



GRIFFIN MINING LIMITED

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3rd August 2017

INTERIM STATEMENT for the six months ended 30th June 2017

Griffin Mining Limited (“Griffin” or “the Company”) has today released its unaudited results for the six months ended 30th June 2017.

Highlights:

- Revenues of \$52.3 million (2016: \$20.8 million)
- Operating profit of \$23.5 million (2016: loss \$1.8 million)
- Profit before tax of \$22.1 million (2016: loss \$4.1 million)
- Profit after tax of \$15.8 million (2016: loss \$4.1 million)
- Basic earnings per share 8.85 cents (2016 loss per share 2.29 cents)

Financial and Trading:

The first six months of 2017 has seen a continued recovery in profitability from the first half of 2016 mainly from increased zinc metal in concentrate prices received and increased throughput and higher grades. Operations at Caijiaying were maintained with minimal disruption throughout the first half of 2017 following the connection of the new 35kv power line and commissioning of the new 750,000 tonnes per annum ball mill.

In the six months to 30th June 2017, 461,618 (2016: 365,337) tonnes of ore were processed to produce:

- 19,553 tonnes of zinc (2016: 13,420 tonnes);
- 719 tonnes of lead (2016: 705 tonnes);
- 168,426 ounces of silver (2016: 120,953 ounces); and
- 9,372 ounces of gold (2016: 3,553 ounces).

Zinc revenues before royalties and resource taxes in the six months to 30th June 2017 were \$40,259,000 (2016; \$15,798,000) with 19,336 tonnes (2016: 13,414 tonnes) of zinc metal in concentrate sold with an average price received after smelter charges of \$2,082 per tonne up 90% on that received in 2016 of \$1,090. Lead and precious metals revenues were \$14,485,000 (2016: \$6,372,000) with more metal in concentrate sold.

During the six months to 30th June 2017:

- 486,000 tonnes of ore were mined, up 139,811 (40.3%) on that mined in 2016 of 346,189 tonnes;
- 466,020 tonnes of ore were hauled, up 159,958 (52.2%) on that hauled in 2016 of 306,062 tonnes; and
- 461,618 tonnes of ore were processed, up 96,281 (26.3%) on that processed in 2016 of 365,337 tonnes.

Basic earnings per share were 8.85 cents (2016: losses 2.29 cents). At 30th June 2017, attributable net assets per share amounted to 91 cents (2016: 75 cents).

In the six months to 30th June 2017 bank loans of \$10,940,000 (2016: nil) were repaid.

Cash flows from operations are being directed to the repayment of bank loans.

The Company continues to await the grant of a new mining licence over the Zone II and adjacent areas at Caijiaying. Development of the mine at Zone III continues.

With cash flows from operations directed to repaying Chinese banking facilities and in line with previous years' practice 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, "I am sure shareholders, in conjunction with management, derive enormous satisfaction from the outstanding results for the first half of the 2017 financial year. The result was due to a superb operational effort by all concerned with the Caijiaying mine which led to increased throughput and higher zinc grades in conjunction with the long awaited increase in the zinc price and lower smelter charges. Needless to say, we fully expect, all things being equal, an equally as impressive second half of the year. Most importantly, the priority of the Company remains the granting of the new mining licence over zone II at the Caijiaying mine which will only multiply the results achieved to date. I sincerely hope that day will arrive in the not too distant future."

Further information

GRIFFIN MINING LIMITED

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Roger Goodwin – Finance Director

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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 30/06/2017 Unaudited \$000 | 6 months to 30/06/2016 Unaudited \$000 | Year to 31/12/2016 Audited \$000 |
|--|---|---|---|
| Revenue | 52,332 | 20,818 | 66,270 |
| Cost of sales | (20,820) | (17,290) | (37,851) |
| Gross profit | 31,512 | 3,528 | 28,419 |
| Net operating expenses | (8,061) | (5,354) | (13,218) |
| Profit / (loss) from operations | 23,451 | (1,826) | 15,201 |
| Losses on disposal of equipment | (16) | - | (224) |
| Foreign exchange (losses) | (104) | (190) | (532) |
| Finance income | 63 | 80 | 178 |
| Finance costs | (1,401) | (2,245) | (4,286) |
| Other income | 60 | 81 | 45 |
| Profit / (loss) before tax | 22,053 | (4,100) | 10,382 |
| Income tax expense | (6,209) | - | (4,468) |
| Profit / (loss) after tax | 15,844 | (4,100) | 5,914 |
| Basic earnings / (loss) per share (cents) | 8.85 | (2.29) | 3.30 |
| Diluted earnings / (loss) per share (cents) | 8.36 | (2.29) | 3.26 |

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

| | 6 months to 30/06/2017 Unaudited \$000 | 6 months to 30/06/2016 Unaudited \$000 | Year to 31/12/2016 Audited \$000 |
|--|---|---|---|
| Profit / (loss) for the financial period | <u>15,844</u> | <u>(4,100)</u> | <u>5,914</u> |
| Other comprehensive income | | | |
| Exchange differences on translating foreign operations | 3,854 | (1,184) | (3,299) |
| Other comprehensive income for the period, net of tax | <u>3,854</u> | <u>(1,184)</u> | <u>(3,299)</u> |
| Total comprehensive income for the period | <u>19,698</u> | <u>(5,284)</u> | <u>2,615</u> |

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

| | 30/06/2017 | 30/06/2016 | 31/12/2016 |
|--|--------------------|-------------|-------------|
| | Unaudited | Unaudited | Audited |
| | \$000 | \$000 | \$000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 206,556 | 209,388 | 204,491 |
| Intangible assets – Exploration interests | 1,834 | 1,843 | 1,792 |
| | 208,390 | 211,231 | 206,283 |
| Current assets | | | |
| Inventories | 6,121 | 4,718 | 6,148 |
| Other current assets | 6,607 | 4,062 | 8,232 |
| Cash and cash equivalents | 15,752 | 18,313 | 13,218 |
| | 28,480 | 27,093 | 27,598 |
| Total assets | 236,870 | 238,324 | 233,881 |
| 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 | 2,072 | 1,672 | 2,072 |
| Shares held in treasury | (4,105) | (3,875) | (3,875) |
| Chinese statutory re-investment reserve | 1,621 | 1,558 | 1,583 |
| Other reserve on acquisition of non-controlling interests | (29,346) | (29,346) | (29,346) |
| Foreign exchange reserve | 8,687 | 6,921 | 4,871 |
| Profit and loss reserve | 107,018 | 81,250 | 91,174 |
| Total equity attributable to equity holders of the parent | 162,737 | 134,970 | 143,269 |
| Non-current liabilities | | | |
| Long-term provisions | 2,332 | 2,376 | 2,277 |
| Deferred taxation | 2,670 | 2,568 | 2,607 |
| Finance lease | 3,479 | 5,670 | 3,791 |
| | 8,481 | 10,614 | 8,675 |
| Current liabilities | | | |
| Taxation payable | 2,826 | - | 2,549 |
| Trade and other payables | 26,142 | 28,654 | 31,917 |
| Finance lease | 1,995 | 2,420 | 2,783 |
| Bank loans | 34,689 | 61,666 | 44,688 |
| Total liabilities | 65,652 | 92,740 | 81,937 |
| Total equities and liabilities | 236,870 | 238,324 | 233,881 |
| Number of shares in issue | 179,041,830 | 179,041,830 | 179,041,830 |
| Attributable net asset value / total equity per share | \$0.91 | \$0.75 | \$0.80 |

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

| | Share Capital premium | Share 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 | |
| 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 (Unaudited) | 1,790 | 71,310 | 3,690 | 1,672 | (3,875) | 1,558 | (29,346) | 6,921 | 81,250 | 134,970 |
| Regulatory transfer for future investment | - | - | - | - | - | 90 | - | (90) | - | - |
| Cost of share based payments | - | - | - | 400 | - | - | - | - | - | 400 |
| Transaction with owners | - | - | - | 400 | - | 90 | - | (90) | - | 400 |
| Retained profit for the 6 months | - | - | - | - | - | - | - | 10,014 | - | 10,014 |
| Other comprehensive income: | | | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | - | (65) | (2,050) | - | - | (2,115) |
| Total comprehensive income for the period | - | - | - | - | - | (65) | (2,050) | 10,014 | - | 7,899 |
| At 31st December 2016 | 1,790 | 71,310 | 3,690 | 2,072 | (3,875) | 1,583 | (29,346) | 4,871 | 91,174 | 143,269 |
| Purchase of shares for treasury | - | - | - | - | (230) | - | - | - | - | (230) |
| Transaction with owners | - | - | - | - | (230) | - | - | - | - | (230) |
| Retained profit for the 6 months | - | - | - | - | - | - | - | 15,844 | - | 15,844 |
| Other comprehensive income: | | | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | - | 38 | 3,816 | - | - | 3,854 |
| Total comprehensive income for the period | - | - | - | - | - | 38 | 3,816 | 15,844 | - | 19,698 |
| At 30th June 2017 (Unaudited) | 1,790 | 71,310 | 3,690 | 2,072 | (4,105) | 1,621 | (29,346) | 8,687 | 107,018 | 162,737 |

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

| | 6 months to 30/06/2017 Unaudited \$000 | 6 months to 30/06/2016 Unaudited \$000 | Year to 31/12/2016 Audited \$000 |
|---|---|---|---|
| Net cash flows from operating activities | | | |
| Profit / (loss) before taxation | 22,053 | (4,100) | 10,382 |
| Foreign exchange losses | 104 | 190 | 532 |
| Finance income | (63) | (80) | (178) |
| Finance costs | 1,401 | 2,245 | 4,286 |
| Adjustment in respect of share based payments | - | 309 | 709 |
| Depreciation, depletion and amortisation | 4,855 | 3,510 | 8,526 |
| Losses on disposal of equipment | 16 | - | 224 |
| Decrease / (increase) in inventories | 27 | 2,464 | 1,034 |
| Decrease / (increase) in receivables and other current assets | 1,602 | (926) | (6,251) |
| (Decrease) / increase in trade and other payables | (3,807) | (326) | 3,280 |
| Taxation paid | (5,932) | | (641) |
| Net cash inflow from operating activities | 20,256 | 3,286 | 21,903 |
| Cash flows from investing activities | | | |
| Interest received | 63 | 80 | 178 |
| Payments to acquire - mineral interests | (2,764) | (4,035) | (7,361) |
| Payments to acquire - plant & equipment | (1,201) | (1,585) | (3,776) |
| Payments to acquire – office equipment | (2) | - | (102) |
| Payments to acquire – intangible assets – exploration interests | 1 | (17) | (43) |
| Net cash (outflow) from investing activities | (3,903) | (5,557) | (11,104) |
| Cash flows from financing activities | | | |
| Purchase of shares for treasury | (230) | - | - |
| Interest paid | (1,181) | (1,938) | (3,684) |
| Finance lease | (1,463) | (1,469) | (2,935) |
| Repayment of bank loans | (10,940) | - | (14,891) |
| Net cash (outflow) from financing activities | (13,814) | (3,407) | (21,510) |
| Increase / (decrease) in cash and cash equivalents | 2,539 | (5,678) | (10,711) |
| Cash and cash equivalents at beginning of the period | 13,218 | 24,062 | 24,062 |
| Effects of exchange rate changes | (5) | (71) | (133) |
| Cash and cash equivalents at end of the period | 15,752 | 18,313 | 13,218 |
| Cash and cash equivalents comprise bank deposits | | | |
| Bank deposits | 15,752 | 18,313 | 13,218 |

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 31 December 2016.
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 31 December 2016 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 2016 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 2017, Hebei Hua Ao (a subsidiary of the Company) had bank loans outstanding of \$34,689,000 (30th June 2016 \$61,666,000). Having previously rolled over each of the bank facilities and having made substantial repayments, Hebei Hua Ao expects to repay or 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 30/06/2017 Unaudited | | | 6 months to 30/06/2016 Unaudited | | | Year to 31/12/2016 Audited | | |
|--|--|-----------------------------|---|---|--|---|---|--|---|
| | Weighted average Earnings \$000 | 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 | 15,844 | 179,091,830 | 8.85 | (4,100) | 179,091,830 | (2.29) | 5,914 | 179,091,830 | 3.3 |
| Dilutive effect of securities | | | | | | | | | |
| Options | - | 10,311,861 | (0.49) | - | - | - | - | 2,248,862 | (0.04) |
| Diluted earnings per share | 15,844 | 189,403,691 | 8.36 | (4,100) | 179,091,830 | (2.29) | 5,914 | 181,340,692 | 2.26 |