GRIFFIN MINING LIMITED

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GRIFFIN MINING 2021 FINAL RESULTS

Griffin Mining Limited ("Griffin" or the "Company" - https://www.commodity-tv.com/ondemand/companies/profil/griffin-mining-ltd/) has today published its annual report and financial statements for the year ended 31 December 2021 which are available on the Company's web site wwww.griffinmining.com.

In 2021, the Company and its subsidiaries (together the "Group") recorded:

- Revenues increased 61% to $121,648,000 (2020: $75,403,000);
- Operating profit increased 143% to $36,925,000 (2020: $15,148,000);
- Profit before tax increased 152% to $36,526,000 (2020: $14,515,000);
- Profit after tax increased 185% to $25,376,000 (2020: $8,910,000); and
- Basic earnings per share increased 182% to 14.53 cents per share (2020: 5.16 cents).

Record amounts of ore were mined and processed in 2021 which, with improved zinc metal market prices and lower smelter treatment charges ("TCs"), resulted in Group profits before tax increasing 152% from that in 2020 of $14,515,000 to $36,925,000 in 2021. Group profits after tax increased by 185% from $8,910,000 in 2020 to $25,376,000 in 2021.

Turnover in 2021 of $121,648,000 was up $46,245,000 (61%) on that achieved in 2020 of $75,403,000. This reflects zinc in concentrate sales up $43,856,000 (83%) with: 41,949 tonnes of zinc metal in concentrate sold in 2021 compared with 32,276 tonnes in 2020, an increase of 30%; and average zinc metal in concentrate prices received in 2021 of $2,311 per tonne compared with $1,645 received in 2020, an increase of 40%. This price increase reflects an increase in market prices with the average LME zinc metal price of $3,007 per tonne in 2021 compared with $2,268 in 2020, but also a reduction in TCs with average TCs equating to 23.1% of the average LME zinc price in 2021 compared with 27.5% in 2020.

Lead and precious metal in concentrate sales in 2021 of $31,915,000 were up 22.7% on that achieved in 2020 of $25,999,000. This reflects increased gold metal in concentrate sold and increased lead and silver in concentrate prices received despite lower gold prices received.

In 2021, metal in concentrate sales were:

- Zinc 41,949 tonnes (2020: 32,276 tonnes) an increase of 30%;
- Gold 14,417 ozs (2020: 11,218 ozs) an increase of 29%;
- Silver 269,505 ozs (2020: 291,756 ozs) a decrease of 8%; and
- Lead 1,069 tonnes (2020: 1,425 tonnes) a decrease of 25%.

Average prices achieved in 2021 were:

- Zinc metal per tonne of $2,311 (2020: $1,645);
- Gold metal per oz of $1,691 (2020: $1,759);
- Silver metal per oz of $19.8 (2019: $17.7); and
- Lead metal per tonne of $2,074 (2019: $1,339).

Total cost of sales in 2021 of $63,224,000 was up 47.9% on that incurred in 2020 of $42,737,000. In the main this reflects more tonnes mined, hauled and processed in 2021. Further cost increases occurred with the mine deepening, increasing mine service costs and the distances ore is hauled, whilst processing costs were impacted by tailings disposal issues and increased maintenance costs. Costs were also increased by a 4.5% appreciation of the Renminbi to the US dollar and pay awards to staff.

Administration expenses rose $3,981,000 (23%) from $17,518,000 in 2020 to $21,499,000 in 2021. Administration costs include a charge of $3,876,000 (2020: 2,943,000) incurred with Yuanrun based upon the profits of Hebei Hua Ao subject to a minimum fee. Hebei Hua Ao's administration fees increased by 27% in 2021 with a 4.5% appreciation in the Renminbi exchange rate, pay awards to staff and additional environmental and safety regulatory compliance costs, including that to maintain Caijiaying' s "Green Mine" status in the PRC. Administration costs outside the PRC were impacted by investor and public relation costs curtailed in previous years and significantly increased insurance premiums.

Foreign exchange losses of $51,000 (2020: gains $22,000) were recorded in 2021, mainly on a weaker sterling. Interest of $236,000 (2020: $108,000) was received on bank deposits in 2021. Interest of $309,000 (2020: $111,000) was paid on short term bank loans. Finance interest on the lease of the dry tailings facility at Caijiaying and the Londonoffice totalling $11,000 (2020: $171,000) was charged in 2021. Deemed interest on discounted rehabilitation provisions of $84,000 (2020: $77,000) was charged in 2021.

Losses on the disposal of equipment of $293,000 (2020: $1,129,000) were recorded with equipment being replaced to meet higher Chinese environmental standards.

Income taxes of $11,150,000 (2020 $5,605,000) have been charged in 2021.

Basic earnings per share in 2021 was 14.53 cents (2020: 5.16 cents) and diluted earnings per share was 13.47 cents (2020: 4.88 cents).

Cash generated from operations of $42,880,000 (2020: $24,398,000), an increase of 76%, have been used in further developing the mine and facilities and held pending development of the Zone II area at Caijiaying.

Attributable net assets per share at 31 December 2021 was $1.50 (2020: $1.35), and increase of 11%.

Whilst the Directors do not recommend the payment of a dividend at this time, the Directors have discussed and will further consider a dividend policy later this year when current political, social and economic circumstances permit enabling such a policy to be instituted and executed over a consistent, long term basis.

Chairman's Statement:

In terms of the Company's financial and operational performance, it has been a stellar year, even more extraordinary considering Zone II has yet to be fully developed or brought into production and in light of the continuing restrictions imposed by the Covid-19 pandemic in China.

In 2021, in comparison to 2020:

- Revenue was 61% higher at $121,648,000;
- Operating profit was 143% higher at $36,925,000;
- Profit before tax was 152% higher at $36,526,000;
- Profit after tax was 185% higher at $25,376,000; and

- Basic earnings per share was 182% higher at14.53 cents per share.

Operationally, record amounts of ore were mined and processed in 2021 and metal production of our 2 largest revenue producers, zinc and gold, were substantially higher than in the previous year:

- Ore mined was up 14% at 971,492 tonnes;
- Ore hauled was up 19% at 979,783 tonnes;
- Ore processed was up 20% at 985,404 tonnes;
- Zinc metal in concentrate produced was up 28% at 41,587 tonnes; and
- Gold metal in concentrate produced was up 28% at 14,447 ounces;

This bodes very well for the future results of the Company when Zone II is commissioned and in full production. Since the grant of the new mining licence over Zone II in January 2021, the Company has been working continuously and tirelessly on obtaining approval for the design and development of Zone II. That approval is expected shortly and drive development is planned to begin on the 1st July 2022. In the interim, the first drill platform for resource drilling at Zone II was constructed in September 2021 and diamond drilling commenced in early October 2021.

What makes the above results truly exceptional is the continuing Covid-19 crisis in China and the quarantine procedures the various levels of government have put in place making the transport of materials, employees and contractors over Provincial borders at the least, extraordinarily difficult and, at the most, impossible. Furthermore, China has prevented the entrance of any foreign national into the country who does not have a pre-existing work permit and then, only with 28 days hotel quarantine. What this reinforces in simple terms is the dedication and loyalty of both our on-site staff and our ex-pat staff. The former who, in effect, now live permanently at camp as they are wary of not being permitted to return to the Caijiaying Mine site should quarantine be imposed unilaterally at local, county, city or Provincial level. The latter ex-pats, who now spend 3 to 6 months away from their partners, children and extended family, allow the Company to keep operating. I should add, all this when there is a 30,000 person shortage in the Australian mining industry where most of our ex pat staff are based. In particular, and most of all, I would like to thank John Steel, our new Chief Operating Officer, Paul Benson, our Chief Geologist, and Wendy Zhang, our site Chief Financial Officer, for their Herculean efforts over the past 12 months. All these on-site and ex-pat individuals have displayed the extent of their loyalty and I am grateful on behalf of everyone involved with the Company.

Needless to say, the safety and welfare of the Company's workforce remains the overwhelming priority of the Company. Underground and surface operations operated safely and consistently in 2021 without any major incidents. With the Company's extensive Covid-19 pandemic controls, there have been no outbreaks of Covid-19 at the Caijiaying Mine to date. With assistance from local Chinese authorities all personnel have received Chinese manufactured Covid-19 vaccinations.

Operational highlights throughout the year included the acquisition of land for the construction of new Tailings Dam 4 and the completion of the construction of the bridge to provide access to the area, the installation and extension of the paste pipe reticulation system and the continuation of the programme to further modernise and increase safety at the Caijiaying Mine. This included the introduction of 10 specific PRC Kuang Anquan ("KA") wet brake vehicles for personnel transportation underground, further increasing mine safety, traffic management and the underground environment. In addition, a new 40 tonne low emission boiler used to heat the site processing, administration and other buildings as well as the underground workings was commissioned and a new electrical boiler was installed and commissioned at the Caijiaying Mine Camp reducing the Company's carbon emissions footprint.

Importantly, probably the most significant non-operational event of the past year was the activism of the major shareholders of the Company to effect change at the board level with the intention of seeking to extract greater value from the Company and their shareholding. To that end, 3 new independent directors were appointed to the board. Clive Whiley was appointed to the board in August 2021 and Linda Naylor and Dean Moore in May 2022. I would like to welcome all 3 formally to the board and wish them every success and a productive and enjoyable time on the board.

With this substantial change to the board I'd like to state that I will always be enormously grateful and humbled by the contribution and comradery the directors, whom I'm proud to call "my friends", gave so freely, warmly, genuinely and passionately. It made this impossible dream possible and bearable and I shall always be so grateful I had this journey with these amazing individuals – the deceased Rupert Crowe and Bill Mulligan, the mining thoroughbred Dal Brynelsen and the indefatigable Roger Goodwin. To quote Bill Curry, an American football star, "It's not for the bucks that I drive myself to the limits of my ability. It's so that I can go back to the locker room, after having gone those last 35 yards and won the game and walk back in there with my arm around a teammate and know that we did that together, that we both gave it a little more than we really had. Now that may sound real phony but I promise you it's the reason we play."

To the shareholders, my overwhelming wish is that Covid-19 disappears from concern, that there be peace in Eastern Europe, the World economy avoids severe recession and inflation, that the zinc price remains high and Zone II hits our long awaited full production target. May the Year of the Tiger make it just so.

About Griffin Mining Limited

Griffin Mining Limited's shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange (symbol GFM). Griffin Mining Limited owns and operates in China, through its 88.8% owned Joint Venture stock company, the Caijiaying Zinc Gold Mine, a profitable mine producing zinc, gold, silver, and lead metals in concentrates. For more information, please visit the Company's website www.griffinmining.com.

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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
Summarised Consolidated Income Statement
For the year ended 31 December 2021
(expressed in thousands US dollars)

	2021 Audited $000	2020 Audited $000
Revenue	**121,648**	75,403
Cost of sales	**(63,224)**	(42,737)
Gross profit	**58,424**	32,666
Administration expenses	**(21,499)**	(17,518)
Profit from operations	**36,925**	15,148
Losses on disposal of plant and equipment	**(293)**	(1,129)
Provisions against intangible assets	**(11)**	(10)
Foreign exchange (losses) / gains	**(51)**	22
Finance income	**236**	108
Finance costs	**(404)**	(359)
Other income	**124**	735
Profit before tax	**36,526**	14,515
Income tax expense	**(11,150)**	(5,605)
Profit for the year	**25,376**	8,910
Basic earnings per share (cents)	**14.53**	5.16
Diluted earnings per share (cents)	**13.47**	4.88

Griffin Mining Limited
Summarised Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021
(expressed in thousands US dollars)

	2021 Audited	2020 Audited Restated
	$000	$000
Profit for the year	**25,376**	8,910
Other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**3,336**	9,837
Other comprehensive income for the year, net of tax	**3,336**	9,837
Total comprehensive income for the year	**28,712**	18,747

The 2020 exchange differences on translating foreign operations have been corrected from that reported in 2020 of $9,662,000.

Griffin Mining Limited
Summarised Consolidated Statement of Financial Position
As at 31 December 2021
(expressed in thousands US dollars)

	2021 Audited $000	2020 Audited $000
ASSETS		
Non-current assets		
Property, plant and equipment	**275,296**	266,709
Intangible assets – exploration interests	**387**	325
	275,683	267,034
Current assets		
Inventories	**4,516**	5,333
Receivables and other current assets	**2,174**	6,675
Cash and cash equivalents	**38,159**	16,435
	44,849	28,443
Total assets	**320,532**	295,477
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	**1,749**	1,728
Share premium	**69,334**	68,470
Contributing surplus	**3,690**	3,690
Share based payments	**2,072**	2,072
Shares held in treasury	**(1,644)**	(917)
Chinese statutory re-investment reserve	**2,896**	2,830
Other reserve on acquisition of non controlling interests	**(29,346)**	(29,346)
Foreign exchange reserve	**14,635**	11,365
Profit and loss reserve	**199,190**	173,814
Total equity attributable to equity holders of the parent	**262,576**	233,706
Non-current liabilities		
Other Payables	**10,352**	13,487
Long-term provisions	**2,667**	2,200
Deferred taxation	**3,240**	3,359
Finance leases	**794**	-
	17,053	19,046
Current liabilities		
Trade and other payables	**40,726**	42,342
Finance leases	**177**	383
Total current liabilities	**40,903**	42,725
Total equities and liabilities	**320,532**	295,477
Attributable net asset value per share to equity holders of parent	**1.50**	1.35

Griffin Mining Limited
Summarised Consolidated Statement of Changes in Equity
For the year ended 31 December 2021
(expressed in thousands US dollars)

	Share Capital	Share Premium	Contributing surplus	Share Based Payments	Shares held in Treasury	Chinese statutory 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 1st January 2020	**1,728**	**68,455**	**3,690**	**2,072**	**(917)**	**2,500**	**(29,346)**	**1,703**	**165,059**	**214,944**
Regulatory transfer for future investment	-	-	-	-	-	155	-	-	(155)	-
Issue of shares on exercise of options	-	15	-	-	-	-	-	-	-	15
Transaction with owners	-	15	-	-	-	155	-	-	(155)	15
Profit for the year	-	-	-	-	-	-	-	-	8,910	8,910
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	175	-	9,662		9,837
Total comprehensive income	-	-	-	-	-	175	-	9,662	8,910	18,747
At 31st December 2020	**1,728**	**68,470**	**3,690**	**2,072**	**(917)**	**2,830**	**(29,346)**	**11,365**	**173,814**	**233,706**
Regulatory transfer for future investment	-	-	-	-	-	-	-	-	-	-
Purchase of shares held in treasury	-	-	-	-	(727)	-	-	-	-	(727)
Issue of shares on exercise of options	21	864	-	-	-	-	-	-	-	885
Transaction with owners	21	864	-	-	(727)	-	-	-	-	158
Profit for the year	-	-	-	-	-	-	-	-	25,376	25,376
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	66	-	3,270	-	3,336
Total comprehensive income	-	-	-	-	-	66	-	3,270	25,376	28,712
At 31st December 2021	**1,749**	**69,334**	**3,690**	**2,072**	**(1,644)**	**2,896**	**(29,346)**	**14,635**	**199,190**	**262,576**

Griffin Mining Limited
Summarised Consolidated Cash Flow Statement
For the year ended 31 December 2021
(expressed in thousands US dollars)

	2021 Audited $000	2020 Audited $000
Net cash flows from operating activities		
Profit before tax	**36,526**	14,515
Foreign exchange losses / (gains)	**51**	(22)
Finance income	**(236)**	(108)
Finance costs	**404**	359
Depreciation, depletion and amortisation	**16,530**	12,801
Provisions against intangible assets	**11**	10
Losses on disposal of equipment	**293**	1,129
Decrease / (increase) in inventories	**817**	(1,494)
Decrease / (increase) in receivables and other current assets	**4,936**	(4,814)
(Decrease) / increase in trade and other payables	**(2,871)**	5,666
Tax paid	**(13,581)**	(3,644)
Net cash inflow from operating activities	**42,880**	24,398
Cash flows from investing activities		
Interest received	**236**	108
Proceeds / (costs) on disposal of equipment	**1**	(44)
Payments to acquire – mineral interests	**(13,564)**	(18,691)
Payments to acquire – plant and equipment	**(6,365)**	(5,684)
Payments to acquire office, office furniture & equipment	**-**	(5)
Payments to acquire intangible fixed assets – exploration interests	**(73)**	(11)
Net cash outflow from investing activities	**(19,765)**	(24,327)
Cash flows from financing activities		
Issue of ordinary shares on exercise of options	**885**	15
Interest paid	**(309)**	(112)
Purchase of shares for treasury	**(727)**	-
Bank loan advances	**15,500**	-
Repayment of bank loans	**(15,500)**	-
Finance lease repayments	**(462)**	(2,469)
Net cash outflow from financing activities	**(613)**	(2,566)
Increase / (decrease) in cash and cash equivalents	**22,502**	(2,495)
Cash and cash equivalents at the beginning of the year	**16,435**	19,885
Effects of exchange rates	**(778)**	(955)
Cash and cash equivalents at the end of the year	**38,159**	16,435
Cash and cash equivalents comprise bank deposits		
Bank deposits	**38,159**	16,435

Included within net cash flows of $22,502,000 (2020 $2,495,000) are foreign exchange losses of $51,000 (2020: gains $22,000) which have been treated as realised.

Notes to the Summarised Financial Statements:

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 2021 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 2021 statutory financial statements.

The annual report and accounts for 2021 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 2021 and 2020 were derived from the Caijiaying zinc gold mine.

	2021	2020
	\$000	\$000
REVENUES		
China	**121,648**	75,403
Zinc concentrate sales	**96,951**	53,095
Lead and precious metals concentrate sales	**31,915**	25,999
Royalties and resource taxes	**(7,218)**	(3,691)
	121,648	75,403
COST OF SALES: CHINA		
Mining costs	**19,003**	16,056
Haulage costs	**11,466**	7,282
Processing costs	**16,574**	8,868
Depreciation (excluding depreciation in administration costs)	**14,481**	11,780
Stock movements	**1,520**	(1,249)
	63,224	42,737
ADMINISTRATION EXPENSES		
China	**16,433**	12,939
Australia	**136**	312
UK / Bermuda	**4,930**	4,267
	21,499	17,518

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

Notes (continued):

TOTAL ASSETS	**2021**	2020
	$000	$000
China	**312,026**	290,147
Australia	**1,011**	967
UK / Bermuda	**7,495**	4,363
	320,532	295,477

CAPITAL EXPENDITURE	**2021**	2020
	$000	$000
China	**19,929**	24,375
Australia	**-**	-
UK / Bermuda	**963**	5
	20,892	24,380

FINANCE INCOME	**2021**	2020
	$000	$000
Interest on bank deposits	**236**	108

FINANCE COSTS	**2021**	2020
	$000	$000
Interest payable on short term bank loans	**309**	111
Interest on rehabilitation provisions	**84**	77
Finance lease interest	**11**	171
	404	359

OTHER INCOME	**2021**	2020
	$000	$000
Scrap and sundry other sales	**124**	735

INCOME TAX EXPENSE

	2021	2020
	$000	$000
Profit for the year before tax	**36,526**	14,515
Expected tax expense at a standard rate of PRC income tax of 25% (2018 25%)	**9,132**	3,629
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**934**	567
Adjustments for short term timing differences:		
- In respect of accounting differences	**890**	(298)
- In respect of other timing differences	**(4)**	-
Adjustments for permanent timing differences other	**372**	1,051
Withholding tax on intercompany dividends and charges	**21**	232
Current taxation expense	**11,345**	5,181
Deferred taxation expense		
Origination and reversal of temporary timing differences	**(195)**	424
	(195)	424
Total tax expense	**11,150**	5,605

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 2021 (25% in 2020) 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:

	2021			2020		
	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	**25,376**	**174,653,602**	**14.53**	8,910	172,788,420	5.16
Dilutive effect of securities						
Options	**-**	**13,730,107**	**(1.06)**	-	9,861,227	(0.28)
Diluted earnings per share	**25,376**	**188,383,709**	**13.47**	8,910	182,649,647	4.88

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**	**Offices furniture & equipment**	**Total**
At 1 January 2020	177,583	50,373	331	228,287
Foreign exchange adjustments	8,292	3,408	5	11,705
Additions during the year	18,691	5,684	5	24,380
Provision for licence transfer fees	16,338	-	-	16,338
Change in estimate of mine closure costs	(115)	-	-	(115)
Transfer of rehabilitation provision	697	(697)	-	-
Disposals	-	(1,085)	-	(1,085)
Depreciation charge for the year	(6,542)	(6,084)	(175)	(12,801)
At 31 December 2020	214,944	51,599	166	266,709
Foreign exchange adjustments	3,405	1,224	(2)	4,627
Transfer	(773)	773	-	-
Additions during the year	13,564	6,365	963	20,892
Change in estimate of mine closure costs	327	-	-	327
Release of rehabilitation provision	(435)	-	-	(435)
Disposals	-	(294)	-	(294)
Depreciation charge for the year	(10,200)	(6,180)	(150)	(16,530)
At 31 December 2021	220,832	53,487	977	275,296
At 31 December 2019				
Cost	222,589	80,935	573	304,097
Accumulated depreciation	(45,006)	(30,562)	(242)	(75,810)
Net carrying amount	177,583	50,373	331	228,287
At 31 December 2020				
Cost	267,763	90,173	583	358,519
Accumulated depreciation	(52,819)	(38,574)	(417)	(91,810)
Net carrying amount	214,944	51,599	166	266,709
At 31 December 2021				
Cost	285,471	97,910	1,544	384,628
Accumulated depreciation	(64,639)	(44,423)	(567)	(106,929)
Net carrying amount	220,832	53,487	977	275,926

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.

Mill and mobile mine equipment include $5,795,000 (2020: $3,872,000) of assets under construction yet to be depreciated.

Notes (continued):

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The offices, furniture and equipment disclosed above relates solely to the fixed assets, including leased offices, of Griffin Mining (UK Services) Limited and China Zinc Pty Limited.

During 2013 plant and equipment with a deemed value of $11,381,000, revalued in 2019 to $14,150,000, were acquired under a finance lease, upon which depreciation of $8,132,000 (2020: $6,712,000) has been provided. At 31 December 2021 the net carrying amount of this equipment was $7,351,000 (2020: $8,417,000). In 2019 the London office lease was capitalised, and in November 2021 renewed. To comply with IFRS16 a deemed value of $1,581,000 has been applied upon which depreciation of $618,000 has been provided. At 31 December 2021 the net carrying amount of this office was $963,000 (2020: $124,000).

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, 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. Management determined there were no impairment indicators at 31 December 2021. However, as best practice management have updated the impairment model.

In determining any indications of impairment in the carrying value of the Caijiaying Mine the directors have reassessed the net carrying value of capitalised costs at 31 December 2021 by reference to the estimated mineral resources at Caijiaying that may be extracted by 2056 and 2037 when the current business licence of Hebei Hua Ao expires. However, it is expected that Hebei Hua Ao will be converted to an equity joint venture company with an indefinite life before then in order to comply with new PRC legislation. Accordingly, a Life of Mine plan ("LOM") has been prepared by the Company that indicates the continued extraction of ore until 2056. In estimating the discounted future cash flows from the continuing operations at the Caijiaying mine the following principal assumptions have been made:

- Future market prices for zinc of $3,000 per tonne, gold of $1,800 per troy ounce and silver of $22.5 per troy ounce;
- Zinc treatment charges of 30% of market prices;
- Extraction of measured and indicated resources of 23.8 million tonnes to 2037 when the current business licence of Hebei Hua Ao expires, with ore mined and processed rising to a maximum rate of 1.6 million tonnes of ore per annum and the extraction of 50.3 million tonnes by 2056;
- Operating costs, recoveries and payables based upon past performance and that budgeted for 2022;
- Capital costs based upon that initially scheduled with sustaining capital based on future scheduling;
- Discount rate of 10%;
- Continued maintenance and grant of applicable licences and permits;
- A Renminbi to US dollar foreign exchange rate of Rmb6.5 to USD1; and
- No significant impact as a result of climate change, earthquakes or other natural events.

Notes (continued):

INTANGIBLE ASSETS

China – mineral exploration interests

	$000
At 1 January 2020	322
Foreign exchange adjustments	2
Additions during the year	11
Impairment during the year	(10)
At 1 January 2021	**325**
Additions during the year	73
Impairment during the year	(11)
At 31 December 2021	**387**

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 2021 impairment charges of $11,000 (2020: $10,000) had been provided and charged to the income statement in respect of the above exploration costs previously capitalised by Hebei Sino Anglo.

POST BALANCE SHEET EVENTS

As at 31 December 2021 there were no adjusting post balance sheet events (2020: none).