



GRIFFIN MINING LIMITED

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12th September 2023

UNAUDITED INTERIM RESULTS
for the six months ended 30th June 2023

SHARE BUY-BACK PROGRAMME TO BE CONTINUED

Griffin Mining Limited ("Griffin" or the "Company") today releases its unaudited results for the six months ended 30th June 2023.

Highlights:

- Revenues of \$69.5 million (30th June 2022: \$34.7 million).
- Gross Profit of \$21.7 million (30th June 2022: \$15.5 million).
- Operating profit of \$9.1 million (30th June 2022: \$5.5 million).
- Profits before tax, depreciation, and interest of \$23.9m (30th June 2022: \$12.7m).
- Profit before tax of \$9.6m (30th June 2022 \$5.4m).
- Profit after tax of \$5.2 million (30th June 2022: profit \$3.0 million).
- Basic earnings per share of 2.77 cents (30th June 2022: 1.73 cents).
- Cash inflow from operations \$21,427,000 (30th June 2022 outflow \$4,122,000).

Financial and Trading:

738,924 tonnes of ore were processed in the 6 months to 30th June 2023 (30th June 2022 338,039) to produce:

- 28,095 tonnes of zinc (30th June 2022 - 13,457 tonnes);
- 697 tonnes of lead (30th June 2022 - 353 tonnes);
- 151,608 ounces of silver (30th June 2022 - 80,717 ounces); and
- 7,980 ounces of gold (30th June 2022 - 3,672 ounces).

Ore throughput at Caijiaying is now running consistently at a rate of circa 1.5 million tonnes of ore per annum.

Zinc ore grades declined from 4.2% in the first half of 2022 to 3.98% in the first half of 2023, the gold grade improved marginally from 0.5g/t in the first half 2022 to 0.53g/t in the first half of 2023, whilst the silver grade

declined from 15.5g/t in the first half of 2022 to 14.0g/t in the first half of 2023. Zinc, lead and silver recoveries were marginally down on that in the first half of 2022 whilst gold recoveries marginally improved on that in the first half of 2022.

During the six months to 30th June 2023:

- 28,939 tonnes of zinc metal in concentrate were sold (30th June 2022: 10,719 tonnes);
- 7,835 ozs of gold in concentrate were sold (30th June 2022: 2,491 ozs); and
- 147,663 ozs of silver in concentrate were sold (30th June 2022: 44,627 ozs).

Zinc revenues before royalties and resource taxes in the six months to 30th June 2023 were \$55,443,000 (30th June 2022 - \$31,234,000) with the average zinc metal price received declining from \$2,914 per tonne in the first half of 2022 to \$1,916 in the first half of 2023. Lead and precious metals revenues in the first six months to 30th June 2023 were \$18,179,000 (30th June 2022 - \$5,735,000), with the average gold price received of \$1,851 per oz (30th June 2022 - \$1,788) and silver \$19.3 per oz (30th June 2022 - \$18.1).

With uninterrupted production resulting in ore processed increasing by 119% from that in the first half of 2022, when operations were suspended by the Chinese authorities for the 2022 Winter Olympics in the first quarter of 2022, costs of sales (mining, haulage and processing costs) have increased from that in the first half of 2022.

Administration costs increased by \$2,641,000 from that in the first half of 2022 reflecting increased activity with operations suspended in the first quarter of 2022 and includes a pro-rata charge of \$969,000 (30th June 2022 nil) in respect of 7,805,000 new ordinary shares in the Company issued under a share incentive scheme, as announced on 29th March 2023 to retain and incentivise management to 31st December 2024.

The Group benefited from a significant increase in interest received from \$107,000 in the first half of 2022 to \$565,000 in the first half of 2023, with increased interest rates and bank deposits.

The tax charge of \$4,424,000 is disproportionately large compared with pre-tax profits of \$9,612,000 as the tax charge primarily arises on Hebei Hua Ao's profit determined under Chinese Generally accepted Accounting Principles ("GAAP") in the first half of the year, at a rate of 25%. Accordingly, the share incentive scheme charge and certain other costs incurred outside China are not tax deductible. The tax charge incorporates a deferred tax credit of \$1,486,000 in respect of accelerated depreciation.

In light of the severely undervalued nature of the Company's share price, the cash generated by operations in conjunction with the available funds available outside of China to Griffin and the current depressed nature of base metals prices and the share prices of those producers, the Directors have resolved to renew efforts to successfully effect the share buy-back programme announced on the 25th February 2021 (the "Buy-Back Programme") to return excess monies not required to meet financial and working capital requirements to shareholders. Furthermore, the Directors have determined that, provided sufficient funds are available, they may seek to extend the buy-back programme in the same terms once the current Buy-Back Programme expires on the 25th February 2024.

In addition to the Buy-Back Programme, the directors reserve the right (subject to compliance with applicable law) to:

1. purchase large blocks of shares from individual shareholders where the large number of such shares offered in the market may cause instability in the Company's share price; and
2. purchase a larger number of shares via a tender offer which would be the subject of further documentation being sent to non-US resident shareholders.

Purchases will be carried out in compliance with the EU Market Abuse Regulation 2016, as implemented and amended by the European Union (Withdrawal) Act 2018 and the Market Abuse Exit Regulations 2019 pertaining to the relevant conditions for trading, including where relevant, applicable restrictions regarding time and volume, disclosure and reporting obligations and price conditions.

Griffin will make further announcements in due course following the completion of any share repurchases. The ordinary shares bought back will be held as treasury shares or cancelled.

Chairman's Statement

Chairman Mladen Ninkov commented, "This is a truly stellar operational and financial performance by the Caijiaying Mine, the Company and all its employees, contractors and other stakeholders, particularly in the current, relatively modest, commodity prices environment. I'm further delighted that the Directors have decided to address the issue of the market value of the Company which, with the cash now being generated by operations, will be an ongoing and permanent feature of the Company's future."

Further information

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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 30/06/2023 Unaudited \$000	6 months to 30/06/2022 Unaudited \$000	Year to 31/12/2022 Audited \$000
Revenue	69,518	34,749	94,397
Cost of sales	(47,779)	(19,272)	(56,145)
Gross profit	21,739	15,477	38,252
Administration expenses	(12,645)	(10,004)	(22,627)
Profit from operations	9,094	5,473	15,625
Losses on disposal of equipment	(63)	(77)	(404)
Foreign exchange (losses)	(25)	(121)	(387)
Finance income	565	107	260

Finance income	305	107	309
Finance costs	(85)	(68)	(135)
Other income	126	120	204
Profit before tax	9,612	5,434	15,272
Income tax expense	(4,424)	(2,400)	(7,568)
Profit after tax	5,188	3,034	7,704
Basic earnings per share (cents)	2.77	1.73	4.41
Diluted earnings per share (cents)	2.76	1.62	4.11

Griffin Mining Limited
Condensed Consolidated Statement Of Comprehensive income
(expressed in thousands US dollars)

	6 months to 30/06/2023 Unaudited \$000	6 months to 30/06/2022 Unaudited \$000	Year to 31/12/2022 Audited \$000
Profit for the financial period	<u>5,188</u>	<u>3,034</u>	<u>7,704</u>
Other comprehensive income			
Exchange differences on translating foreign operations	(5,865)	(7,892)	(15,498)
Other comprehensive income for the period, net of tax	<u>(5,865)</u>	<u>(7,892)</u>	<u>(15,498)</u>
Total comprehensive (losses) for the period	<u>(677)</u>	<u>(4,858)</u>	<u>(7,794)</u>

Griffin Mining Limited
Condensed Consolidated Statement Of Financial Position
(expressed in thousands US dollars)

	30/06/2023 Unaudited \$000	30/06/2022 Unaudited \$000	31/12/2022 Audited \$000
ASSETS			
Non-current assets			
Property, plant and equipment	245,632	268,266	258,041
Intangible assets - exploration interests	532	399	407
Other non-current assets	1,613	-	1,494
	<u>247,777</u>	<u>268,665</u>	<u>259,942</u>
Current assets			
Inventories	5,530	9,198	8,077
Receivables and other current assets	2,957	3,960	3,433
Cash and cash equivalents	46,887	24,993	34,138
	<u>55,374</u>	<u>38,151</u>	<u>45,648</u>
Total assets	<u>303,151</u>	<u>306,816</u>	<u>305,590</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1,928	1,749	1,749
Share premium	78,551	69,334	69,334
Contributing surplus	3,690	3,690	3,690

Share based payments	1,059	2,072	168
Shares held in treasury	(1,644)	(1,644)	(1,644)
Chinese statutory re-investment reserve	3,091	3,105	2,992
Other reserve on acquisition of non-controlling interests	(29,346)	(29,346)	(29,346)
Foreign exchange reserve	(6,375)	6,888	(618)
Profit and loss reserve	204,121	201,870	199,140
Total equity attributable to equity holders of the parent	255,075	257,718	245,465
Non-current liabilities			
Other payables	9,134	13,112	6,317
Long-term provisions	2,594	2,576	2,649
Deferred taxation	1,160	3,078	2,717
Finance leases	628	705	683
	13,516	19,471	12,366
Current liabilities			
Trade and other payables	34,393	29,427	47,590
Finance leases	167	200	169
Total current liabilities	34,560	29,627	47,759
Total equities and liabilities	303,151	306,816	305,590
Number of shares in issue	192,828,420	174,892,894	174,892,894
Attributable net asset value / total equity per share	\$1.32	\$1.47	\$1.40

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 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
Transfer on surrender of share options	-	-	-	(1,904)	-	-	-	-	(7,413)	(9,317)
Transaction with owners	-	-	-	(1,904)	-	-	-	-	(7,413)	(9,317)

Retained profit for the 6 months	-	-	-	-	-	-	-	-	4,670	4,670
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(113)	-	(7,506)	13	(7,606)
Total comprehensive income for the period	-	-	-	-	-	(113)	-	(7,506)	4,683	(2,936)
At 31st December 2022	1,749	69,334	3,690	168	(1,644)	2,992	(29,346)	(618)	199,140	245,465
Issue of shares on cancellation of share options	101	9,217	-	-	-	-	-	-	-	9,318
Issue of shares under share incentive scheme	78	-	-	891	-	-	-	-	-	7,084
Regulatory transfer for future investment	-	-	-	-	-	207	-	-	(207)	-
Transaction with owners	179	9,217	-	891	-	207	-	-	(207)	16,402
Retained profit for the 6 months	-	-	-	-	-	-	-	-	5,188	5,188
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(108)	-	(5,757)	-	(5,865)
Total comprehensive income for the period	-	-	-	-	-	(108)	-	(5,757)	5,188	(677)
At 30th June 2023 (Unaudited)	1,928	78,551	3,690	1,059	(1,644)	3,091	(29,346)	(6,375)	204,121	255,075

Griffin Mining Limited
Condensed Consolidated Cash Flow Statement
(expressed in thousands US dollars)

	6 months to 30/06/23 \$000	6 months to 30/06/2022 \$000	Year to 31/12/2022 \$000
Net cash flows from operating activities			
Profit before taxation	9,612	5,434	15,272
Issue of shares under share incentive scheme	969	-	-
Foreign exchange losses	25	121	387
Finance income	(565)	(107)	(369)
Finance costs	84	68	135
Depreciation, depletion and amortisation	14,845	7,226	19,590
Losses on disposal of equipment	63	77	404
Decrease / (increase) in inventories	2,547	(4,683)	(3,561)
Decrease / (increase) in receivables and other current assets	477	(2,011)	(1,807)
(Decrease) in trade and other payables	(385)	(7,351)	(6,284)
Taxation paid	(6,245)	(2,896)	(8,033)
Net cash inflow / (outflow) from operating activities	21,427	(4,122)	15,734
Cash flows from investing activities			
Interest received	565	107	369
Proceeds / (expenses) on disposal of equipment	168	11	(178)
Payments to acquire - mineral interests (mine development)	(4,539)	(3,619)	(7,348)
Payments to acquire - plant & equipment	(4,995)	(6,846)	(13,749)
Payments to acquire - office lease, furniture and equipment	0	0	(6)
Payments to acquire - intangible assets - exploration interests	(125)	(13)	(20)
Net cash (outflow) from investing activities	(8,926)	(10,360)	(20,932)

Cash flows from financing activities			
Interest paid	(21)	0	0
Bank loan advances	4,228	0	0
Repayment of bank loans	(4,228)	0	0
Finance lease repayments	(78)	(90)	(167)
Net cash (outflow) from financing activities	(99)	(90)	(167)
Increase / (decrease) in cash and cash equivalents	12,402	(14,572)	(5,365)
Cash and cash equivalents at beginning of the period	34,138	38,159	38,159
Effects of exchange rate changes	347	1,406	1,344
Cash and cash equivalents at end of the period	46,887	24,993	34,138

Griffin Mining Limited Notes to the Interim Statement

- 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 2022.
- 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.
- 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 2022 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 2022 statutory financial statements upon which the auditors' opinion is unqualified, and should be read in conjunction with the accompanying notes contained therein.
- 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.
- 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 30/06/2023 Unaudited Weighted average			6 months to 30/06/2022 Unaudited Weighted average			Year to 31/12/2022 Audited Weighted average		
	Earnings \$000	number of shares	Per share amount (cents)	Earnings \$000	number of shares	Per share amount (cents)	Earnings \$000	number of shares	Per share amount (cents)
Basic (loss) / earnings per share									
Earnings attributable to ordinary shareholders	5,188	187,039,932	2.77	3,034	174,653,602	1.73	7,704	174,892,894	4.41
Dilutive effect of securities									
Options	-	1,226,454	(0.1)	-	12,950,882	(0.11)	-	12,384,576	(0.30)
Diluted earnings per share	5,188	188,266,386	2.76	3,034	187,843,776	1.62	7,704	187,277,470	4.11

- As at 30th June 2023 there were no adjusting post balance sheet events.

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