></u>

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

	<b>30/06/2015</b>	30/06/2014	31/12/2014
	<b>Unaudited</b>	Restated	Audited
	<b>\$000</b>	\$000	\$000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>213,186</b>	195,301	208,339
Intangible assets – Exploration interests	<b>1,946</b>	1,833	1,914
	<b>215,132</b>	197,134	210,253
<b>Current assets</b>			
Inventories	<b>16,797</b>	8,501	17,477
Other current assets	<b>3,293</b>	2,456	3,540
Cash and cash equivalents	<b>24,348</b>	24,310	23,371
	<b>44,438</b>	35,267	44,388
<b>Total assets</b>	<b>259,570</b>	232,401	254,641
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	<b>1,790</b>	1,790	1,790
Share premium	<b>71,310</b>	71,310	71,310
Contributing surplus	<b>3,690</b>	3,690	3,690
Share based payments	<b>388</b>	2,896	3,064
Shares held in treasury	<b>(3,875)</b>	-	-
Chinese statutory re-investment reserve	<b>1,688</b>	1,667	1,686
Other reserve on acquisition of non-controlling interests	<b>(29,346)</b>	(29,346)	(29,365)
Foreign exchange reserve	<b>10,946</b>	10,861	10,957
Profit and loss reserve	<b>89,762</b>	88,363	84,794
<b>Total equity attributable to equity holders of the parent</b>	<b>146,353</b>	151,231	147,926
<b>Non-current liabilities</b>			
Long-term provisions	<b>2,584</b>	2,567	2,582
Deferred taxation	<b>1,954</b>	1,886	1,953
Finance lease	<b>10,693</b>	10,908	10,720
	<b>15,231</b>	15,361	15,255
<b>Current liabilities</b>			
Taxation payable	-	1,321	-
Trade and other payables	<b>30,197</b>	16,354	26,563
Finance lease	<b>725</b>	1,001	1,161
Bank loans	<b>67,064</b>	47,133	63,736
<b>Total liabilities</b>	<b>97,986</b>	65,809	91,460
<b>Total equities and liabilities</b>	<b>259,570</b>	232,401	254,641
Number of shares in issue	<b>179,041,830</b>	179,041,830	179,041,830
<b>Attributable net asset value / total equity per share</b>	<b>\$0.82</b>	\$0.84	\$0.83

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

	Share capital premium	Share contributing surplus	Share based payments treasury	Shares held in	Chinese investment reserve	Other reserve on acquisition of non-controlling interests	Foreign exchange and loss reserve	Profit and loss reserve	Total attributable to equity holders of parent	Non-controlling interests	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 31 December 2013</b>	1,791	71,339	3,690	2,748	1,683	(29,346)	11,212	84,614	147,731	3,004	150,735
Prior period adjustment re non controlling	-	-	-	-	-	-	-	-	-	(3,004)	(3,004)
<b>At 1<sup>st</sup> January 2013 restated</b>	1,791	71,339	3,690	2,748	1,683	(29,346)	11,212	84,614	147,731	-	147,731
Cost of share based payments	-	(1)	-	148	-	-	-	-	148	-	148
Purchase of shares for cancellation	-	(1)	-	-	-	-	-	-	(30)	-	(30)
Transaction with owners	-	(1)	-	148	-	-	-	-	118	-	118
Retained profit for the 6 months	-	-	-	-	-	-	-	3,749	3,749	-	3,749
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(16)	-	(351)	-	(367)	-	(367)
Total comprehensive income for the period	-	-	-	-	(16)	-	(351)	3,749	3,382	-	4,949
<b>At 30 June 2014 (unaudited)</b>	1,790	71,310	3,690	2,896	1,667	(29,346)	10,861	88,363	151,231	-	151,231
Regulatory transfer for future investment	-	-	-	-	10	-	-	(10)	-	-	-
Cost of share based payments	-	-	-	168	-	-	-	-	168	-	168
Transaction with owners	-	-	-	168	10	-	-	(10)	168	-	168
Retained profit for the 6 months	-	-	-	-	-	-	-	(3,559)	(3,559)	-	(3,559)
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	9	(19)	96	-	86	-	86
Total comprehensive income for the period	-	-	-	-	9	(19)	96	(3,559)	(3,473)	-	(3,473)
<b>At 31 December 2014</b>	1,790	71,310	3,690	3,064	1,686	(29,365)	10,957	84,794	147,926	-	147,926
Cost of share based payments	-	-	-	72	-	-	-	-	72	-	72
Transfer on expiry of options	-	-	-	(2,748)	-	-	-	2,748	-	-	-
Purchase of shares for treasury	-	-	-	(3,875)	-	-	-	-	(3,875)	-	(3,875)
Transaction with owners	-	-	-	(2,676)	(3,875)	-	-	2,748	(3,803)	-	(3,803)
Retained profit for the 6 months	-	-	-	-	-	-	-	2,220	2,220	-	2,220
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	2	19	(11)	-	10	-	10
Total comprehensive income for the period	-	-	-	-	2	19	(11)	2,220	2,230	-	2,230
<b>At 30 June 2015 (unaudited)</b>	1,790	71,310	3,690	388	(3,875)	(29,346)	10,946	89,762	146,353	-	146,353

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

	<b>6 months to 30/06/2015 Unaudited \$000</b>	6 months to 30/06/2014 Restated Unaudited \$000	Year to 31/12/2014 Audited \$000
<b>Net cash flows from operating activities</b>			
Profit before taxation	3,662	5,758	1,021
Foreign exchange losses	24	26	39
Finance (income)	(106)	(126)	(223)
Finance costs	2,872	2,040	4,165
Adjustment in respect of share based payments	72	148	316
Depreciation, depletion and amortisation	3,823	3,701	6,211
Losses on disposal of equipment	-	-	1,835
Decrease / (increase) in inventories	680	(520)	(9,496)
Decrease in receivables and other current assets	29	3,346	1,256
Increase / (decrease) / in trade and other payables	3,654	(3,510)	7,630
<b>Net cash inflow from operating activities</b>	<u>14,710</u>	<u>10,863</u>	<u>12,754</u>
Taxation paid	<u>(1,223)</u>	<u>(2,231)</u>	<u>(2,271)</u>
<b>Cash flows from investing activities</b>			
Interest received	106	126	223
(Payments) to acquire / receipts from intangible fixed assets - exploration interests	(30)	3	(90)
Payments to acquire – mine development	(4,012)	(2,459)	(6,041)
Payments to acquire - plant & equipment	(4,547)	(4,089)	(17,296)
<b>Net cash (outflow) from investing activities</b>	<u>(8,483)</u>	<u>(6,419)</u>	<u>(23,204)</u>
<b>Cash flows from financing activities</b>			
Purchase of shares for cancellation	-	(30)	(30)
Purchase of shares for treasury	(3,875)	-	-
Interest paid	(2,480)	(2,040)	(3,342)
Finance lease	(866)	(590)	(1,398)
Proceeds from bank loans	3,328	-	21,186
Repayment of bank loans	-	(2,072)	(6,655)
<b>Net cash (outflow) / inflow from financing activities</b>	<u>(3,893)</u>	<u>(4,732)</u>	<u>9,761</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>1,111</b>	<b>(2,519)</b>	<b>(2,960)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>23,371</b>	<b>26,278</b>	<b>26,278</b>
Effects of exchange rate changes	(134)	551	53
<b>Cash and cash equivalents at end of the period</b>	<u>24,348</u>	<u>24,310</u>	<u>23,371</u>
<b>Cash and cash equivalents comprise bank deposits</b>			
Bank deposits	<u>24,348</u>	<u>24,310</u>	<u>23,371</u>

**GRIFFIN MINING LIMITED**  
**NOTES TO THE INTERIM STATEMENT**

1. These 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 2014. Since 31 December 2014 8,703,103 ordinary shares in the Company have been purchased and held in treasury. These shares are shown within equity at cost.
2. Copies of this interim report are being sent to all registered shareholders. Additional copies are available from the Company's London office, 60 St James's Street, London, SW1A 1LE.
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 2014 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 2014 statutory financial statements upon which the auditors' opinion is unqualified.
4. The summary accounts have been prepared on a going concern basis. As at 30th June 2015, Hebei Hua Ao (a subsidiary of the Company) had bank loans outstanding of \$67,064,000 (30<sup>th</sup> June 2014 \$47,133,000). Having previously rolled over each of the bank facilities Hebei Hua Ao expects to roll over the existing facilities for a further 12 months. 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 30/06/2015 Unaudited			6 months to 30/06/2014 Unaudited			Year to 31/12/2014 Audited		
	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)	
<b>Basic earnings per share</b>									
Earnings attributable to ordinary shareholders	174,203,017	1.27	2,220	179,091,830	2.09	190	175,066,140	0.11	
<b>Dilutive effect of securities</b>									
Options	-	-	-	-	-	-	-	-	
<b>Diluted earnings per share</b>	<b>174,203,017</b>	<b>1.27</b>	<b>2,220</b>	<b>179,091,830</b>	<b>2.09</b>	<b>190</b>	<b>175,066,140</b>	<b>0.11</b>	

6. The condensed consolidated financial statements have been drawn up and the 2014 condensed consolidated interim financial statements have been restated to include amounts due to Griffin's Chinese partners of \$2,044,000 (30<sup>th</sup> June 2014 \$1,601,000) in net operating costs rather than being attributable to non controlling interests in the Consolidated Income Statement, with the amounts due at 30<sup>th</sup> June 2015 of \$6,090,000 (30<sup>th</sup> June 2014 \$4,571,000) treated as other payables rather than as amounts due to non-controlling interests within equity within the Consolidated Statement of Financial Position. This follows the acquisition of the Chinese partner's equity interests in 2012 and subsequent review of the arrangements with Griffin's Chinese partners in the Hebei Hua Ao Joint Venture reflecting their relationship being in the nature of a service provider.