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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).
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, EC2R 8HP. UK.
Nominated Broker for AIM:	Charles Stanley and Company Limited 25 Luke Street, London, EC2A 4AR. UK.
Auditors:	Grant Thornton 31 Carlton Crescent, Southampton, SO15 2EW. 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

The latter half of 1999 and the first half of 2000 has seen your company create real value by developing further the Caijiaying orebody and creating a new technology company in which Griffin holds a significant equity stake.

The Caijiaying project has been dominated by the underground development programme which was funded from the proceeds of the fund raising of £1.6 million announced in November 1999. Work on the ground commenced in October 1999 and concluded in May this year. The programme has involved extending an existing decline located at the southern end of the main ore body and drives off this decline from which a programme of underground drilling has now been completed. Analytical work arising from this programme is continuing which should provide sufficient information for your Board to take decisions which will determine the future course of action of your company.

In summary, the key conclusions that have emerged from the 1999/2000 work programme at Caijiaying are as follows:

- The ore body in the southern end of Zone III contains extensive high grade mineralisation. Composite grades of the wider zones range from 6% to 17% zinc and of the narrower zones from 20% to 30% zinc.
- The ore body in the southern end of Zone III shows more complex geometry than earlier drilling results indicated.
- The combination of the high grades and complex geometry together imply that the most economic mining method for exploitation of the deposit may be by way of underground mining using the existing decline and at some point in the light of the orebody structure, from a new decline to be sunk on the northern half of Zone III.

Based on the above conclusions, your Board has taken the decision to investigate the possibility of commencing zinc and gold production at Caijiaying. The production decision would be a significant milestone for Griffin. For a relatively small capital cost it would present the opportunity for Griffin to generate cash flows in the short term which should end the company's reliance on the capital markets to fund its ongoing activities. However, a decision by your Board to move forward with production will be based on the requisite economic robustness of the project being demonstrated and the willingness of the capital markets to provide the necessary funding to enable mining and processing of ore to be undertaken on site at Caijiaying. Should either of these criteria not be satisfied, then your board will have no option but to seek alternative rationalisation strategies for Caijiaying.

On 5th June 2000 our joint venture company in China, Hebei Hua' Ao Development Company Limited was awarded a three year exploration licence covering 102.2sq km of highly prospective ground surrounding the existing exploration licence area at Caijiaying. The geology of the area suggests that the new licence area has potential to host significant copper and/or gold as well as additional zinc and lead.

Agreement in principle has been reached with our Chinese partners to amend the existing joint venture agreement such that Griffin will have a 90% interest in this new licence. The minimum expenditure commitments on the new area are approximately $226,000 over the three years of the exploration licence. The commitments for the first year have already been met as part of the work conducted in the area during the 1999/2000 development programme at Caijiaying.

In January 2000 the Board announced another initiative primarily designed to increase the funding alternatives available to Griffin with the formation of Griff-Tech.com plc. This company was formed as an AIM listed cash shell with a strategy of seeking a major acquisition via a reverse take-over. In May 2000, Griff-Tech announced the acquisition of Future Internet Technologies Limited and a placing to raise £3 million to fund the development of this company. Following this acquisition and placing, Griffin now holds a 2.4% interest in Future Internet Technologies plc.

Griffin shareholders have benefited in two ways from the Griff-Tech initiative. First, through the structure which offered all founders' shares in Griff-Tech exclusively to Griffin shareholders on a pro rata basis at 1p per share. Second, through the increase in the value of the interest in Future Internet Technologies plc which has been retained by Griffin itself. This initiative was well received by shareholders with a take up of the offer in excess of 85%.

With Griff-Tech having completed the type of transaction that it was created to conclude, your Board is now actively considering similar initiatives. The year has therefore seen the beginning of an evolution of Griffin from a single project mining development company into a company which also has a separate investment activity. Capital market conditions and developments in the new economy provided the catalyst for this change, but it was facilitated by the skills and experience of individuals within Griffin. I view this as a positive way to have started the year 2000.

Craig Niven *Chairman*

REVIEW OF OPERATIONS

Griffin Mining Limited ("Griffin" or "the Company") is a mining development and investment company. Its principal project is the Caijiaying zinc-gold project in the Peoples Republic of China ("PRC"), and it holds a range of investments in quoted securities in the United Kingdom and North America.

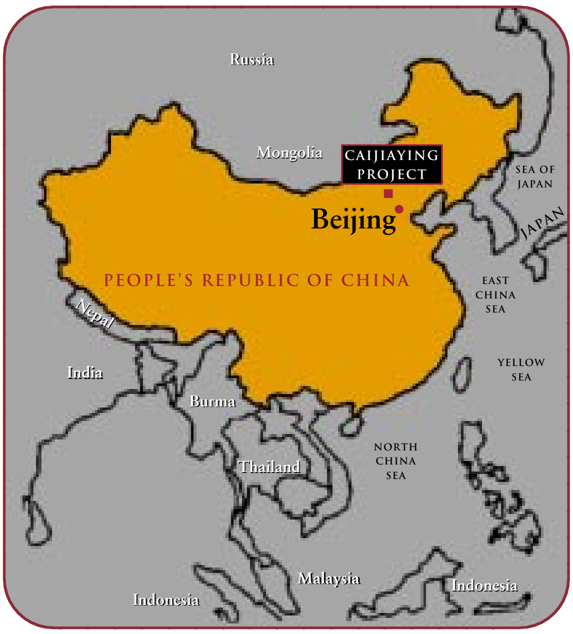
CAIJIAYING ZINC GOLD PROJECT: China

BACKGROUND

Griffin holds 100% of the issued share capital of China Zinc Pty Ltd ("China Zinc"). The first 50% of China Zinc was acquired on 26 November 1997 and the remaining 50% was acquired on 17 April 1998. China Zinc is an Australian company which has been engaged in the development of the Caijiaying zinc-gold project in the PRC ("the Caijiaying project") through the Hebei Hua' Ao Development Company Limited ("HSAMDC"). HSAMDC is a contractual joint venture entity established in the PRC. China Zinc has a 60% interest in HSAMDC, the other shareholders being the Zhangjiakou City People's Government and the Hebei Bureau of The Ministry of Land and Natural Resources.

The Caijiaying Exploration Licence covers an area of 11.3 square kilometres. It was issued to HSAMDC in October 1998 and is valid for three years. Under Chinese mining law HSAMDC has a statutory priority to convert the Caijiaying Exploration Licence to a mining licence. The licence area is broken down into six zones. Zone III has been the main focus of exploration and development activity and formed the basis of a pre-feasibility study prepared by Bateman Kinhill. The other zones have not been intensively explored, but drilling and other work in zones II, IV and V in particular have indicated significant potential.

On 5 June 2000 HSAMDC was granted a three year exploration licence covering 102.2 square kilometres surrounding the existing licence area at Caijiaying. The geology of the new exploration licence area suggests that the area has potential to host significant copper and/or gold as well as additional zinc and lead.



HISTORICAL OVERVIEW

Caijiaying is a polymetallic deposit, comprising mainly zinc with significant by-products, including gold and silver. It is located approximately 200 km directly north west of Beijing in the PRC.

The project site is easily accessible by sealed and unsealed 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 although winters are cold and dry.

Location of Caijiaying project

REVIEW OF OPERATIONS

Caijiaying site winter 1999/2000

Exploration teams under the aegis of the Hebei Bureau of The Ministry of Land and Natural Resources conducted 10 years of exploration work on Caijiaying, including 95,000 metres of diamond drilling. Subsequently approximately $2.5 million has been spent on Caijiaying, including the cost of the Bateman Kinhill pre-feasibility study, various geological reports, approximately 8,000 metres of diamond drilling, ore-body modelling, metallurgical testwork and engineering and geological studies.

A resource estimate for the deposit was originally prepared for China Zinc by Bateman Kinhill. Bateman Kinhill defined an in situ resource of 27.6 million tonnes at 7.4% zinc at a 4% minimum zinc cut-off (57.8 million tonnes at 4.8% zinc at a 1% minimum zinc cut-off). Bateman Kinhill also completed a pre-feasibility study which proposed an open pit mine producing 123,600 tonnes per annum of zinc metal in concentrate together with gold and silver credits with a 13.7 year mine life. The Bateman Kinhill resource estimate was based on a geological model that showed zinc mineralisation occurring in steeply dipping structures

Work undertaken on Caijiaying 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. A total of 19 drill holes were completed for a total of 4,998 metres. A programme of re-logging and re-sampling of the previously drilled 98,000 metres of core was also undertaken. The 1998 drilling programme was managed by CSA Australia Pty Limited ("CSA"), and all samples were analysed by Analabs Pty Limited at its laboratories in Perth, Western Australia and Ulaanbaatar, Mongolia. The work programme was designed to be capable of incorporation in a bankable feasibility study and to meet the guidelines of the Australasian Institute of Mining and Metallurgy and the Australian Code for Reporting of Mineral Resources and Ore Reserves (the JORC code) 1996.

REVIEW OF OPERATIONS

The results of the 1998 work programme helped to confirm not only the known zinc-gold-silver resource at Caijiaying, but also added significant potential upside to the project via the new geological interpretation of shallower dipping ore lenses, high grade intercepts in the southern limits of zone III and the potential to increase the deposit further due to exploration success in the adjacent zone II area. The 1998 work programme provided additional information to enable CSA to re-define the in situ resource estimate as 21.6 million tonnes at 8.9% zinc at a minimum 4% minimum zinc cut-off. The new resource is regarded as "Inferred" under the Australasian Institute of Mining and Metallurgy code for the reporting of mineral resources (the JORC Code, 1996). Encouraging results were also received from gold re-sampling of Chinese drill core which had not previously been analysed for gold, indicating potential for gold intersections outside those previously included in the resource.

The new geological interpretation of the orebody raised the option of the orebody being mined selectively on an underground rather than an open pit basis. Several follow-on desk top studies were completed after the Bateman Kinhill pre-feasibility study which included estimation of a potential underground resource at a greater than 4% zinc cut-off. This produced an estimate of 9.55 million tonnes at 12.4% zinc and 2.31 grams per tonne gold that contained 63% of the contained metal of the open pit resource. No economic model was produced with this study. With the subsequent changes in the geological interpretation and estimated grade and tonnage of the orebody, the Company's independent geological advisers, CSA, advised that the underground mining option should be considered. Consequently, the Company's 1999 work programme was designed to allow investigation of the relative economic attractiveness of mining the orebody by underground methods.

WORK COMPLETED IN 1999

During 1999, Griffin commissioned studies on power and freight for Caijiaying. These studies broadly supported assumptions made in the Bateman Kinhill prefeasibility study.

The underground exploration development and drilling programme commenced in October 1999 to define better the dimensions of mineralised zones before considering any further drilling from the surface.

Decline at Caijiaying

REVIEW OF OPERATIONS

Underground development work focussed on evaluating the resource in the southern part of zone III of the deposit where shallow mineralisation occurs at some 65 metres below surface. This mineralisation has been accessed via a -250, 235 metre decline previously constructed by the Chinese parties. Gillespie Mining Services was sub-contracted to design the underground development, in conjunction with CSA.

Underground drilling Caijiaying spring 2000

The results of the development to date confirmed the existence of extensive high grade mineralisation, although its geometry is more complex than expected and lateral continuity of mineralised lenses is less than predicted in this area. The work has exposed several mineralised zones ranging from 2.5 metres to 12 metres wide, with an along strike extent in the current workings of generally less than 15 metres, but possibly up to 30 metres. Where drilled, the mineralised zones have a total up/down dip extent of 15 metres to 20 metres. Composite grades of the wider zones range from 6% to 17% zinc and of the narrower zones from 20% to 30% zinc.

Although the highest grade zones are quite thin, composite grade was maintained over much thicker intervals (up to 12 metres) due to intervening areas carrying significant grade. The orientation of the confirmed mineralised zones is variable with both steeper angle 500-600 fault-controlled lenses (dipping south) and shallower angle zones with irregular boundaries which become quite flat lying in places. Due to the irregular and somewhat discontinuous nature of many of the zones, with the incorporation of large areas of waste or low grade material, it is currently difficult to define the true dimensions of the well mineralised zones in this area. Although the massive sulphide mineralisation is somewhat discontinuous, the high grade of the massive to semi-massive sulphides should, however, allow quite considerable dilution while maintaining a relatively high head grade.

Following initial interpretation of the grade results by CSA for the first phase of underground development, Gillespie Mining Services indicated that although the current underground development is very limited, a potential underground mine in this area is likely to consist of many small stopes. With higher than expected grades there is likely to be some flexibility with stope dimensions and the potential to achieve an acceptable rate of return. The current mineable stopes are in the 5,000 tonne to 15,000 tonne range, with most at the lower end of the scale. Mining is likely to be predominantly hand held, particularly in the initial stages, due to the stope block size, with shrinkage stoping and leading stoping being the main mining methods. The latter is currently being undertaken at Zone V by local miners. There is some potential to mechanise larger stopes using uphole bench retreat.

REVIEW OF OPERATIONS

Surface work Caijiaying winter 1999/2000

In summary, the key conclusions that have emerged from the 1999/2000 work programme at Caijiaying are as follows:

- The ore body in the southern end of Zone III contains extensive high grade mineralisation. Composite grades of the wider zones range from 6% to 17% zinc and of the narrower zones from 20% to 30% zinc.
- The ore body in the southern end of Zone III shows more complex geometry than earlier drilling results indicated.
- The combination of the high grades and complex geometry together imply that the most economic mining method for exploitation of the deposit may be by way of underground mining using the existing decline and at some point in the life of the orebody from a new decline to be sunk on the northern half of Zone III.

FUTURE PLANS

Based on the above conclusions, the Company has taken the decision to investigate the possibility of commencing zinc and gold production at Caijiaying. The production decision would be a significant milestone for Griffin. For a relatively small capital cost it would present the opportunity for Griffin to generate significant cash flows in the short term which would should end the Company's reliance on the capital markets to fund its ongoing activities. However, a decision to move forward with production will be based on the requisite economic robustness of the project being demonstrated and the willingness of the capital markets to provide the necessary funding to enable mining and processing of ore to be undertaken on site at Caijiaying. Should either of these criteria not be satisfied, then no option will remain but to seek alternative rationalisation strategies for Caijiaying having regard to the possibilities now opened to the Company arising from the grant of the new exploration .

The Company continues to seek out and evaluate opportunities to acquire other assets and to participate in transactions which will add real value to shareholders.

FUTURE INTERNET TECHNOLOGIES PLC (FORMERLY GRIFF-TECH.COM PLC)

Future Internet Technologies plc was formed by Griffin as Griff-Tech.com plc ("Griff-Tech") on 6 January 2000 to take advantage of the cross border opportunities that exist in the internet, telecommunications and high technology sectors. Ordinary shares in Griff-Tech were offered at 1p exclusively to shareholders in Griffin on the basis of 1 share in Griff-Tech for every 2 shares held in Griffin. 86% of the shares offered were taken up by Griffin shareholders. Griffin exercised its option to subscribe for 7,150,591 ordinary shares at an exercise price of 1p, being 23% of the issued share capital, as enlarged by the exercise of Griffin's option, of 31,102,368. Griff-Tech's ordinary shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange on 28 February 2000.

REVIEW OF OPERATIONS

On 11 May 2000 Griff-Tech. announced the proposed acquisition of Future Internet Technologies Limited ("F.I.T"), changes to its Board of Directors and a placing to raise £3 million at 2p per share. Under the terms of the merger agreements, Griff-Tech acquired 100% of F.I.T, consideration being satisfied by the issue of 115,110,647 New Ordinary Shares to the shareholders of F.I.T. At the 11.5p per share mid market price at close of business on 4 May 2000 (the day immediately preceding the date on which the Company's shares were suspended pending the announcement) this valued F.I.T at £13.2 million.

F.I.T is a UK based privately owned company that has developed a proprietary Java based, internet enabling technology ("JIVE"). This technology allows synchronised multi point, multi user, multi device access to a web hosted central database. Access to the central database can be from any internet enabled device including WAP enabled mobile phones. The technology will be exploited on an Application Service Provider ("ASP") model and is targeted at the small and medium size business ("SME") sector. It will have the ability to provide all the benefits of large company GroupWare environments to the SME sector at a fraction of the historic network cost.

The acquisition was structured as a reverse takeover of Griff Tech by F.I.T. Following an EGM of Griff Tech to approve the transaction, Griff Tech's name has changed to Future Internet Technologies plc, the existing directors of Griff Tech have resigned and the following appointments were made: Dr Geoff Bristow, Executive Chairman; Mr Nicholas Leigh-Wood, Managing Director; Mr Ziad Salem, Business Development Director; and Mr Christopher Lane, Non Executive Director. At the date hereof Griffin retains an equity interest representing 2.4% of the equity capital of Future Internet Technologies plc.

OTHER PROJECTS

On 23 March 2000 Aurex AB ("Aurex") acquired all of Griffin's gold interests in Burkina Faso for an initial consideration of $75,000 with two further elements of deferred consideration payable. The first element of the deferred consideration of between $250,000 and $400,000 becomes payable when cumulative gold production on the licence areas reaches 5,000 ozs. Should cumlative gold production reach 200,000 ozs further consideration is payable to Griffin of 100,000 ordinary shares in Aurex. Aurex is a Swedish company whose shares are listed on the SBI Stock Exchange in Stockholm.

Griffin retains an interest in the Thakadu copper project in Botswana.

FINANCIAL

The Group recorded a loss for the year of US$1,006,000 (1998 loss US$1,654,000).

Losses on disposals of investments during 1999 amounted to US$179,000 (1998 gains US$147,000).

Operating costs in 1999 were US$774,000 (1998 US$711,000).

Following the withdrawal of Cambridge Mineral Resources Plc from the collaboration agreement with Griffin for the exploration for diamonds in Sweden, full provision of US$41,000 has been made against Griffin's diamond exploration interests in Sweden.

Provision has been made against the operating costs incurred on the Guiro Gold Project in Burkina Faso of US$28,000 and on the Thakadu copper project in Botswana of US$5,000.

Cash balances increased to US$1,501,000 at 31 December 1999 compared to US$408,000 at 31 December 1998. US$2,293,000 (net) was raised from the issue of 17,952,722 new ordinary shares during the year, which has been used to fund exploration costs of US$816,000 on the Caijiaying zinc project in China and operating costs.

With the benefit of the share issues in 1999, shareholder funds rose from US$4,046,000 at 31 December 1998 to US$5,503,000 at 31 December 1999.

DIRECTORS

CRAIG NIVEN, Chairman, UK, aged 44

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 had previously held various positions at Amalgamated Metal Corporation Plc and Pannell Kerr Forster. He has acted as a Director of Griffin since October 1996 and as Chairman since November 1997.

MLADEN NINKOV, President, Australia, aged 39

Mladen Ninkov holds a Masters of Law Degree from Trinity Hall, Cambridge and Bachelor of Laws (with Honours) Degree and Bachelor of Jurisprudence Degree from the University of Western Australia. He is a principal of Keynes Capital. 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 in London, managing director of Maxwell Central and East European Partners plc in London and a Vice President of Prudential-Bache Securities Inc. in New York. He also worked at Skadden Arps Slate Meagher & Flom in New York and Freehill Hollingdale & Page in Australia. He was Chairman of Westgold Resources NL and a director of Ramsgate Resources NL, both companies listed on the Australian Stock Exchange, and was also a director of Mt Monger Gold Project Pty Ltd, Castle Hill Resources NL and Matu Mining Pty Ltd.

DAL BRYNELSEN, Director, Canada, aged 54

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. 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, Director, UK, aged 52

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

GORDON MONTGOMERY, Director, UK, aged 43

Gordon Montgomery is a Chartered Accountant with a background in corporate finance and venture capital with experience in deal assessment, negotiation and capital raising. He is currently a director of Oasis Europe Limited. (a mergers and acquisitions adviser) and Nale Industries Limited (an inspection equipment manufacturer), as well as being a director and adviser to a number of other businesses.

DIRECTORS / SENIOR EXECUTIVES

WILLIAM MULLIGAN, Director, USA, aged 57

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., and a director of AIG Investment Bank (ZAO) Ltd based in Moscow. 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, Director, Canada, aged 57

John Steele has an MSc in Geophysics from the University of Toronto. From 1984 to 1987, 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: Iriana Resources Corporation, International Dunlap Minerals Corporation, 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 of Westgold Resources N.L and Golden Tiger Resources N L. (Vietnam).

SENIOR EXECUTIVES

ROGER GOODWIN, Chief Financial Officer and Company Secretary, UK, aged 45

Roger Goodwin is a Chartered Accountant. He has held senior positions in a number of public and private companies within the natural resources sector and is currently a non executive director of Texas Oil & Gas Plc and e ruby plc. He has a strong professional background with considerable public company and corporate finance experience, and experience of emerging markets particularly in Africa, the CIS and Eastern Europe. He was appointed Chief Financial Officer in April 1996 and Company Secretary in November 1997.

BO ZHOU, Chief Geologist and Chief Representative in China, Australia, aged 38

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 the PRC 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 the PRC.

DIRECTORS' 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 1999.

FINANCIAL RESULTS

Group loss on ordinary activities before taxation, amounted to US$1,006,000 (1998 - loss US$2,029,000). No taxation was charged (1998 - nil). The Group loss after taxation and minority interests amounted to US$1,006,000 (1998 - loss US$1,654,000). The loss for the year after taxation of US$1,006,000 (1998 - loss US$1,654,000) has been charged to reserves.

The loss per share amounted to 4.2 cents (1998 - loss 10.0 cents). The attributable net asset value per share at 31 December 1999 amounted to 14 cents (1998 - 19 cents)

The Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The principal activities of the Group are that of mining and investment. A review of the Group's operations for the year ended 31 December 1999 and an indication of likely future developments are set out on pages 4 to 9.

DIRECTORS

The Directors of the Company during the year were:

Craig Niven — *UK* — *Chairman*
Dal Brynelsen — *Canadian*
Gordon Montgomery — *UK*
John Steele — *Canadian*
Mladen Ninkov — *Australian* — *President*
John Goodger — *UK*
William Mulligan — *US*

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 forthcoming Annual General Meeting of the Company.

The interests of the Directors holding office at 31 December 1999 and their immediate families in the share capital of the Company were as follows:

Name	**At 31 December 1999**		**At 1 January 1999**	
	Ordinary shares No.	Options over ordinary shares No.	Ordinary shares No.	Options over ordinary shares No.
Craig Niven	55,000	500,000	50,000	500,000
Mladen Ninkov	33,001	1,000,000	30,001	1,000,000
Dal Brynelsen	1	250,000	1	250,000
John Goodger	106,100	100,000	51,000	100,000
Gordon Montgomery	44,110	100,000	40,100	100,000
William Mulligan	1	100,000	1	100,000
John Steele	27,501	250,000	25,001	250,000

DIRECTORS' REPORT

On 1 February 2000 options were granted to the following persons over 700,000 new ordinary shares in the Company on identical terms to those already granted to directors and management.

	New options	Total Number of options to subscribe for one new ordinary share held following grant
	No.	No.
Roger Goodwin (Company Secretary)	150,000	200,000
John Goodger (Director)	150,000	250,000
Gordon Montgomery (Director)	150,000	250,000
William Mulligan (Director)	150,000	250,000
Elizabeth Shearley (Consultant)	100,000	100,000
Total	700,000	1,050,000

Each 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.

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 1999 and at 6 June 2000.

	At 31 December 1999.		At 6 June 2000.	
	Number	%	Number	%
UBS (Luxembourg) SA CEDEL Account	7,175,225	18.4	7,386,331	18.0
Morstan Nominees Limited	_	_	3,541,667	8.6
HSBC Global Custody Nominee (UK) Limited 811366 ACCT	_	_	3,333,333	8.1
MSS Nominees Limited 811366 ACCT	3,333,333	8.56	_	_
Everett Financial Nominees Limited P Acct	3,333,333	8.56	1,233,333	3.0
Trellus Partners LP	1,666,667	4.28	1,666,667	4.1

In order to improve the speed and efficiency in settling trades in the Company's shares, which are not 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.

Griffin is aware that Trellus Partners L.P. has a beneficial interest in 2,916,667 Ordinary Shares registered in the name of Morstan Nominees Limited, and a beneficial interest in 1,800,000 Ordinary Shares registered in the name of UBS (Luxembourg) SA CEDEL Account, which together with an interest registered in the name of Trellus Partners LP amounts in aggregate to 16.3% of the entire issued share capital of Griffin at 31 December 1999.

DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

On 23 March 2000 Aurex AB ("Aurex") acquired all of Griffin's economic interests in STREMCO and Fasomine. Aurex paid Griffin an initial sum of US$75,000 with a further two elements of deferred consideration payable. The first element of the deferred consideration of between US$250,000 and US$400,000 becomes payable when cumulative gold production on the licence areas reaches 5,000 ozs. The amount of deferred consideration is set by reference to the prevailing gold price at the date the 5,000 oz production threshold is reached. At a gold price of less than US$280 per oz the additional consideration is US$250,000; at a gold price of greater than US$300 per oz the additional consideration is US$400,000 with a scale operating between US$280 per oz and US$300 per oz. This element of the deferred consideration is payable in Aurex shares or cash at Aurex's option. Aurex's shares are listed on the SBI Stock Exchange in Stockholm. A second element of deferred consideration is payable when cumulative production reaches 200,000 ozs. This is set at 100,000 shares in Aurex or cash equivalent at Aurex's option, calculated at the mid market price of an Aurex share at that time.

On 16 November 1999 the Company issued 2,099,333 warrants. Each warrant entitled the holder to subscribe for one new ordinary share in Griffin at 9p per share on or before 13 January 2000. On 12 January 2000 this exercise date was extended to 21 January 2000. At close of business on 31 December 1999 a total of 142,283 warrants had been exercised. On 24 January 2000 outstanding warrants were exercised over 1,957,050 new ordinary shares. Following the exercise of the warrants there are 40,903,551 ordinary shares in Griffin in issue.

CORPORATE GOVERNANCE

Although registered in Bermuda and therefore not obliged to comply with the code of best practice established by the Combined Code issued by the Committee on 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.

DIRECTORS' REPORT

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
15 June 2000

REPORT OF INDEPENDENT AUDITORS

TO THE MEMBERS OF GRIFFIN MINING LIMITED

We have audited the financial statements on pages 17 to 31 which have been prepared in accordance with International Accounting Standards and under the accounting policies set out on pages 21 and 22.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 15 this includes responsibility for preparing the financial statements in accordance with applicable Bermuda law and International Accounting Standards. Our responsibilities, as independent auditors, are established by statute in Bermuda, the Auditing Practices Board in the United Kingdom, 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 or information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group at 31 December 1999 and of its loss for the year then ended in accordance with International Accounting Standards.

GRANT THORNTON
REGISTERED AUDITORS &
CHARTERED ACCOUNTANTS

Southampton
15 June 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999 (expressed in thousands US dollars)

	Notes	1999 $000	1998 $000
Income			
(Losses) / Gains on the disposal of investments	1	**(179)**	147
Net operating expenses	2	**(774)**	(711)
Provisions in respect of continuing operations	4	**(74)**	(1,976)
Release of negative goodwill		**–**	490
Operating (loss)		**(1,027)**	(2,050)
Foreign exchange gains / (losses)		**4**	(10)
Interest receivable and similar income	5	**17**	31
(Loss) on ordinary activities before taxation		**(1,006)**	(2,029)
Taxation on ordinary activities	6	**–**	–
(Loss) on ordinary activities after taxation		**(1,006)**	(2,029)
Minority interests		**–**	375
(Loss) for the financial year	17	**(1,006)**	(1,654)
(Loss) per share (cents)	7	**(4.2)**	(10.0)

CONSOLIDATED BALANCE SHEET

As at 31 December 1999 (expressed in thousands US dollars)

	Notes	1999	1998
		$000	$000
Fixed assets			
Intangible assets	8	5,122	4,344
Tangible assets	9	259	263
		5,381	4,607
Current assets			
Portfolio investments	11	82	165
Accounts receivable		10	14
Prepaid expenses		3	11
Cash and deposits	12	1,501	408
		1,596	598
Creditors: Amounts falling due within one year			
Accrued expenses		(155)	(119)
Creditors		(364)	(85)
Net current assets		1,077	394
Negative goodwill	13	(288)	(288)
Total net assets		6,170	4,713
Capital and reserves			
Share capital	14	3,895	2,099
Share premium	15	13,084	12,587
Investment revaluation reserve	16	(764)	(911)
Foreign exchange reserve		266	243
Profit & loss account	17	(10,978)	(9,972)
Equity shareholders' funds	18	5,503	4,046
Equity minority interests	19	667	667
Equity interests		6,170	4,713
Number of shares in issue		38,946,501	20,993,779
Attributable net asset value per share	20	$0.14	$0.19

The accounts on pages 17 to 31 were approved by the Board of Directors and signed on its behalf by:

C L B Niven
Chairman
15 June 2000.

Gordon Montgomery
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 1999 (expressed in thousands US dollars)

	Notes	1999 $000	1998 $000
(Loss) for the financial year		**(1,006)**	(1,654)
Unrealised gains (losses) on investments	16	**147**	(194)
Currency translation differences in foreign currency net investments		**23**	72
Total gains and losses recognised in the year	18	**(836)**	(1,776)

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 1999 (expressed in thousands US dollars)

	Notes	1999 $000	1998 $000
Net cash (outflow) from operating activities		**(381)**	(246)
Investing activities			
Payments to acquire intangible fixed assets	8	**(819)**	(1,093)
Payments to acquire tangible fixed assets	9	**–**	(7)
Payments to acquire subsidiary undertakings		**–**	(14)
Net cash (outflow) from investing activities		**(819)**	(1,114)
Net cash (outflow) before financing		**(1,200)**	(1,360)
Financing			
Issue of ordinary share capital	14	**2,774**	1,728
Expenses paid in connection with share issue	15	**(481)**	(362)
		2,293	1,366
Increase in cash and cash equivalents	12	**1,093**	6

Reconciliation of operating (loss) to net cash (outflow) from operating activities		
Operating (loss)	**(1,027)**	(2,050)
Interest received	**17**	31
Taxation	**–**	–
Depreciation	**4**	4
Losses / (Gains) on sale of investments	**179**	(147)
Receipts on the sale of investments	**51**	230
Provisions in respect of continuing operations	**74**	1,976
Release of negative goodwill	**–**	(490)
Decrease / (increase) in debtors	**12**	155
Increase / (decrease) in creditors	**287**	57
Other non-cash income, including exchange differences	**22**	(12)
	(381)	(246)

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.

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 9).

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 previously 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 bid market price on such exchange or market.

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 portfolio 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 and losses 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

	1999	1998
	$000	$000
Administrative expenses	**774**	681
Costs of determining the contracts of former Chief Executive and wife	**–**	30
	774	711

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 1999**	Total 1998
	$000	$000	$000	**$000**	$000
Craig Niven	–	–	–	**–**	–
Mladen Ninkov	–	–	–	**–**	–
Dal Brynelsen	13	–	–	**13**	6
John Goodger	13	–	–	**13**	13
Gordon Montgomery	–	–	–	**–**	–
William Mulligan	13	–	–	**13**	13
John Steele	–	–	–	**–**	–

Craig Niven is a director and shareholder of Zetachoice Limited. Under the terms of a consultancy agreement Zetachoice Limited received fees of $175,000 (1998 $58,000) from Griffin Mining Limited and its subsidiaries for the provision of services including that of Craig Niven as a Director and Chairman of the Company during the year.

Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for The Keynes Trust, received fees under a consultancy agreement of $200,000 (1998 $116,000) for the provision of advisory and related services to Griffin Mining Limited and its subsidiaries during the year. 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 (1998 $13,000) 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 (1998 $13,000) 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. PROVISIONS IN RESPECT OF CONTINUING OPERATIONS

Provisions made in respect of the recoverability of assets.

	1999	1998
	$000	$000
United Kingdom gold exploration expenditure	–	7
Swedish diamond exploration expenditure	41	–
Thakadu copper exploration and development expenditure	5	1,718
Burkina Faso gold exploration and development expenditure	28	151
Total provisions against intangible assets	74	1,876
Burkina Faso gold exploration and development, tangible fixed assets	–	100
	74	1,976

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.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999	1998
	$000	$000
Bank and short term interest	17	31

6. TAXATION ON ORDINARY ACTIVITIES

	1999	1998
	$000	$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 $4m, and capital losses estimated at $1.2m.

7. (LOSS) / PER SHARE

Losses per share have been calculated on the basis of the net loss after taxation of $1,006,000 (loss $1,654,000 in 1998) and the weighted average number of shares in issue in the year ended 31 December 1999 of 24,200,537 (16,457,940 in 1998).

There is no dilutive effect of outstanding warrants to purchase 1,957,050 shares at 9 pence and share purchase options to purchase 2,475,000 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

8. INTANGIBLE ASSETS

Exploration interests

COST / VALUATION	$000
At 1 January 1999,	8,395
Foreign exchange adjustments	94
Additions during the year	819
At 31 December 1999	9,308
PROVISIONS	
At 1 January 1999	(4,051)
Foreign exchange adjustments	(61)
Amounts provided during the year	(74)
At 31 December 1999	(4,186)
NET BOOK VALUE	
At 31 December 1999	**5,122**
At 31 December 1998	4,344

Analysis by geographical area and nature of activity

	1999	1998
	$000	$000
China - Zinc	4,066	3,238
Burkina Faso- Gold	1,056	1,056
Botswana - Copper	–	–
Sweden - Diamonds	–	50
	5,122	4,344

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.

NOTES TO THE FINANCIAL STATEMENTS

9. TANGIBLE ASSETS

COST / VALUATION	$000
At 1 January 1999	549
Additions	–
At 31 December 1999	549
DEPRECIATION	
At 1 January 1999	60
Provided during the year	4
At 31 December 1999	64
PROVISION FOR DIMINUTION IN VALUE	
At 1 January 1999	226
Provided during the year	–
At 31 December 1999	226
NET BOOK VALUE	
At 31 December 1999	**259**
At 31 December 1998	263

Tangible fixed assets comprise:

	1999 $000	1998 $000
Cost:		
Plant and equipment	318	318
Office furniture and equipment	231	231
	549	549
Depreciation		
Office furniture and equipment	(64)	(60)
Provisions for diminution in value		
Plant and equipment	(226)	(226)
NET BOOK VALUE	259	263

10. INVESTMENTS

COST	$000
At 31 December 1999 and 1998	444
PROVISIONS	
At 31 December 1999 and 1998	(444)
NET BOOK VALUE	
At 31 December 1999 and 1998	–

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.

NOTES TO THE FINANCIAL STATEMENTS

11. PORTFOLIO INVESTMENTS

	1999 $000	1998 $000
Quoted (cost $846,000 – 1998 $1,076,000)	82	165

Quoted securities are valued at the bid market price.

12. CASH AND DEPOSITS

Analysis of changes in cash and cash equivalents

	$000
At 1 January 1999	408
Net cash inflow	1,093
At 31 December 1999	1,501

13. NEGATIVE GOODWILL

	$000
At 31 December 1999 and 1998	288

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 of $288,000 at 31 December 1999 and 1998 arises on the acquisition of STREMCO S.A.

14. SHARE CAPITAL

	1999		1998	
	Number	$000	Number	$000
AUTHORISED:				
Ordinary shares of US$0.10 each	100,000,000	10,000	50,000,000	5,000
CALLED UP ALLOTTED AND FULLY PAID				
Ordinary shares of $0.10 each				
At 1 January	20,993,779	2,099	8,178,154	818
Issued during the year	17,952,722	1,796	13,030,000	1,303
Bought back in the year	–	–	(214,375)	(22)
At 31 December	38,946,501	3,895	20,993,779	2,099

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 16 December 1999 to $10,000,000 by the creation of an additional 50,000,000 ordinary shares of $0.10 each ranking pari passu with the existing ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

On 4 June 1999 the Company issued 1,666,667 ordinary shares in the Company at $0.30 per ordinary share on a private placement to Trellus Partners LP ("Trellus"). In consideration of Trellus entering into an agreement with Griffin not to sell, transfer or otherwise dispose of its entire beneficial holding of 6,383,334 ordinary shares, for a period of 12 months from 16 November 1999, an additional 1,666,667 ordinary shares were issued to Trellus at par, credited as fully paid on 16 November 1999. The Trellus obligation not to sell, transfer or otherwise dispose of ordinary shares in Griffin will not apply in the event of any change in control of Griffin during the 12 month period referred to above.

On 16 November 1999 the Company issued 14,477,105 new ordinary shares in the Company at 9 UK pence (14.5 cents) each on a placement of shares together with 2,099,333 warrants. Each warrant entitled the holder to subscribe for one new ordinary share in Griffin at 9 UK pence per share on or before 13 January 2000. On 12 January 2000 this exercise date was extended to 21 January 2000.

On 16 December 1999 the Company issued 142,283 new ordinary shares at 9 UK pence (14.5 cents) each on the exercise of warrants issued as part of the 16 November 1999 placing.

On 24 January 2000 1,957,050 new ordinary shares were allotted on the exercise of outstanding warrants. Following the exercise of the warrants there are 40,903,551 ordinary shares in Griffin in issue.

Under an agreement dated 4 November 1999 Loeb Aron & Company Limited were granted 500,000 warrants to subscribe for 500,000 Ordinary Shares in Griffin as compensation for the provision by Loeb Aron & Company Limited of a range of corporate advisory, promotional and research services to Griffin for a period of 3 years. These warrants are exercisable in whole or in part over three years from the date of the agreement at a price of 20 UK pence per Ordinary Share in the first year, 25 UK pence per Ordinary Share in the second year and 30 UK pence per Ordinary Share in the third year.

At 31 December 1999 options have been granted to the Directors over 2,300,000 Ordinary Shares in the Company. Each 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. At 31 December 1999 further options over 150,000 Ordinary Shares had been granted on the same terms as those on which options have been granted to the Directors to senior executives of the Company. Options have been granted over a further 25,000 Ordinary Shares on the same terms to Co ab Marketing Limited.

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE PREMIUM

	$000
At 1 January 1999	12,587
Premium on shares issued in period	978
Expenses paid in connection with share issue	(481)
At 31 December 1999	13,084

16. INVESTMENT REVALUATION RESERVE

	$000
At 1 January 1999	(911)
Movements during the year	147
At 31 December 1999	(764)

17. PROFIT AND LOSS ACCOUNT

	$000
At 1 January 1999	(9,972)
(Loss) for the financial year	(1,006)
At 31 December 1999	(10,978)

18. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1999	1998
	$000	$000
Total gains and (losses) recognised in the year	(836)	(1,776)
Issue of ordinary shares in the year	2,293	2,991
Shares to be issued	–	(780)
Net additions to shareholders' funds	1,457	435
Opening shareholders' funds	4,046	3,611
Closing shareholders' funds	5,503	4,046

19. EQUITY MINORITY INTERESTS

	$000
At 31 December 1999 and 1998	667

Analysis of minority interests by subsidiary company

	1999	1998
	$000	$000
Arising on acquisition of STREMCO S.A.	667	667

20. 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 1999 of 38,946,501 (20,993,779 at 31 December 1998).

NOTES TO THE FINANCIAL STATEMENTS

21. SUBSIDIARY COMPANIES

At 31 December 1999, 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, together with a coupon of 4.5%, will be paid to the foreign party until such time as the foreign party's investment in the project has been recouped by it. 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

22. 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.

23. POST BALANCE SHEET EVENTS

On 23 March 2000 Aurex AB ("Aurex") acquired all of Griffin's economic interests in STREMCO and Fasomine. Aurex paid Griffin an initial sum of $75,000 with a further two elements of deferred consideration payable. The first element of the deferred consideration of between $250,000 and $400,000 becomes payable when cumulative gold production on the licence areas reaches 5,000 ozs. The amount of deferred consideration is set by reference to the prevailing gold price at the date the 5,000 oz production threshold is reached. At a gold price of less than $280 per oz the additional consideration is $250,000; at a gold price of greater than $300 per oz the additional consideration is $400,000 with a scale operating between $280 per oz and $300 per oz. This element of the deferred consideration is payable in Aurex shares or cash at Aurex's option. Aurex's shares are listed on the SBI Stock Exchange in Stockholm. A second element of deferred consideration is payable when cumulative production reaches 200,000 ozs. This is set at 100,000 shares in Aurex or cash equivalent at Aurex's option, calculated at the mid market price of an Aurex share at that time. The net book value of STREMCO recorded in these financial statements as at 31 December 1999 after attributable negative goodwill and minority interests was $350,000.

Designed, Typeset and Printed by CPL Associates