



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

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UNAUDITED INTERIM RESULTS for the six months ended 30th June 2022

Griffin Mining Limited (“Griffin” or the “Company” - <https://www.commodity-tv.com/ondemand/companies/profil/griffin-mining-ltd/>) has today released its unaudited results for the six months ended 30th June 2022. It should be noted that all operations at the Caijiaying Zinc-Gold Mine were fully suspended for virtually the whole of the first quarter of 2022 due to the mandatory Governmental suspension of operations directive relating to the 2022 Winter Olympics, subsequent Winter Paralympics and the Chinese New Year holidays.

Highlights:

- Record second quarter zinc production and profitable second quarter.
- Revenues of \$34.7 million (uninterrupted 6 months operations to 30th June 2021: \$54.1 million).
- Gross Profit of \$15.5 million (uninterrupted 6 months operations to 30th June 2021: \$25.7 million).
- Profit before tax of \$5.4 million (uninterrupted 6 months operations to 30th June 2021: \$15.5 million).
- Profit after tax of \$3.0 million (uninterrupted 6 months operations to 30th June 2021: \$10.3 million).
- Basic earnings per share of 1.73 cents (uninterrupted 6 months operations to 30th June 2021: 5.88 cents).

Financial and Trading:

The results for the six months to 30th June 2022 were impacted by the suspension of operations at the Caijiaying Zinc Gold Mine imposed by the Chinese authorities in the period during, and leading up to, the Winter Olympics and Paralympics at Chong Li and the Chinese New Year Holidays. From 1st January 2022 to 23rd March 2022 no stoping or underground development work was undertaken with processing not restarting until 25th March 2022.

Whilst minimal ore was mined and processed in the first quarter of 2022, the second quarter to 30th June 2022 saw the successful recommencement of operations with record ore mined, hauled and processed resulting in record zinc metal in concentrate production for a quarter since operations began at Caijiaying in June 2005.

Mining and processing have now reached the equivalent of over 1.3 million tonnes of ore per annum, all of which has been extracted from Zone III. Zone II has not yet been placed into production.

Quarterly analysis of the trading results underlines exceptional performance since 25th March 2022:

		3 months to 30 th June 2022	3 months to 31 st March 2022	3 months to 30 th June 2021
Ore mined	Tonnes	338,790	17,975	277,112
Ore processed	Tonnes	329,390	8,649	275,576
Zinc in concentrate Produced	Tonnes	13,189	268	11,645
Gold in concentrate produced	Ozs	3,504	1,474	4,080
Silver in concentrate produced	Ozs	79,246	168	81,098
Lead in concentrate produced	Tonnes	345	7	327
Average zinc price received per tonne	\$	2,886	-	2,224
Average gold price received per oz	\$	1,788	-	1,684
Average silver price received per oz	\$	18.1	-	20.4
Average lead price received per tonne	\$	2,323	-	2,026
Zinc sales	\$000s	31,104	130	23,878
Lead and precious metals sales	\$000s	5,479	256	7,766
Royalties	\$000s	(2,198)	(22)	(1,784)
Total Turnover	\$000s	34,385	364	29,860
Cost of sales	\$000s	(15,457)	(3,815)	(15,412)
Gross profit (loss)	\$000s	18,928	(3,451)	14,448
Administration expenses	\$000s	(6,040)	(3,964)	(5,037)
Operating profit / (loss)	\$000s	12,888	(7,415)	9,411
Interest and other income / (costs)	\$000s	(118)	(79)	(4)
Profit (loss) before tax	\$000s	12,770	(7,336)	9,407
Taxation	\$000s	(2,398)	(2)	(3,082)
Profit (loss) after tax	\$000s	10,372	(7,338)	6,325

Despite the suspension in operations in the first quarter of 2022, ore tonnes mined in the first half of 2022 were down only 22.9% on that mined in the first half of 2021 and tonnes processed in the first half of 2022 were down 29.0% on that achieved in the first half of 2021. Zinc metal in concentrate produced was down 32.3% on that achieved in the first half of 2021, gold in concentrate production was down 51.6% on that produced in the first half of 2021 and silver in concentrate production was down 44.3% on that produced in the first half of 2021.

With 338,039 tonnes (30th June 2021 475,785 tonnes) of ore processed, metal in concentrate production in the first six months of 2022 was:

- 13,457 tonnes of zinc (30th June 2021: 19,876 tonnes);
- 353 tonnes of lead (30th June 2021: 561 tonnes);
- 80,717 ounces of silver (30th June 2021: 144,705 ounces); and
- 3,672 ounces of gold (30th June 2021: 7,584 ounces).

The results benefited from a significant improvement in the market price for zinc with the average price received for zinc metal in concentrate increasing by 31.9% from \$2,209 per tonne in the first six months of 2021 to \$2,914 per tonne in the first half of 2022. Zinc revenues before royalties and resource taxes in the six months to 30th June 2022 were \$31,234,000 (30th June 2021 - \$42,102,000). Lead and precious metals revenues

were \$5,735,000 (30th June 2021 - \$15,136,000), with the average gold price received of \$1,788 per oz (30th June 2021 - \$1,675) and silver \$18.1 per oz (30th June 2021 - \$20.4). Metal in concentrate with a potential sales value of over \$9m remained unsold at 30th June 2022.

During the six months to 30th June 2022:

- 10,719 tonnes of zinc metal in concentrate were sold (30th June 2021 : 19,876ozs);
- 2,491 ozs of gold in concentrate were sold (30th June 2021 : 6,919 ozs); and
- 44,627 ozs of silver in concentrate were sold (30th June 2021 : 129,990 ozs).

With operations suspended in the first quarter of 2022, costs of sales (mining, haulage and processing) fell by 32.1% from that in the first six months of 2021. Costs of sales in the second quarter of 2022 were in line with that in the second quarter of 2021 despite increased ore mined and hauled..

Administration costs were marginally reduced with a reduction in charges from Griffin's Chinese joint venture partners based upon the profits of Hebei Hua Ao. Otherwise, additional costs were incurred with the appointment of 3 new directors with their associated directors fees, Mr Clive Whiley's appointment as a consultant to the company with his associated consulting fees, annual bonuses awarded by the directors to Keynes Capital and the Finance Director, increased directors and officers liability insurance premiums and the resumption of corporate travel. With the suspension in operations in the first quarter administration costs were contained at Hebei Hua Ao.

Basic earnings per share were 1.73 cents (30th June 2021: 5.88 cents per share). At 30th June 2022, attributable net assets per share amounted to 149 cents (30th June 2021: 141 cents).

With the suspension in operations in the first quarter of 2022 cash flows used in operations in the period amounted to \$4,122,000 (the cash flow generated in the period to 30th June 2021 was \$16,818,000). The Griffin Mining Group of companies remains free of any bank loans.

Chairman's Statement

Chairman Mladen Ninkov commented, "What an amazing performance, yet again, by the staff, contractors and orebody at Caijiaying. They all continue to deliver outstanding results, even more impressive in light of the unique environment of generally no operations at Caijiaying during the whole of the 1st quarter and to then come back in the 2nd quarter with record ore mined, hauled and processed, resulting in record zinc metal in concentrate production for any quarter since operations began in June 2005. If anything further needed to be added to that performance, the equivalent of over 1.3 million tonnes of ore on an annualised basis was being mined and processed, all from Zone III. This is without any contribution yet from Zone II. I couldn't be prouder or happier with the Griffin Team and it augurs extraordinarily well for the Company in the second half of 2022 and into 2023."

Further information

GRIFFIN MINING LIMITED

Mladen Ninkov – Chairman
Roger Goodwin – Finance Director

Telephone: +44(0)20 7629 7772

PANMURE GORDON (UK) LIMITED

John Prior
Alisa MacMaster

Telephone: +44 (0)20 7886 2500

BERENBERG

Matthew Armitt
Jennifer Wyllie
Deltir Elezi

Telephone: +44(0)20 3207 7800

BLYTHERAY

Tim Blythe
Megan Ray

Telephone: +44(0)20 7138 3205

SWISS RESOURCE CAPITAL AG

Jochen Staiger

Telephone: +41(0)71 354 8501

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 30/06/2022 Unaudited \$000	6 months to 30/06/2021 Unaudited \$000	Year to 31/12/2021 Audited \$000
Revenue	34,749	54,072	121,648
Cost of sales	(19,272)	(28,401)	(63,224)
Gross profit	15,477	25,671	58,424
Administration expenses	(10,004)	(10,209)	(21,499)
Profit from operations	5,473	15,462	36,925
Losses on disposal of equipment	(77)	(26)	(293)
Impairment of intangible fixed assets	0	(2)	(11)
Foreign exchange (losses)	(121)	(7)	(51)
Finance income	107	68	236
Finance costs	(68)	(152)	(404)
Other income	120	63	124
Profit before tax	5,434	15,406	36,526
Income tax expense	(2,400)	(5,148)	(11,150)
Profit after tax	3,034	10,258	25,376
Basic earnings per share (cents)	1.73	5.88	14.53
Diluted earnings per share (cents)	1.62	5.43	13.47

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

	6 months to 30/06/2022 Unaudited \$000	6 months to 30/06/2021 Unaudited \$000	Year to 31/12/2021 Audited \$000
Profit for the financial period	<u>3,034</u>	<u>10,258</u>	<u>25,376</u>
Other comprehensive income			
Exchange differences on translating foreign operations	<u>(7,892)</u>	<u>2,514</u>	<u>3,336</u>
Other comprehensive income for the period, net of tax	<u>(7,892)</u>	<u>2,514</u>	<u>3,336</u>
Total comprehensive income / (losses) for the period	<u>(4,858)</u>	<u>12,772</u>	<u>28,712</u>

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

	30/06/2022 Unaudited \$000	30/06/2021 Unaudited \$000	31/12/2021 Audited \$000
ASSETS			
Non-current assets			
Property, plant and equipment	268,266	268,930	275,296
Intangible assets – exploration interests	399	349	387
	268,665	269,279	275,683
Current assets			
Inventories	9,198	6,257	4,516
Receivables and other current assets	3,960	4,175	2,174
Cash and cash equivalents	24,993	25,143	38,159
	38,151	35,575	44,849
Total assets	306,816	304,854	320,532
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1,749	1,749	1,749
Share premium	69,334	69,334	69,334
Contributing surplus	3,690	3,690	3,690
Share based payments	2,072	2,072	2,072
Shares held in treasury	(1,644)	(1,589)	(1,644)
Chinese statutory re-investment reserve	3,105	2,858	2,896
Other reserve on acquisition of non-controlling interests	(29,346)	(29,346)	(29,346)
Foreign exchange reserve	6,888	13,851	14,635
Profit and loss reserve	201,870	184,072	199,190
Total equity attributable to equity holders of the parent	257,718	246,691	262,576
Non-current liabilities			
Other payables	13,112	13,622	10,352
Long-term provisions	2,576	2,264	2,667
Deferred taxation	3,078	3,392	3,240
Finance leases	705	-	794
	19,471	19,278	17,053
Current liabilities			
Trade and other payables	29,427	38,842	40,726
Finance leases	200	43	177
Total current liabilities	29,627	38,885	40,903
Total equities and liabilities	306,816	304,854	320,532
Number of shares in issue	174,892,894	174,892,894	174,892,894
Attributable net asset value / total equity per share	\$1.47	\$1.41	\$1.50

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 2020	1,728	68,470	3,690	2,072	(917)	2,830	(29,346)	11,365	173,814	233,706
Purchase of shares for treasury	-	-	-	-	(672)	-	-	-	-	(672)
Issue of shares on exercise of options	21	864	-	-	-	-	-	-	-	885
Transaction with owners	21	864	-	-	(672)	-	-	-	-	213
Retained profit for the 6 months	-	-	-	-	-	-	-	-	10,258	10,258
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	28	-	2,486	-	2,514
Total comprehensive income for the period	-	-	-	-	-	28	-	2,486	10,258	12,772
At 30th June 2021 (Unaudited)	1,749	69,334	3,690	2,072	(1,589)	2,858	(29,346)	13,851	184,072	246,691
Purchase of shares for treasury	-	-	-	-	(55)	-	-	-	-	(55)
Transaction with owners	-	-	-	-	(55)	-	-	-	-	(55)
Retained profit for the 6 months	-	-	-	-	-	-	-	-	15,118	15,118
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	38	-	784	-	822
Total comprehensive income for the period	-	-	-	-	-	38	-	784	15,118	15,940
At 31st December 2021	1,749	69,334	3,690	2,072	(1,644)	2,896	(29,346)	14,635	199,190	262,576
Regulatory transfer for future investment	-	-	-	-	-	354	-	-	(354)	-
Transaction with owners	-	-	-	-	-	354	-	-	(354)	-
Retained profit for the 6 months	-	-	-	-	-	-	-	-	3,034	3,034
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(145)	-	(7,747)	-	(7,892)
Total comprehensive income for the period	-	-	-	-	-	(145)	-	(7,747)	3,034	(4,858)
At 30th June 2022 (Unaudited)	1,749	69,334	3,690	2,072	(1,644)	3,105	(29,346)	6,888	201,870	257,718

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

	6 months to 30/06/22 \$000	6 months to 30/06/2021 \$000	Year to 31/12/2021 \$000
Net cash flows from operating activities			
Profit before taxation	5,434	15,406	36,526
Foreign exchange losses	121	7	51
Finance income	(107)	(68)	(236)
Finance costs	68	152	404
Depreciation, depletion and amortisation	7,226	7,964	16,530
Impairment of intangible assets	0	2	11
Losses on disposal of equipment	77	26	293
(Increase) / decrease in inventories	(4,683)	(924)	817
(Increase) / decrease in receivables and other current assets	(2,011)	2,936	4,936
(Decrease) in trade and other payables	(7,351)	(1,395)	(2,871)
Taxation paid	(2,896)	(7,288)	(13,581)
Net cash (outflow) / inflow from operating activities	<u>(4,122)</u>	<u>16,818</u>	<u>42,880</u>
Cash flows from investing activities			
Interest received	107	68	236
Proceeds / (expenses) on disposal of equipment	11	0	1
Payments to acquire - mineral interests (mine development)	(3,619)	(7,471)	(13,564)
Payments to acquire - plant & equipment	(6,846)	(1,215)	(6,365)
Payments to acquire – intangible assets – exploration interests	(13)	(26)	(73)
Net cash (outflow) from investing activities	<u>(10,360)</u>	<u>(8,644)</u>	<u>(19,765)</u>
Cash flows from financing activities			
Issue of shares on exercise of share purchase options	0	885	885
Purchase of shares for treasury	0	(672)	(309)
Interest paid	0	(101)	(727)
Bank loan advances	0	0	15,500
Repayment of bank loans	0	0	(15,500)
Finance lease repayments	(90)	(357)	(462)
Net cash (outflow) from financing activities	<u>(90)</u>	<u>(245)</u>	<u>(613)</u>
Increase / (decrease) in cash and cash equivalents	(14,572)	7,929	22,502
Cash and cash equivalents at beginning of the period	38,159	16,435	16,435
Effects of exchange rate changes	<u>1,406</u>	<u>779</u>	<u>(778)</u>
Cash and cash equivalents at end of the period	<u>24,993</u>	<u>25,143</u>	<u>38,159</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 2021.
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 consolidated statement of financial position at 31st December 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended have been extracted from the Group's 2021 statutory financial statements upon which the auditors' opinion is unqualified, and should be read in conjunction with the accompanying notes contained therein.
4. The summary accounts have been prepared on a going concern basis. Having considered recent events, including the impact of Covid-19, the Group's cash resources, banking facilities and regularly updated forecasts, the directors consider that the Group will be able to meet its liabilities as they fall due.
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.
6. Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below:

	6 months to 30/06/2022 Unaudited			6 months to 30/06/2021 Unaudited			Year to 31/12/2021 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 (loss) / earnings per share									
(Loss) earnings attributable to ordinary shareholders	3,034	174,653,602	1.73	10,258	174,410,343	5.88	25,376	174,653,602	14.53
Dilutive effect of securities									
Options		12,950,882	(0.11)		14,374,897	(0.45)		13,730,107	(1.06)
Diluted earnings per share	3,034	187,843,776	1.62	10,258	188,785,241	5.43	25,376	188,383,709	13.47

7. As at 30th June 2022 there were no adjusting post balance sheet events.