



GRIFFIN MINING LIMITED

60 St James's Street, London SW1A 1LE, United Kingdom
Telephone: + 44 (0)20 7629 7772 Facsimile: + 44 (0)20 7629 7773
E mail: griffin@griffinmining.com

11th AUGUST 2016

INTERIM STATEMENT for the six months ended 30th June 2016

Griffin Mining Limited (“Griffin” or “the Company”) has today released its results for the six months ended 30th June 2016.

Highlights:

- Revenues of \$20.8 million (2015: \$35.2 million)
- Operating loss of \$1.8 million (2015: profit \$6.4 million)
- Loss before tax of \$4.1 million (2015: profit \$3.7 million)
- Loss after tax of \$4.1 million (2015: Profit \$2.2 million)

Financial and Trading:

Revenues and profits were severely impacted by the suspension of mining until 22nd January following a fatality at Griffin's Caijiaying mine in October 2015 and disruption caused by the Chinese new year holidays in February resulting in a lack of ore and low grade ore to process in the first quarter of 2016. Revenues were further impacted by relatively low commodity prices in the first quarter of 2016. The second quarter has seen an increase in the amount of ore mined and consequentially processed which together with rising commodity prices has led to a return to profitability.

With 13.5% less ore hauled to surface, throughput of 365,337 tonnes of ore in the six months to 30th June 2016 at the Caijiaying Mine was down 12.8% on that achieved of 418,950 tonnes in the six months to 30th June 2015. With surface stockpiles drawn down with lower grades, metal in concentrate production in the period was:

- 13,420 tonnes of zinc (2015: 20,081 tonnes);
- 705 tonnes of lead (2015: 962 tonnes);
- 120,953 ounces of silver (2015: 193,098 ounces); and
- 3,553 ounces of gold (2015: 6,274 ounces).

Zinc revenues before royalties and resource taxes in the six months to 30th June 2016 were \$15,798,000 (2015 \$26,288,000) with less zinc metal in concentrate sold and the average price received after smelter charges of \$1,190 per tonne down 13% on that received in 2015 of \$1,368. Lead and precious metals revenues were \$6,372,000 (2015: \$10,799,000) with less metal in concentrate sold.

Cost of sales in the six months to 30th June 2016 was down 16.4% on the same period in 2015 reflecting the suspension in mining and haulage and consequent reduction in throughput. Costs were further reduced by a 7.5% fall in the value of the Renminbi in the period compared to the same period in 2015.

With improved mining, haulage and processing rates in the second quarter, unit costs were down on the same period in 2015 with; costs per tonne of ore mined down 27.7%; costs per tonne of ore hauled down 20.3%; and costs per tonne of ore processed down 6.1%. With the fall in the value of the Renminbi and less expenditure on local community projects, operating (administration) costs were \$5,454,000 down 34% from that incurred in the six months to 30th June 2015 of \$8,124,000.

Profits before tax were impacted by: foreign exchange losses of \$190,000 (2015: \$24,000) arising from a weaker Renminbi against the US dollar in the period; interest payable on Chinese bank loans of \$1,938,000 (2015: \$2,480,000); finance lease interest of \$307,000 (2015: \$392,000); interest receivable of \$80,000 (2015: \$106,000); and other income of \$81,000 (2015: \$36,000).

In view of the losses incurred no provision for taxation has been made (2015: \$1,442,000).

Basic and diluted losses per share were 2.29 cents (2015: earnings 1.24 cents). At 30th June 2016, attributable net assets per share amounted to 75 cents (2015: 82 cents).

Funds continue to be repatriated from China to cover central costs whilst leaving sufficient working capital within Hua Ao for the further development of the Caijiaying mine. During the period \$5,620,000 was expended on mine development and plant upgrade work.

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.

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, "The interim results, although by their very nature disappointing, need to be understood in the context of the short and long term consequences of the 5 month shutdown caused by the death of a contractor at Caijiaying in late 2015. The cessation of operations not only ceased mining, processing, production, revenues and profits, but also prevented underground clean-up activities and vital capital development to be undertaken in the down period. The effects of the shutdown were being felt, both operationally and financially, until June of this year. Barring any further extraneous events, the second half of 2016 is expected to return to normality and, with higher commodity prices, the Company is confident of a very acceptable second half year period. Needless to say, the Company continues to progress the Mining Licence application and remains hopeful of a successful conclusion to this matter."

Further information

GRIFFIN MINING LIMITED

Mladen Ninkov – Chairman

Telephone: +44(0)20 7629 7772

Roger Goodwin – Finance Director

PANMURE GORDON (UK) LIMITED

Dominic Morley

Telephone: +44 (0)20 7886 2500

CANTOR FITZGERALD EUROPE LIMITED

Stewart Dickson

Patrick Pittaway

Telephone: +44 (0)20 7894 7000

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 30/06/2016 Unaudited \$000	6 months to 30/06/2015 Restated Unaudited \$000	Year to 31/12/2015 Audited \$000
Revenue	20,818	35,216	59,779
Cost of sales	(17,290)	(20,676)	(42,948)
Gross profit	3,528	14,540	16,831
Net operating expenses	(5,354)	(8,124)	(12,530)
(Loss) / profit from operations	(1,826)	6,416	4,301
Losses on disposal of equipment	-	-	(48)
Foreign exchange (losses)	(190)	(24)	(447)
Finance income	80	106	202
Finance costs	(2,245)	(2,872)	(5,084)
Other income	81	36	136
(Loss) / profit before tax	(4,100)	3,662	(940)
Income tax expense	-	(1,442)	(1,246)
(Loss) / profit after tax	(4,100)	2,220	(2,186)
Basic (loss) / earnings per share (cents)	(2.29)	1.24	(1.22)
Diluted (loss) / earnings per share (cents)	(2.29)	1.24	(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 31 December 2014	1,790	71,310	3,690	3,064	-	1,686	(29,365)	10,957	84,794	147,926
Cost of share based payments	-	-	-	72	-	-	-	-	-	72
Transfer on expiry of options	-	-	-	(2,748)	-	-	-	-	2,748	-
Purchase of shares for treasury	-	-	-	-	(3,875)	-	-	-	-	(3,875)
Transaction with owners	-	-	-	(2,676)	(3,875)	-	-	-	2,748	(3,803)
Retained profit for the 6 months	-	-	-	-	-	-	-	-	2,220	2,220
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	2	19	(11)	-	10
Total comprehensive income for the period	-	-	-	-	-	2	19	(11)	2,220	2,230
At 30 June 2015 (unaudited)	1,790	71,310	3,690	388	(3,875)	1,688	(29,346)	10,946	89,762	146,353
Regulatory transfer for future investment	-	-	-	-	-	6	-	-	(6)	-
Cost of share based payments	-	-	-	975	-	-	-	-	-	975
Transaction with owners	-	-	-	975	-	6	-	-	(6)	975
Retained profit for the 6 months	-	-	-	-	-	-	-	-	(4,406)	(4,406)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(99)	-	(2,878)	-	(2,977)
Total comprehensive income for the period	-	-	-	-	-	(99)	-	(2,878)	(4,406)	(007,383)
At 31 December 2015	1,790	71,310	3,690	1,363	(3,875)	1,595	(29,346)	8,068	85,350	139,945
Cost of share based payments	-	-	-	309	-	-	-	-	-	309
Transaction with owners	-	-	-	309	-	-	-	-	-	309
Retained profit for the 6 months	-	-	-	-	-	-	-	-	(4,100)	(4,100)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(37)	-	(1,147)	-	(1,184)
Total comprehensive income for the period	-	-	-	-	-	(37)	-	(1,147)	(4,100)	(5,284)
At 30th June 2016	1,790	71,310	3,690	1,672	(3,875)	1,558	(29,346)	6,921	81,250	134,970

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

	6 months to 30/06/2016 Unaudited \$000	6 months to 30/06/2015 Unaudited \$000	Year to 31/12/2015 Audited \$000
(Loss)/ profit for the financial period	<u>(4,100)</u>	<u>2,220</u>	<u>(2,186)</u>
Other comprehensive income			
Exchange differences on translating foreign operations	<u>(1,184)</u>	<u>10</u>	<u>(2,967)</u>
Other comprehensive income for the period, net of tax	<u>(1,184)</u>	<u>10</u>	<u>(2,967)</u>
Total comprehensive income for the period	<u>(5,284)</u>	<u>2,230</u>	<u>(5,153)</u>

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

	30/06/2016	30/06/2015	31/12/2015
	Unaudited	Unaudited	Audited
	\$000	\$000	\$000
ASSETS			
Non-current assets			
Property, plant and equipment	209,388	213,186	210,252
Intangible assets – Exploration interests	1,843	1,946	1,870
	211,231	215,132	212,122
Current assets			
Inventories	4,718	16,797	7,182
Other current assets	4,062	3,293	3,194
Cash and cash equivalents	18,313	24,348	24,062
	27,093	44,438	34,438
Total assets	238,324	259,570	246,560
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1,790	1,790	1,790
Share premium	71,310	71,310	71,310
Contributing surplus	3,690	3,690	3,690
Share based payments	1,672	388	1,363
Shares held in treasury	(3,875)	(3,875)	(3,875)
Chinese statutory re-investment reserve	1,558	1,688	1,595
Other reserve on acquisition of non-controlling interests	(29,346)	(29,346)	(29,346)
Foreign exchange reserve	6,921	10,946	8,068
Profit and loss reserve	81,250	89,762	85,350
Total equity attributable to equity holders of the parent	134,970	146,353	139,945
Non-current liabilities			
Long-term provisions	2,376	2,584	2,433
Deferred taxation	2,568	1,954	2,630
Finance lease	5,670	10,693	7,454
	10,614	15,231	12,517
Current liabilities			
Taxation payable	-	-	-
Trade and other payables	28,654	30,197	28,977
Finance lease	2,420	725	1,982
Bank loans	61,666	67,064	63,139
Total liabilities	92,740	97,986	94,098
Total equities and liabilities	238,324	259,570	246,560
Number of shares in issue	179,041,830	179,041,830	179,041,830
Attributable net asset value / total equity per share	\$0.75	\$0.82	\$0.78