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Griffin Mining Limited's shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange (symbol GFM) and traded on the Canadian Dealing Network in Toronto (symbol GRFM). Corporate information and share prices can be accessed via the Newstrack Service on Reuters (symbol GFM.L) (page JPJA), Bloomberg (symbol GFM LN), ICV Topic (*1180#).
Further information on the Company, is available on the Company's web site: www.griffinmining.com

Registered number: EC13667 Bermuda.

Registered Office: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

CORPORATE INFORMATION

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Registered office:	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
Directors:	Craig Niven (Chairman) Mladen Ninkov (President) Dal Brynelsen John Goodger Gordon Montgomery William Mulligan John Steele
Company secretary:	Roger Goodwin
Nominated adviser for AIM:	English Trust Company Limited. 12a Charterhouse Square, London, EC1M 6AX. UK.
Nominated broker for AIM:	Charles Stanley and Company Limited 25 Luke Street, London EC2A 4AR.UK.
Auditors:	Grant Thornton Grant Thornton House, Melton Street, Euston Square, London. NW1 2EP. UK.
Solicitors:	Denton Hall 5 Chancery Lane, Clifford's Inn, London, EC4A 1BU. UK. Conyers Dill & Pearman Clarendon House, Church Street, P.O. Box HM 666, Hamilton, HMCX, Bermuda.
Bankers:	National Westminster Bank PLC. St James's and Piccadilly, London. W1A 2DG. UK. The Bank of N T Butterfield & Son Ltd Rosebank Centre, 14 Bermudiana Road, Pembroke, Bermuda.
UK Registrars & transfer agents:	IRG plc Balfour House, 390/398 High Street, Ilford, Essex IG1 1NQ. UK.
Canadian transfer agents:	CIBC Mellon Trust Company 320 Bay Street, Toronto, Ontario, M5H 4A6. Canada.

CHAIRMAN'S STATEMENT

I am pleased to report that the year to 31 December 1998 was one of significant progress at Griffin's Caijiaying zinc-gold project in China. During the course of the year Griffin increased its equity interest in Caijiaying through its wholly owned subsidiary China Zinc Pty Limited from 30% to 60%, and completed a major work programme at Caijiaying, funded by a placing of new shares in June 1998 which raised USD 1.7 million at US 24 cents per share. In addition, we were pleased to raise the profile of our Caijiaying joint venture significantly when the Company was informed by the Chinese Deputy Minister for Mining that it had become the first foreign controlled joint venture company to receive a new three year exploration licence for a hard rock deposit in China under the recently enacted mining laws. This licence was presented by the Chinese Deputy Minister for Mining at a high profile ceremony in Beijing on 17 October 1998.

Following the issue of this exploration licence, application has been made for an exploration licence covering 104 sq km of land surrounding and immediately adjacent to the Caijiaying existing licence area. The Board considers the whole Caijiaying area to be highly prospective for base metals and gold. It is intended to establish an ongoing exploration programme in the new licence area once production has started at Caijiaying.

The 1998 Caijiaying work programme comprised approximately 5,000 metres of diamond drilling and a re-logging and re-assaying programme based on 98,000 metres of previously drilled core. The conclusions that your Board has drawn from the 1998 programme can be summarised as follows:

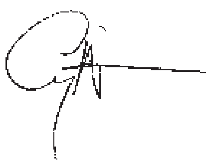
a) the geological re–interpretation of the ore body made by Griffin's geological consultants, CSA Australia Pty Limited, as shallow dipping ore lenses has been confirmed; b) the new ore body re–interpretation is likely to improve project economics and suggests an increase in zinc grade and/or tonnage; and c) the potential area of the main orebody in Zone III extends further to the south east.

Work is currently underway on the design of an extension of an existing decline on Zone III and associated horizontal drives. The decline will be used to a) visually reconfirm the new geological interpretation of the orebody made by CSA Australia Pty Limited, b) conduct underground drilling to define more accurately the ore block geometry, and c) generate bulk samples for metallurgical test-work. Work is also ongoing in defining freight logistics and on detailed feasibility work on the project power supply designed to link into major upgrades to the electricity grid being planned in the Caijiaying area by the Chinese authorities. Environmental baseline work is planned to commence in 1999.

It is your Board's intention to continue development work and progress towards completion of a full bankable feasibility study at Caijiaying. On 4 June 1999 the Company announced the completion of a placing of 1,666,667 new ordinary shares at U.S 30 cents per share. The shares were placed with an international institutional investor. The funds raised will be used to continue development work at Caijiaying and in meeting ongoing working capital requirements.

The current business climate in which Griffin operates is dominated by weak base metal prices, including zinc; and negative market sentiment, both towards the mining sector generally and towards the smaller quoted company sector. I hope that the next two years will see a more positive business environment developing, including higher zinc prices, and improving market sentiment based on a cyclical recovery in commodity prices driven by continued resilience in the United States economy and an increase in the level of economic activity in Asia.

Mine development and exploitation is a long term business activity. The Board believes in the long term fundamentals of the market for zinc and in the prospects for the continued development of China's political and economic environment in a way that supports increasing foreign investment. Griffin also retains interests in Burkina Faso, Sweden and Botswana but has restructured these so as to require minimal cash investment. Our strategy, originally set out in 1997, continues to be to move the Caijiaying project forward to full bankable feasibility and to seek opportunities to acquire other world class assets.



Craig Niven *Chairman*
4 June 1999.

REVIEW OF OPERATIONS

Griffin Mining Limited ("Griffin" or "the Company") is a mining exploration and development company. Its principal project is the Caijiaying zinc-gold project in the Peoples Republic of China.

CAIJIAYING ZINC – GOLD PROJECT: China

BACKGROUND

Location of Caijiaying project

On 26 November 1997, Griffin acquired 50% of the issued share capital of China Zinc Pty Limited ("China Zinc") together with an option to acquire the remaining 50% of the issued share capital, for a consideration of US$1.3 million. This was satisfied by the issue 2,230,000 new ordinary shares in Griffin and cash of US$538,000. The call option to acquire the remaining 50% of China Zinc was exercised on 17 April 1998 satisfied by the issue of 3,500,000 new Griffin shares. Following the exercise of this option Griffin owns 100% of the issued share capital of China Zinc.

China Zinc is an Australian company which has been engaged in the development of the Caijiaying zinc-gold project in China ("the Caijiaying project") through its 60% local joint venture entity: Hebei Hua' Ao Mining Development Company Limited ("HSAMDC"). The joint venture is a contractual joint venture that was established in 1994 with the Zhangjiakou City People's Government and the Hebei Bureau of Geology and Mineral Resources Exploration and Development ("MLNR").

The terms of the joint venture agreement which established HSAMDC, provide for China Zinc to contribute the whole of the "registered capital" of US$5 million. To date, China Zinc has expended approximately US$2 million for the benefit of the HSAMDC, of which US$954,027 had been certificated by the Chinese authorities as at 31 December 1998. China Zinc is responsible for arranging the funding of the capital expenditure required to bring the Caijiaying project into production. China Zinc is entitled to receive 80% of the net profits of the Caijiaying project until all capital expenditures arranged by China Zinc have been recouped, together with a coupon of 4.5%. Thereafter China Zinc is entitled to receive 60% of net profits.

The Caijiaying project is a polymetallic deposit comprising mainly zinc, gold and silver located 200 km north west of Beijing in China. In a pre-feasibility study commissioned by China Zinc, Bateman Kinhill proposed an open pit mine to exploit a mineable resource of 27.4 million tonnes containing 6.87% zinc. There are also significant amounts of gold, silver, lead, gallium and other metals that Griffin believes can be economically recovered in an open pit mining operation. Bateman Kinhill's study proposed a process plant capable of producing per annum 123,000 tonnes of zinc, 34,000 ounces of gold, and 1.5 million ounces of silver over a 13.7 year mine life. This proposal was based on the resource in Zone III where most of the exploration work has been concentrated. However, the project area comprises six zones in total. Griffin believes that at least two of these additional zones are highly prospective and will be undertaking additional exploration work with a view to extending the total Caijiaying resource estimates.

REVIEW OF OPERATIONS

Surveying at Zone II Caijiaying September 1998

The project site is easily accessible by road and is connected to power supplies. Adequate water supplies are available on site from underground sources. The Caijiaying area is on the edge of the Inner Mongolian Plateau. Conditions are not severe. Winters are cold and dry.

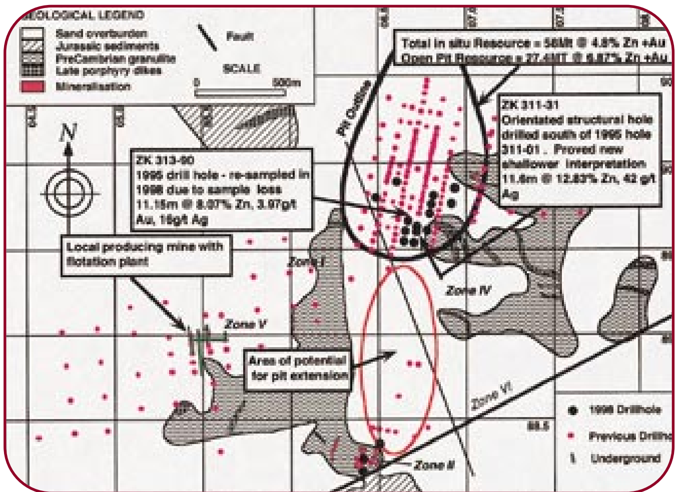
MLNR conducted 10 years of exploration work on the Caijiaying project. It is estimated by Griffin that if such work had been undertaken by a non Chinese company, the equivalent of US$10 million would have been spent over this period, including the costs of 95,000 metres of diamond drilling. Subsequently some US$2 million has been spent on the Caijiaying project by western parties, which included the cost of the Bateman Kinhill pre feasibility study, various geological reports, some 8,000 metres of infill diamond drilling, ore body modelling, metallurgical testwork, and engineering and geological studies.

The Caijiaying project covers an area of 13.6 square kilometres. It is broken down into six zones as indicated in the plan set out below. Zone III has been the main focus of exploration and development activity and formed the basis of the Bateman Kinhill pre feasibility study. The other zones have not been intensively explored, but drilling and other work in Zones II, IV and V in particular have indicated excellent potential.

HSAMDC has applied for an exploration licence to 104 square kilometres surrounding and adjacent to the existing licence area at Caijiaying.

SUMMARY OF WORK UNDERTAKEN IN 1998

Work undertaken on the Caijiaying Project in 1998 by Griffin included further diamond drilling within the "starter pit area" of Zone III, detailed orientated drilling in the central part of Zone III, and some regional exploration drill holes in Zone II and between Zones II and III. A total of 19 drill holes were completed for a total of 4998 metres. A program of re-logging and re-sampling of previous drill core was also undertaken.



Caijiaying sketch map of drill results and areas of further potential

The highlights arising from the 1998 work programme:

- Orebody re–interpretation confirmed as shallow dipping ore lenses, improving project economics
- Extension of orebody to the south east
- New orebody interpretation may increase zinc grade and/or tonnage
- Evidence of significant gold mineralisation

REVIEW OF OPERATIONS

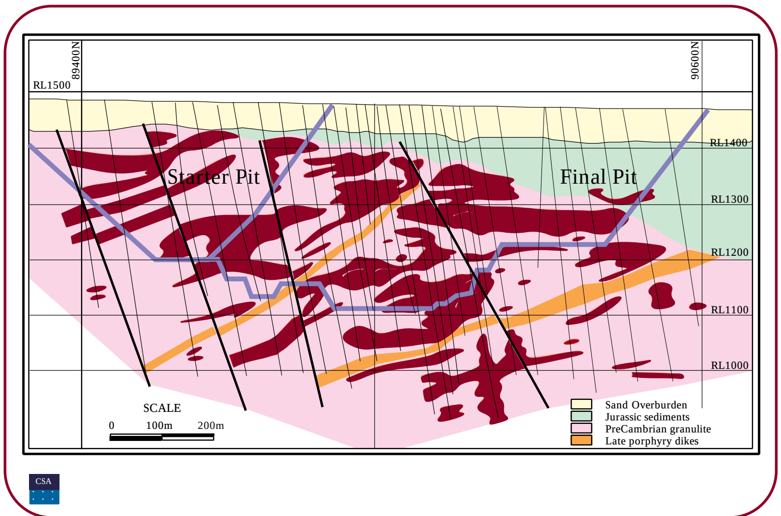
Sketch Map of Zone III
Caijaiying Project

The 1998 drilling programme was managed by Griffin's independent geological consultants: CSA Australia Pty Limited ("CSA"). All base metal samples were assayed by Analabs Pty Limited at its laboratory in Perth, Western Australia. The work programme was designed as the first phase of a bankable feasibility study and to meet applicable standards.

The results have confirmed not only the known zinc-lead-gold-silver resource at the Caijiaying deposit, but have also added significant upside to the project via the new orebody interpretation, high grade intercepts in the southern limits of Zone III of the deposit, and the significant potential to increase the deposit further due to exploration success in the adjacent Zone II area at Caijiaying.

Orientation drilling undertaken by Griffin in 1998 in the central part of the starter pit area of Zone III, together with detailed re-logging, has confirmed that the ore lenses are more shallowly dipping than previously interpreted by the Chinese. The new interpretation of thicker, less steeply orientated lenses improves between-hole correlation and should positively enhance the resource which currently stands, as calculated by Bateman Kinhill, at an Indicated Mineral Resource of 57.8 million tonnes @ 4.8% Zinc at a 1% Zinc cut-off. This includes a resource of 27.4 million tonnes @ 6.87% Zinc and 0.5 g/t Gold which the pre-feasibility study showed could be exploited by open pit mining.

Set out below is a preliminary section of the deposit in Zone III prepared by CSA Australia Pty Limited showing the new Orebody interpretation.



CSA Preliminary section of Zone III

REVIEW OF OPERATIONS

Drilling on Caijiaying project

The 1998 drilling results demonstrate that the orebody extends further to the southeast than previously drilled limits. Two regional drill holes were completed within and immediately to the north of the main exploration target in Zone II, 1 kilometre to the south of Zone III. Results from this drilling show that zinc-rich mineralisation now extends over a strike length of over 100 metres in this area, and there is strong evidence to suggest that this mineralisation may be linked to that of Zone III, 1 kilometre to the north.

The ore-body re-interpretation that has been confirmed by the 1998 work programme should have a significant and favourable impact on the project economics. The Bateman Kinhill pre-feasibility study had assumed a sharply dipping, narrow vein deposit. It is now clear that the ore-body actually comprises a seriesof tabular "lenses" dipping at a more shallow angle. The implications of this re-interpretation for the project are as follows:

- Mining plan and pit design are likely to change from those envisaged in the pre-feasibility study. The expected changes may result in lower costs of production than calculated in the pre-feasibility study.
- The resource, currently defined by Bateman Kinhill as 27.4 million tonnes @ 6.87% Zinc, may be improved as to grade and/or tonnage.

Encouraging results were received from gold re-sampling of Chinese drill core which had not been previously analysed for gold. A best intersection of 8.45metres @ 7.83 g/t Gold was returned from 154.59 metres in drill hole 307-26. This indicates that there is potential for significant gold intersections outside those previously included in the resource.

Drill core logging at Caijiaying

REVIEW OF OPERATIONS

OTHER PROJECTS

Griffin Mining Limited retains interests in Burkina Faso, Sweden and Botswana but has restructured these so as to require minimal cash investment. Britcan's licence in Devon and Cornwall has not been renewed.

FINANCIAL

The Group recorded a loss for the year of $1,654,000 (1997 loss $3,718,000).

Gains on disposals of investments during 1998 amounted to $147,000 (1997 $139,000).

Operating costs in 1998 were $711,000 (1997 $882,000).

Taking into consideration the continued low price of gold, further provision of $251,000 has been made in respect of the Guiro Gold Project in Burkina Faso and $7,000 of costs incurred on Britcan's gold project in Devon and Cornwall have been provided against in full. In view of a further extension to the suspension of production not being granted on the Thakadu copper project in Botswana full provision of $853,000 (after minority interests) has been made against the Company's interest in this project.

Cash balances increased marginally to $408,000 at 31 December 1998 compared to $402,000 at 31 December 1997. $1,366,000 (net) was raised in June 1998 from the issue of 7,200,000 new ordinary shares, which has been used to fund exploration costs of $1,093,000, including $988,000 on the Caijiaying zinc project in China, and operating costs.

In addition to the issue of 7,200,000 new ordinary shares in the Company on a private placement in June 1998, 3,600,000 new ordinary shares were issued on exercise of the option to acquire 50% of the share capital in China Zinc Pty limited not already owned by the Company. 214,375 ordinary shares in the Company were bought back for cancellation during 1998 as part of an agreement for the disposal of the Company's interest in Firestone Diamonds.

Shareholder's funds rose from $3,611,000 at 31 December 1997 to $4,046,000 at 31 December 1998.

YEAR 2000 ISSUE

Griffin Mining Limited is aware of potential problems with computer systems which express dates using only the last two digits of the year and may therefore malfunction due to the date change to the year 2000. The issue is complex and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and actions are appropriate and adequate to address the issue. Griffin does not operate any unique bespoke computer systems, but uses personal computers and standard "off the shelf" systems which are primarily Windows based. All computers owned and operated by the Company were purchased in July 1997 or subsequently. Prior to installation a comprehensive review of the Company's computer systems and requirements was undertaken by independent computer consultants. This review included ensuring that all computer software and hardware operated and to be installed by the Company were Year 2000 compliant. This review process remains on going particularly on installation of any system upgrades. The Company does not anticipate any further significant costs in this regard.

DIRECTOR'S

CRAIG NIVEN, Chairman, British, aged 42

Craig Niven holds a Masters Degree in Economics from St. Catharine's College, Cambridge and is a Chartered Accountant. Until 1994, he was a director and Head of International Corporate Finance at ANZ Grindlays Bank Plc where he was involved in cross-border transactions focused on emerging markets and the natural resource sector. In addition to his involvement in the Company, he is a director of a number of private companies, outside the natural resource sector, in which he and/or his family have equity interests. He also acts as investment advisor to Park Street Investments Pty. Limited, an offshore investment fund. He had previously held various positions at Amalgamated Metal Corporation Plc and Pannell Kerr Forster.

MLADEN NINKOV, President, Australian, aged 38

Mladen Ninkov holds a Masters of Law Degree from Trinity Hall, Cambridge University and Bachelor of Laws (with Honours) and Bachelor of Jurisprudence Degree from the University of Western Australia. He is a director of: Keynes Investments Ltd; Frick Pty Ltd; Dragon Capital Pty Ltd; and Dragon International Ltd. He has a mining, legal, fund management and investment banking background and is admitted as a barrister and solicitor of the Supreme Court of Western Australia. He was a Director and Head of International Corporate Finance at ANZ Grindlays Bank Plc, a Vice President of Prudential-Bache Securities Inc. in New York, and until recently, was Chairman of Westgold Resources NL, a listed Australian company. He was also a director of; Mt. Monger Gold Project Pty. Ltd.; Castle Hill Resources NL; Ramsgate Resources NL; and Matu Mining Pty. Ltd.

DAL BRYNELSEN, Canadian, aged 52

Dal Brynelsen is a graduate of the University of British Columbia in Urban Land Economics. Mr. Brynelsen has been involved in the resource industry for over 20 years. He has been responsible for the discovery, development and operation of several underground gold mines during his career. Over the past five years he has focused on the exploration potential of Sub-Sahara Africa. He has secured mineral concessions covering over 20,000 square kilometres in Central Africa. Recently, he completed a multi-million dollar exploration agreement with a large South African mining house to further exploration on this concession for copper, gold, nickel, cobalt, zinc, lead and precious stones. Mr. Brynelsen is the President and a Director of Pacific Vangold Mines Limited and provides independent consulting services to private and institutional corporations. Mr. Brynelsen was a Director of Graffoto Industries Limited.

JOHN GOODGER, British, aged 51

John Goodger has worked on smaller public and private companies since 1985 and is currently a director of N.W. Brown Corporate Finance Ltd, a company regulated by The Securities and Futures Authority, LPA Industries PLC, a fully listed electrical products company, and Focus Communications Limited. Between 1964 and 1974, he worked at National Provincial Bank, Slater Walker Investment Management, and the Investors Chronicle. After four years at Good Relations City Ltd., he jointly founded the financial public relations company, Financial Strategy Limited.

DIRECTOR'S / SENIOR EXECUTIVES

GORDON MONTGOMERY, British, aged 42

Gordon Montgomery, is a Chartered Accountant with a background in corporate finance and venture capital with experience in deal assessment, negotiation and capital raising. Since 1989, he has assisted in the raising of capital and growth of a number of small to medium sized companies. He is currently a director of, Oasis Europe Ltd. (a mergers and acquisitions adviser), Nale Industries Ltd. (an inspection equipment manufacturer), as well as being a director and adviser to a number of other businesses.

WILLIAM MULLIGAN, American, aged 56

William Mulligan has a BSc from Thomas Clarkson University, an MS in Geological Engineering from the University of Connecticut and an MBA from NYU Bernard Baruch School of Business Administration. He is currently the Managing Director for Global Projects and Political Risk at AIG Global Trade and Political Risk Insurance Company, a wholly owned subsidiary of American International Group Inc. From 1994 to 1996 he was Executive Vice President for Corporate Development at Latin American Gold Limited. He is a Director of Arcon International Plc, the Dublin based company which operates the Galmoy zinc mine in Ireland.

JOHN STEELE, Canadian, aged 56

John Steele has an MSc in Geophysics from the University of Toronto. Until 1996, he worked for Yorkton Securities Inc in Toronto where he was responsible for mining projects throughout South East Asia. He is currently a director of the following companies active in the natural resource sector: High American Gold Inc; Paron Resources Ltd; Asian Tiger Resources Ltd; Geothai Services Company Ltd; and Vietnam Exploration and Development Corporation. He is also a director and convention committee Co-Chairman for the Prospectors and Developers Association of Canada. He was a Director Westgold Resources N.L and Golden Tiger Resources N L. (Vietnam).

SENIOR EXECUTIVES

ROGER GOODWIN, Chief Financial Officer and Company Secretary, British, aged 44

Roger Goodwin is a Chartered Accountant. He has held senior positions in a number of public and private companies, including that of Group Financial Controller to a fully listed UK Plc in the natural resource sector and director of an Anglo-Russian oil/gas development joint venture. He has a strong professional background with considerable public company and corporate finance experience, and of emerging markets particularly in Africa, the CIS, and Eastern Europe. He was appointed CFO in April 1996 and Secretary in November 1997.

BO ZHOU, Chief Geologist and Chief Representative in China, Australian, aged 37,

Bo Zhou holds a Ph.D in exploration geology from Sydney University and a BSc in economic geology from Peking University. He has worked on a number of base metal and exploration projects in Australia and in China as a project geologist and project development manager. He has a wide range of experience in the technical, commercial and legal aspects of project development in China.

DIRECTOR'S REPORT

The Directors submit their report together with the audited consolidated accounts of Griffin Mining Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 1998.

FINANCIAL RESULTS

Group income for the year ended 31 December 1998 amounted to US$147,000 (1997 - US$157,000) and the Group loss on ordinary activities before taxation, amounted to US$2,029,000 (1997 - loss US$3,718,000). No taxation was charged (1997 - nil). The Group loss after taxation and minority interests amounted to US$1,654,000 (1997 - loss US$3,718,000). The loss for the year of US$1,654,000 (1997 - loss US$3,718,000) has been charged to reserves.

The loss per share amounted to 10.0 cents (1997 - loss 46.0 cents). The attributable net asset value per share at 31 December 1998 amounted to 19 cents (1997 - 35 cents)

The Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The principal activity of the Group is that of mining. A review of the Group's operations for the year ended 31 December 1998 and the indication of likely future developments are set out on pages 3 to 8.

DIRECTOR'S

The Directors of the Company during the year were:

Craig Niven — *UK — Chairman*
Mladen Ninkov — *Australian — President*
Dal Brynelsen — *Canadian (Appointed 14 July 1998)*
John Goodger — *UK*
Gordon Montgomery — *UK*
William Mulligan — *US*
John Steele — *Canadian*

Under the bye laws of the Company, the Directors serve until re-elected at the next Annual General Meeting of the Company. Being eligible all the Directors currently in office offer themselves for re-election at the forth-coming Annual General Meeting of the Company.

The interests of the Directors holding office at 31 December 1998 and their immediate families in the share capital of the Company were as follows:

Name	At 31 December 1998		At 1 January 1998 or date of appointment	
	Ordinary shares No.	Options over ordinary shares No.	Ordinary shares No.	Options over ordinary shares No.
Craig Niven	50,000	500,000	25,000	40,000
Mladen Ninkov	30,001	1,000,000	1	–
Dal Brynelson	1	250,000	1	–
John Goodger	51,000	100,000	1,000	40,000
Gordon Montgomery	40,100	100,000	100	40,000
William Mulligan	1	100,000	1	40,000
John Steele	25,001	250,000	1	40,000

DIRECTOR'S REPORT

There has been no change in any of the Directors' interests since the year end to the date of this report.

During 1998 new share options were granted to directors and management of the Company. The options that were due to expire on 31 December 1998 and exercisable at 50 cent per share, over 200,000 new ordinary shares in the Company held by five of the directors, were cancelled. New share purchase options over a maximum of 2,450,000 new ordinary shares in the capital of the Company ("the New Options") have been granted to directors and management of the Company. Each New Option granted gives the holder the right to subscribe for new ordinary shares in the Company at an exercise price of US 24 cents at any time from the date of grant up to and including 31 August 2001.

All of the Directors' interests detailed are beneficial.

On 22 April 1998, the Company was informed that Craig Niven had received irrevocable undertakings from shareholders holding 7,250,000 ordinary shares in the Company then representing 51.8% of the ordinary shares in issue. These undertakings provided for Craig Niven to exercise all voting rights attaching to those shares, and expired on 16 June 1998.

SUBSTANTIAL INTERESTS

The following persons were on the register of members of the Company as being the registered holders of 3% or more of the issued ordinary shares at 31 December 1998 and at 31 May 1999.

	At 31 December 1998.		At 31 May 1999.	
	Number	%	Number	%
UBS (Luxembourg) SA CEDEL Account	6,859,790	32.7	6,874,815	32.7
Morstan Nominees Limited	1,250,000	6.0	1,250,000	6.0
Bank Sal Oppenheim JR & CIE (Switzerland) Ltd	900,000	4.3	–	–
Chase Nominees Limited	750,000	3.6	750,000	3.6
Georgia Pacific Securities Corp.	700,000	3.3	700,000	3.3
Gee & Co.	700,000	3.3	700,000	3.3
Dynamic Mid-Ocean Global Fund Limited	700,000	3.3	–	–
Seine Finance SA	700,000	3.3	–	–
BGG Banque Genevoise De Gestion	–	–	700,000	3.3
Haywood Securities	–	–	648,000	3.1
MGT-EOC Nominees Limited	–	–	700,000	3.3

In order to improve the speed and efficiency in settling trades in the Company's shares, which can not be settled through CREST, shareholders may register their shareholdings with UBS (Luxembourg) SA CEDEL Account, reference 003682323, for clearance through the international CEDEL clearance system. Further details may be obtained from the Company secretary.

POST BALANCE SHEET EVENTS

On 4 June 1999 the Company completed a private placement of 1,666,667 new ordinary shares at 30 cents, to raise cash of $500,000 before expenses.

DIRECTOR'S REPORT

CORPORATE GOVERNANCE

Although registered in Bermuda and therefore not obliged to comply with the code of best practice established by the Cadbury Committee in the report on the Financial Aspects of Corporate Governance, the Company has reviewed and broadly supports this code. The Company does not comply where compliance would not be commercially justified allowing for the practical limitations relating to the Company's size.

The Board of directors includes a number of non executive directors who are independent and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board meets regularly and is responsible for the overall strategy of the Group, its performance, management and major financial matters. A remuneration committee comprising two non executive directors has been established to review the provision of services to the Company by the directors and the terms of employment for management.

AUDITORS

Grant Thornton have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their appointment will be put to the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Bermuda company law and generally accepted best practice requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these accounts, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepared the accounts on the going concern basis

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board and signed on its behalf by:

Craig Niven
Chairman

Mladen Ninkov
President

London
4 June 1999

REPORT OF INDEPENDENT AUDITORS

TO THE MEMBERS OF GRIFFIN MINING LIMITED

We have audited the financial statements on pages 15 to 30 which have been prepared in accordance with International Accounting Standards and under the accounting policies set out on pages 19 and 20.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 13, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board in the United Kingdom. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a fair and true view of the state of affairs of the group at 31 December 1998 and of its loss for the year then ended.

GRANT THORNTON
REGISTERED AUDITORS &
CHARTERED ACCOUNTANTS

London
4th June 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1998 (expressed in thousands US dollars)

	Notes	1998 $000	1997 $000
Income			
Gains on the disposal of investments	1	147	139
Other income	1	–	18
		147	157
Net operating expenses	2	(711)	(882)
Provisions in respect of continuing operations	5	(1,976)	(3,226)
Release of negative goodwill	14	490	183
Operating (loss)		(2,050)	(3,768)
Foreign exchange (losses)		(10)	(3)
Interest receivable and similar income	6	31	53
(Loss) on ordinary activities before taxation		(2,029)	(3,718)
Taxation on ordinary activities	7	–	–
(Loss) on ordinary activities after taxation		(2,029)	(3,718)
Minority interests	20	375	–
(Loss) for the financial year	18	(1,654)	(3,718)
(Loss) per share (cents)	8	(10.0)	(46.0)
Fully diluted (Loss) per share (cents)	8	(10.0)	(46.0)

CONSOLIDATED BALANCE SHEET

As at 31 December 1998 (expressed in thousands US dollars)

	Notes	1998	1997
		$000	$000
Fixed assets			
Intangible assets	9	4,344	5,427
Tangible assets	10	263	360
		4,607	5,787
Current assets			
Portfolio investments	12	165	529
Accounts receivable		14	157
Prepaid expenses		11	23
Cash and deposits	13	408	402
		598	1,111
Creditors: Amounts falling due within one year			
Accrued expenses		(119)	(85)
Creditors		(85)	(63)
Net current assets		394	963
Negative goodwill	14	(288)	(778)
Total net assets		4,713	5,972
Capital and reserves			
Share capital	15	2,099	818
Shares to be issued		–	780
Share premium	16	12,587	10,878
Investment revaluation reserve	17	(911)	(717)
Foreign exchange reserve		243	170
Profit & loss account	18	(9,972)	(8,318)
Equity shareholders' funds	19	4,046	3,611
Equity minority interests	20	667	2,361
Equity interests		4,713	5,972
Number of shares in issue and to be issued		20,993,779	10,408,154
Attributable net asset value per share	21	$0.19	$0.35

The accounts on pages 15 to 30 were approved by the Board of Directors and signed on its behalf by:

C L B Niven
Chairman
4th June 1999.

Gordon Montgomery
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 1998 (expressed in thousands US dollars)

	Notes	1998 $000	1997 $000
(Loss) for the financial year		(1,654)	(3,718)
Unrealised (losses) on investments	17	(194)	(677)
Currency translation differences in foreign currency net investments		72	(97)
Total gains and losses recognised in the year	19	(1,776)	(4,492)

Losses and profits for the financial year are the same as those on an historical cost basis

CASH FLOW STATEMENT

For the year ended 31 December 1998 (expressed in thousands US dollars)

	Notes	1998 $000	1997 $000
Net cash (outflow) from operating activities		(246)	(548)
Investing activities			
Payments to acquire intangible fixed assets	9	(1,093)	(192)
Payments to acquire tangible fixed assets	10	(7)	(23)
Payments to acquire investments		–	(89)
Payments to acquire subsidiary undertakings		(14)	(538)
Net cash (outflow) from investing activities		(1,114)	(842)
Net cash (outflow) before financing		(1,360)	(1,390)
Financing			
Issue of ordinary share capital	15	1,728	1,000
Expenses paid in connection with share issue	16	(362)	(61)
		1,366	939
Increase / (Decrease) in cash and cash equivalents	13	6	(451)

Reconciliation of operating (loss) to net cash (outflow) from operating activities

	1998	1997
Operating (loss)	(2,050)	(3,768)
Interest received	31	53
Taxation	–	–
Depreciation	4	9
Gains on sale of investments	(147)	(139)
Receipts on the sale of investments	230	1,390
Payments to acquire investments	–	(1,330)
Provisions in respect of continuing operations	1,976	3,226
Release of negative goodwill	(490)	(183)
Decrease / (increase) in debtors	155	308
Increase / (decrease) in creditors	57	(107)
Other non-cash income, including exchange differences	(12)	(7)
	(246)	(548)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared in accordance with applicable International Accounting Standards.

The significant accounting policies adopted are detailed below:

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention modified for the revaluation of portfolio investments.

CONSOLIDATION BASIS

The Group accounts consolidate the accounts of the Company and all its subsidiary undertakings drawn up to 31 December each year, with the exception of Onas Resources Oy which was put into liquidation in 1998. The accounts of Onas Resources Oy, a wholly owned subsidiary, have not been consolidated as it has always been intended to dispose of this company.

The results of subsidiary undertakings acquired are included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at that date.

FIXED ASSETS

Intangible assets

Expenditure on licences, concessions and exploration incurred by subsidiary undertakings are carried as intangible assets until such time as it is determined that there are commercially exploitable reserves at which time such costs will be transferred to tangible fixed assets to be amortised over the expected productive life of the asset. The Group's intangible assets are subject to periodic review by the Directors. Exploration, appraisal and development costs determined as unsuccessful are written off to the profit and loss account.

Tangible assets

Plant and equipment, office furniture and equipment and motor vehicles are shown at cost less depreciation and provisions for permanent diminution in value (see note 10).

Investments

Fixed asset investments comprises royalties, carried interests, and interests in unconsolidated subsidiary undertakings which are valued at cost. An adjustment is made if there is a permanent diminution in value of the investment, or if a previous diminution in value is no longer justified by changed circumstances.

Adjustments to the value of long term investments are accounted for through the profit and loss account.

Depreciation

Plant and equipment will be depreciated at rates appropriate to the expected life of the asset once production has commenced. Office equipment and motor vehicles are depreciated over four years on a straight line basis.

ACCOUNTING POLICIES

INVESTMENTS

Current asset investments are valued as follows:

Portfolio investments

Marketable securities listed or dealt in on a recognised stock exchange, or an over the counter market, are valued at the mid market price on such exchange or market.

Unquoted investments are initially valued at cost. A reduction in the value of an unquoted investment will be made if considered appropriate in the light of a company's condition or prospects. Increases in value will only be made if substantiated by significant transactions in the relevant company's shares by third parties or in the event of a material change in the underlying value of the company.

Realised gains and losses on sales of investments are calculated based on the average cost of the investment and are reflected in income when realised.

Investment revaluation reserve

Unrealised appreciation and depreciation of investments as of 31 December are reflected within the investment revaluation reserve.

FOREIGN CURRENCY TRANSACTIONS

Investments and monetary items have been translated at rates in effect at the balance sheet date. Foreign currency transactions have been translated at the rate in effect at the date of transaction. Any realised or unrealised exchange adjustments have been charged or credited to income.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to the foreign exchange reserve. All other translation differences are taken to the profit and loss account.

NEGATIVE GOODWILL

The excess of the fair value of the attributable net assets acquired on acquisition of a subsidiary over the fair value of the consideration given, representing a discount on the fair value of assets acquired, being "negative goodwill", will be recognised as income when the assets are disposed of, or amortised over the expected productive life of the assets to which it relates.

INCOME

Income comprises, gains on disposal of investments and other income receivable from third parties net of Value Added Tax or similar taxes

NOTES TO THE FINANCIAL STATEMENTS

1. Income

The Group's income arises in North America and from continuing operations.

2. Net operating expenses

	1998	1997
	$000	$000
Administrative expenses	681	718
Costs of determining the contracts of Christopher and Elizabeth Hall	30	126
Expenses of admission to Alternative Investment Market	–	38
	711	882

All operating expenses charged to profit relate to continuing operations.

3. Directors' remuneration

The following fees and remuneration were receivable by the Directors holding office during the year:

	Fees	Salary	Taxable benefits	Total 1998	Total 1997
	$000	$000	$000	$000	$000
Craig Niven	–	–	–	–	–
Mladen Ninkov	–	–	–	–	–
Dal Brynelsen (appointed 14/07/98)	6	–	–	6	–
John Goodger	13	–	–	13	2
Gordon Montgomery	–	–	–	–	–
William Mulligan	13	–	–	13	2
John Steele	–	–	–	–	–

Until 12 February 1998 Craig Niven was a director of Global Emerging Markets Europe Limited, a subsidiary of Global Emerging Markets Limited ("GEM"). In consideration of GEM procuring the services of Craig Niven as a Director and Chairman of the Company, GEM received fees of $7,000 (1997 $35,000) during 1998. Craig Niven is a director and shareholder of Zetachoice Limited which received fees of $58,000 (1997 nil) for the provision of the services of Craig Niven as a Director and Chairman of the Company during 1998.

Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees of $116,000 (1997 nil) for the provision of advisory services to the Company during 1998. Mladen Ninkov is a director and employee of Keynes Investments Pty Limited.

Gordon Montgomery is a partner in Company Investigations and Information Systems. $13,000 (1997 $2,000) of fees were receivable by Company Investigation and information Systems during the year from the Company for the provision of the services of Gordon Montgomery as a Director of the Company.

John Steele is a Director of Asian Tiger Resources Inc. $13,000 (1997 $1,000) of fees were receivable by Asian Tiger Resources Inc during the year from the Company for the provision of the services of John Steele as a Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS

4. Transactions with Directors

As provided by the terms of the sale and option agreement to purchase China Zinc Pty Limited, Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received a placement commission of $50,000, being 3% of the funds raised on a private placement completed on 26 June 1998. Mladen Ninkov is a director and employee of Keynes Investments Pty Limited.

5. Provisions in respect of continuing operations

Provisions made in respect of the recoverability of assets.

	1998 $000	1997 $000
United Kingdom gold exploration expenditure	7	1,075
Botswana copper exploration and development expenditure	1,718	–
Burkina Faso gold exploration and development expenditure	151	1,089
Total provisions against intangible assets	1,876	2,164
Burkina Faso gold exploration and development, tangible fixed assets	100	126
Onas Resources Oy fixed asset investment	–	469
Mount Hamilton royalty fixed asset investment	–	444
Current asset investments	–	23
	1,976	3,226

The Directors have considered the value of each of the Group's projects having regard to the current stage of development and the economic and other factors affecting the realisable value of each project.

6. Interest receivable and similar income

	1998 $000	1997 $000
Bank and short term interest	31	53

7. Taxation on ordinary activities

	1998 $000	1997 $000
Taxation on ordinary activities	–	–

Corporation tax

The Company is resident for corporation tax purposes in the United Kingdom. No charge to corporation tax arises in the UK due to losses in the year. The Company has unutilised income tax losses estimated at $4,000,000, and capital losses estimated at $200,000.

8. (Loss) / per share

Losses per share have been calculated on the basis of the net loss after taxation of US$1,654,000 (loss US$3,718,000 in 1997) and the weighted average number of shares in issue in the year ended 31 December 1998 of 16,457,940 (8,068,565 in 1997).

There is no dilutive effect of the warrants to purchase 1,250,000 shares at $0.50 and share purchase options to purchase 2,775,000 shares at $0.24 because the exercise prices of the warrants and share purchase options were greater than the weighted average market price of the Company's ordinary shares in the year.

NOTES TO THE FINANCIAL STATEMENTS

9. Intangible assets

Exploration interests

COST / VALUATION	$000
At 31 December 1997,	7,591
Foreign exchange adjustments	86
Additions during the year	1,093
Adjustment to fair value on acquisition	(375)
At 31 December 1998	8,395
PROVISIONS	
At 31 December 1997	(2,164)
Foreign exchange adjustments	(11)
Amounts provided during the year	(1,876)
At 31 December 1998	(4,051)
NET BOOK VALUE	
At 31 December 1998	4,344
At 31 December 1997	5,427

Analysis by geographical area and nature of activity

	1998	1997
	$000	$000
China - Zinc	3,238	2,652
Burkina Faso- Gold	1,056	1,105
Botswana - Copper	–	1,626
Sweden - Diamonds	50	44
	4,344	5,427

Intangible assets represent fair values on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and development work. Where expenditure on an area is determined as unsuccessful such expenditure is written off to the profit and loss account. 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. Should economically exploitable mineral deposits be established, sufficient finance would be required to bring such discoveries into production.

The adjustment to the fair value on acquisition arises from the Company exercising its option during 1998 to acquire the remaining 50% interest in the share capital of China Zinc Pty Ltd (“China Zinc”) which it did not already own. Consideration for this acquisition was settled by the issue of 3,500,000 new ordinary shares in the Company at 25.8 cents per share. A further 100,000 new ordinary shares were issued to Global Emerging Markets Limited at 25.8 cents per share as part of this acquisition. In addition, costs of US$14,000 were incurred in exercising the option, giving a total cost of US$943,000. The directors consider that the fair value on acquisition of the underlying investment of China Zinc equates to that paid by the Company. On this basis the 50% minority interest not held by the Company at 1 January 1998 was valued at US$1,318,000 giving rise to a fair value adjustment on the acquisition of this interest for a total consideration of US$943,000 in 1998 of US$375,000.

NOTES TO THE FINANCIAL STATEMENTS

10. Tangible assets

COST / VALUATION	$000
At 31 December 1997	542
Additions	7
At 31 December 1998	549
DEPRECIATION	
At 31 December 1997	56
Provided during the year	4
At 31 December 1998	60
PROVISION FOR DIMINUTION IN VALUE	
At 31 December 1997	126
Provided during the year	100
At 31 December 1998	226
NET BOOK VALUE	
At 31 December 1998	263
At 31 December 1997	360

Tangible fixed assets comprise:

	1998	1997
	$000	$000
Cost:		
Plant and equipment	476	476
Office furniture and equipment	73	66
	549	542
Depreciation		
Office furniture and equipment	(60)	(56)
Provisions for diminution in value		
Plant and equipment	(226)	(126)
NET BOOK VALUE	263	360

11. Investments

COST	$000
At 31 December 1997	913
Disposals during the year	(469)
At 31 December 1998	444
PROVISIONS	
At 31 December 1997	(913)
Disposals during the year	469
At 31 December 1998	(444)
NET BOOK VALUE	
At 31 December 1998 and 1997	–

NOTES TO THE FINANCIAL STATEMENTS

Investments held as fixed assets and other unquoted investments have been valued at cost less provisions by the Directors in the absence of readily ascertainable market values.

12. Portfolio investments

	1998	1997
	$000	$000
Quoted (cost US$1,076,000 – 1997 US$1,046,000)	165	329
Unquoted (cost US$200,000 – 1997)	–	200
	165	529

Quoted securities are valued at the mid market price. Unquoted investments are valued at cost.

13. Cash and deposits

Analysis of changes in cash and cash equivalents

	$000
At 31 December 1997	402
Net cash outflow	6
At 31 December 1998	408

14. Negative goodwill

	$000
At 31 December 1997	778
Transfer to profit and loss account in respect of Professional Property Projects (Pty) Limited	(490)
At 31 December 1998	288

The release of $490,000 to profit and loss account follows full provision being made against the Botswana copper project in the year.

Negative goodwill represents the excess of the fair value of the attributable net assets acquired on the acquisition of a subsidiary company, over the fair value of the consideration given, being a discount on the fair value of the assets acquired. Negative goodwill will be recognised as income and credited to the profit and loss account when the assets are sold or amortised over the expected productive life of the assets. Negative goodwill may be analysed between the subsidiary companies acquired as follows:

	1998	1997
	$000	$000
Arising on acquisition of STREMCO S.A.	288	288
Arising on acquisition of Professional Property Projects (Pty) Ltd	–	490
	288	778

15. Share capital

	1998 Number	$000	1997 Number	$000
AUTHORISED:				
Ordinary shares of US$0.10 each	50,000,000	5,000	25,000,000	2,500
CALLED UP ALLOTTED AND FULLY PAID				
Ordinary shares of US$0.10 each				
At 1 January	8,178,154	818	5,678,154	568
Issued during the year	13,030,000	1,303	2,500,000	250
Bought back in the year	(214,375)	(22)	–	–
At 31 December	20,993,779	2,099	8,178,154	818

The authorised share capital of the Company was increased by the passing of an ordinary resolution at the annual general meeting of members held on 12 June 1998 to $5,000,000 by the creation of an additional 25,000,000 ordinary shares of $0.10 each ranking pari passu with the existing ordinary shares.

On 23 January 1998 the Company issued 2,230,000 new ordinary shares at 35 cents each as part of the consideration for a 50% interest in the share capital of China Zinc Pty Limited acquired in 1997.

On 17 April 1998 the Company issued 3,500,000 new ordinary shares at 25.8 cents each as consideration on the exercise of an option to acquire the remaining 50% interest in the share capital of China Zinc Pty Limited not already owned by the Company. A further 100,000 new ordinary shares were issued at 25.8 cents each on 17 April 1998 in connection with this acquisition.

On 26 June 1998 the Company issued 7,200,000 new ordinary shares in the Company at 24 cents each on a private placement of shares.

On 15 September 1998 214,375 ordinary shares in the Company were bought in for cancellation at 40 cents each as part of agreements for the sale of the Company's interest in unquoted portfolio investments.

During 1998 new share options were granted to directors and management of the Company. The options that were due to expire on 31 December 1998 and exercisable at 50 cent per share, over 200,000 new ordinary shares in the Company held by five of the directors, were cancelled. New share purchase options over a maximum of 2,450,000 new ordinary shares in the capital of the Company ("the New Options") have been granted to directors and management of the Company. Each New Option granted gives the holder the right to subscribe for new ordinary shares in the Company at an exercise price of US 24 cents at any time from the date of grant up to and including 31 August 2001.

In addition to the options granted to directors and management in 1998 the Company granted options over 325,000 new ordinary shares in the Company exercisable at 24 cents each. 300,000 of these options expire on 31 August 1999. 25,000 of these options expire on 31 August 2001.

On 15 January 1999 the 1,250,000 quoted warrants, exercisable into new ordinary shares in the Company at a subscription price of US$0.50 expired. No warrants were exercised prior to the expiry date. Following the lapse of the warrants there are no further quoted warrants remaining open for exercise.

NOTES TO THE FINANCIAL STATEMENTS

Certain former Directors participated in a bonus scheme which was linked to "phantom options" over the Company's shares. When this scheme was established, in 1995, it was designed to operate as a phantom option scheme in respect of 637,500 ordinary shares. In the event that the market price of an ordinary share exceeded US$0.50 on the day of exercise, the participating Directors were entitled to receive, in cash from the Company, a sum calculated as the number of "phantom options" held multiplied by the difference between US$ 0.35 and the market price on the exercise date. This bonus was subject to the participating directors' applying 60% of the bonus payment received in subscribing for new ordinary shares in the Company at the market price on the date of exercise. On 22 April 1998 the Company was notified of the existence of a control group in accordance with s840 Income and Corporation Taxes Act 1988. This event resulted in the final exercise date being brought forward to 22 May 1998. The former Directors did not exercise any of the phantom options which duly lapsed on 22 May 1998.

16. Share premium

	$000
At 31 December 1997	10,878
Premium on shares issued in period	2,135
Expenses paid in connection with share issue	(362)
Premium on shares bought back in the year	(64)
At 31 December 1998	12,587

17. Investment revaluation reserve

	$000
At 31 December 1997	(717)
Movements during the year	(194)
At 31 December 1998	(911)

18. Profit and loss account

	$000
At 31 December 1997	(8,318)
(Loss) for the financial year	(1,654)
At 31 December 1998	(9,972)

19. Reconciliation of shareholders' funds

	1998 $000	1997 $000
Total gains and (losses) recognised in the year	(1,776)	(4,492)
Issue of ordinary shares in the year	2,991	939
Shares to be issued	(780)	780
Net additions to shareholders' funds	435	(2,773)
Opening shareholders' funds	3,611	6,384
Closing shareholders' funds	4,046	3,611

20. Equity minority interests

	$000
At 31 December 1997	2,361
Adjustment on acquisition of minority interest in China Zinc Pty Limited	(1,319)
Transfer to profit and loss account in respect of Professional Property Projects (Pty) Limited	(375)
At 31 December 1998	667

Analysis of minority interests by subsidiary company

	1998	1997
	$000	$000
Arising on acquisition of China Zinc Pty Limited	–	1,319
Arising on acquisition of STREMCO S.A.	667	667
Arising on acquisition of Professional Property Projects (Pty) Limited	–	375
	667	2,361

The release of $375,000 to profit and loss account represents the minority interest in Professional Property Projects (Pty) Limited and follows full provision being made against the Thakadu project in the year.

21. Attributable net asset value per share

The attributable net asset value per share has been calculated from the consolidated net assets of the Group after deducting the minority interest divided by the number of ordinary shares in issue at 31 December 1998 of 20,993,779 (10,408,154 at 31 December 1997).

NOTES TO THE FINANCIAL STATEMENTS

22. Subsidiary companies

At 31 December 1998, Griffin Mining Limited had interests in the share capital of the following principal subsidiary companies.

Name	Class of shares held	Proportion of share held	Nature of business	Country of incorporation
China Zinc Pty Limited	Ordinary	100%	Holding company	Australia
Hebei Hua' Ao Mining Development Company Limited		80% reducing to 60%(after payback of capital expenditure)**	Zinc exploration and development	China
Societé de Travaux de Recherché et D'Exploration Miniére et Compagneé S.A ('STREMCO')	Ordinary	51%	Gold exploration	Burkina Faso
Societé des Mines du Faso S.A. ('FASOMINE')*	Ordinary	51%	Gold mining	Burkina Faso
Professional Property Projects (Pty) Ltd ('PPP')	Ordinary	75%	Holding company	Botswana
Thakadu Mining (Pty) Ltd. ('TMP')*	Ordinary	75%	Copper mining	Botswana
Nordic Exploration AB	Ordinary	100%	Diamond exploration	Sweden

* All companies are directly owned by the Company except for Hebei Hua' Ao Mining Development Company Limited, in which China Zinc Pty Limited has a controlling interest, see below, TMP which is a wholly owned subsidiary of PPP and FASOMINE which is 79.6% owned by STREMCO and 10.4% owned directly by the Company.

** The Joint Venture contract establishing the Hebei Hua' Ao Mining Development Company Limited provides that 80% of the net profits generated by the Joint Venture will be paid to the Foreign Party until such time as all the capital expenditures arranged by the Foreign Party have been recouped by it, together with a coupon of 4.5%. Thereafter the Foreign Party will receive 60% of the net profits, in accordance with its share in the equity interest in the Joint Venture.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments

The Group finances its operations primarily from equity issues. The Group does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. The Group has no borrowings other than trade creditors and funds in excess of immediate requirements are placed in US dollar floating rate deposits. Although the Group has overseas subsidiaries operating in China and Africa whose costs are denominated in local currencies, liabilities are primarily incurred in US dollars.

24. Post balance sheet event

On 4 June 1999 the Company completed a private placement of 1,666,667 new ordinary shares at 30 cents to raise cash of $500,000 before expenses.