Griffin Mining Limited

Report & Accounts 2000

CONTENTS

Griffin Mining Limited's shares are quoted on the Alternative Investment Market (AIM)

of the London Stock Exchange (symbol GFM).

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

CHAIRMAN'S STATEMENT

Dear Shareholder, it gives me great pleasure to address you in this my first Statement as the Chairman of your company, Griffin Mining Limited ("Griffin" or the "Company").

The environment for the mining industry since late 1993, and particularly since the Bre-X scandal of 1996, has been, to say the least, dismal. A large part of the blame, I believe, lies fairly within the purvey of the promoters and financiers who promoted these junior mining companies with assets comprising little more than "moose pasture" hoping to make a quick capital gain on the appreciation of their share price. Such "get rich quick schemes" inevitably ended in failure and losses for long-term shareholders. The recent decline in metal prices, and in particular the price of gold, has reinforced the negative view held of the metals market by the investing public.

In this truly global economy, there are only two honest ways that I know of in building substantial shareholder value in a mining company. The first is to explore virgin ground and hope to find an economically extractable ore body. This is not only an extremely capital intensive activity, but it is also becoming ever more difficult to accomplish given the amount of exploration which has taken place in the western world over the past 2,000 years. The second option is to acquire or participate in a venture in an emerging market, such as China, which already has a proven ore body but which needs western capital to develop it. This is the course Griffin has taken as we believe the global and intertwined nature of the world economy makes the assumption of political risk far more palatable and inexpensive than the assumption of exploration risk. Time will tell whether we have made the correct election.

Griffin has made excellent progress in the past year in bringing the Caijiaying deposit to the stage where, subject to the conclusion of financing arrangements, the Company is ready to begin the process of constructing processing facilities and commission a producing zinc-gold-silver mine. In essence Griffin is on the verge of becoming a true mining company, not an exploration and development company.

We your management, however, are under no illusion as to how the market perceives China, generally as a difficult and risky place to do business. We tend to disagree with this view, otherwise we would not have taken the decision to keep spending your precious funds in attempting to develop a mine in China. There are risks to operating in China, substantial risks, but risks, which we believe, are worth taking for the rewards which potentially lie at the end of the process.

We are also well aware that the perceived risk of China is being factored into Griffin's share price. It is more than likely that if Caijiaying were located in Canada, USA or Australia, the market capitalisation of Griffin would be significantly different. There is no easy or quick solution to this dilemma. Educating the investing public is one option in redressing the situation. To that end we have begun to show various investment professionals, including stockbrokers and fund managers, over our Caijiaying property, our joint venture operations and China in general. I think I am right in saying that they all have come away from such visits impressed with Caijiaying, our joint venture, the progress we have made, Griffin's knowledge and experience in China and the modern nature of China.

The real solution to the languishing share price is to commission the Caijiaying mine. That will not only prove to the investment community that Griffin can operate a mine in China and expatriate earnings for its own account, but also that it will generate significant cash flow for Griffin, so that if needs be, we can begin returning value to our shareholders by all the means available to the management of a company, including buying back our own shares and dividends.

We have decided not to follow the traditional path of financing the construction of a mine. Normally that process would involve a lengthy and, for a company of Griffin's size, prohibitively expensive bankable feasibility study followed by debt and equity financing arranged by a commercial bank. We have opted not to follow this course for a number of reasons, not only because of cost, but also because of the lack of knowledge of the Chinese mining sector by the commercial markets. We believe that finance should be arranged from a position of strength rather than going "cap in hand" to the commercial banks. Consequently, your Board took the decision at the end of 2000 to raise the approximately $2 million equity portion of the US$6.7 million needed to build and commission the Caijiaying mine prior to canvassing the commercial banks for the debt facility. As of the 15th of June 2001, Griffin

CHAIRMAN'S STATEMENT

raised approximately $3.1m million before expenses comprising $2.1 million via an equity placing to institutions and a further $1m by existing shareholders exercising the warrants issued at the same time as the placing. Griffin now finds itself in the unusual but strong position of having raised the equity finance estimated by the board as needed for Caijiaying. The Company is now able to speak confidently with banks to raise the debt portion needed for Caijiaying.

The granting of the mining licence over the Caijiaying deposit will not only be a pre-condition for commencing production but also to obtaining any debt finance. Consequently our first priority in the remainder of 2001 is to complete the remaining matters required under the Chinese Mining Law of 1998 to convert Griffin's exploration licence over the Caijiaying zinc gold project into a mining licence. This will include the completion of an environmental impact study and a number of geological and engineering studies in Mandarin compiled from previous studies completed by the Company in English.

Griffin has also continued to instigate transactions which have the capacity to add value to the Company and most importantly generate realisable assets which may be able to finance the construction of the Caijiaying mine without resort to bank debt. To that effect, in April 2001 Griffin earned a 4% interest in Ozmosa Limited ("Ozmosa"), a sports betting and casino operator in the East and South East Asia regions, in return for facilitating transactions including that with Sportingbet.com (UK) plc ("Sportingbet"). Ozmosa has entered into agreements with Sportingbet for the joint development of the Asian gaming market. As part of these agreements Sportingbet acquired a 1% equity interest in Ozmosa for a consideration of £1 million, together with an option to acquire a further 18.9% of the issued share capital of Ozmosa for £25 million."

It would be remiss of me not to thank a significant group of people who have toiled long and hard to allow Griffin to fulfil the potential it has always shown. First, our largest shareholder Trellus Management Co, which even with a declining share price over the years, has participated in every capital raising undertaken by the Company. I believe that it is safe to say that if Caijiaying is the success we all believe it will be, then a large part of that success must be attributed to the undying support of Trellus and its management. Secondly, our deepest thanks go to Charles Stanley & Company, and in particular, Charles Dampney of that firm, who has worked tirelessly to raise capital for the company in the most difficult of capital markets. His efforts are greatly appreciated. Thirdly, the tireless efforts of our exploration manager Dr Bo Zhou can not go unheeded. He has been with the Caijiaying project longer than any of us and has made, and continues to make, an incalculable contribution to the success of Caijiaying. Fourthly our thanks go to our Finance Director, President and Company Secretary, Roger Goodwin, who has worked over and above the call of duty for the company. Fifthly, I would like to thank the past directors of the company, in particular the past Chairman Craig Niven, for their efforts and unflinching support in progressing the fortunes of Griffin. Finally, I would like to thank my current fellow directors who are currently acting for no monetary compensation to continue to fulfil the dream of building and operating the first foreign controlled hard rock mine in China.

I and my fellow directors would like to thank you the shareholders, owners and risk takers for having the loyalty, courage and vision to subscribe for further shares and continue with your shareholding in Griffin. The management of Griffin is patently aware that this is your Company and that we are here to act in the Company's and your best interests. We value the trust you have placed in the Company and us and we look forward to producing the result you expect in 2001/2002

Mladen Ninkov
Chairman
29 June 2001

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 ("the Caijiaying project") in the Peoples Republic of China ("PRC").

CAIJIAYING ZINC GOLD PROJECT: China

BACKGROUND

Caijiaying is a polymetallic deposit, comprising mainly zinc, gold and silver, but also containing lead, gallium, arsenic, selenium and other by-products. It is located approximately 200 km 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.

The Caijiaying project is held by Griffin through a wholly owned subsidiary, China Zinc Pty Ltd ("China Zinc"). China Zinc is an Australian company which has been engaged in the development of Caijiaying through the Hebei Hua' Ao Mining Development Company ("HSAMDC"), which is a contractual joint venture entity established in 1994 in the PRC. China Zinc has a 60% (80% until payback of capital) interest in HSAMDC, the other shareholders being the Zhangjiakou City People's Government and the Hebei Bureau of Land and Natural Resources.

In October 1998, HSAMDC was the first foreign controlled joint venture to be issued with a new exploration licence for a hard rock deposit in the PRC, over an area of 11.3 square kilometers. This licence area is broken down into six zones. Zone III has been the main focus of exploration and development activity. 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.

Caijiaying project sketch map

Mineralisation at Caijiaying consists of multiple bodies of zinc sulphide (plus gold and silver) in the main 1 square kilometre resource area (Zone III Deposit) which are of the porphyry intrusive related class. Elsewhere on the property, there is potential for significant further discoveries of zinc, as well as gold and copper (and other by-product metals). It has been Griffin's strategy to bring the project into production first before testing these targets.

On 5 June 2000 HSAMDC was granted a three year exploration licence covering 102.2 square kilometres of highly prospective ground surrounding the existing licence area at Caijiaying. Under Chinese mining law HSAMDC has a statutory priority to convert the Caijiaying Exploration Licence to a mining licence.

REVIEW OF OPERATIONS

OVERVIEW

Exploration teams under the aegis of the Hebei Bureau of Land and Natural Resources conducted 10 years of exploration work on Caijiaying, including 95,000 metres of diamond drilling. Subsequently some $2.8 million has been spent by HSAMDC on Caijiaying, including the cost of a pre-feasibility study by Bateman Kinhill, a mining scoping study by CSA Australia Pty Limited ("CSA") in conjunction with Gillespie Mining Services Limited, approximately 8,000 metres of diamond drilling, 300 metres of underground drive, ore-body modelling, metallurgical testwork and various geological, metallurgical, engineering, power and transport 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). The Bateman Kinhill resource estimate was based on a geological model that showed zinc mineralisation occurring in steeply dipping structures.

Work subsequently undertaken by Griffin initially involved infill drilling and resource studies on the open-pit concept. A polygonal resource estimate in Micromine was prepared for Griffin by CSA, of 51 million tonnes at 5.01% zinc at a 1% cut off, and 22 million tonnes at 8.87% zinc at a 4% cut off. However, the open pit concept was hampered by difficulties in interpretation of the ore-block geometry.

Recent underground trial mining has largely resolved the interpretation problems and shown that the main mineralised bodies trend parallel to the drill grid. Although this has meant that the resource has had to be downgraded from that previously estimated, it is more amenable to smaller scale underground mining than the previous interpretation. On this basis, a resource of 2.6 million tonnes at 9.12% zinc at a 4% cut off, and 1.52 million tonnes at 12.34% zinc at a 7% cut off has been estimated. The smaller resource estimate is conservative, but it has been concluded that mining of the reduced resource is financially robust and represents a lower cost, technically more feasible and lower risk plan that will take advantage of the low costs of underground mining in China.

In 2000 the Company commissioned a mining scoping study from CSA in conjunction with Gillespie Mining Services Limited. This indicates an initial capital cost of US$6.7 million to bring an underground mine into production at Caijiaying to process some 180,000 tonnes of ore per annum at 12.3% zinc, 0.7 grams per tonne gold and 48 grams per tonne silver over a minimum of 10 years. At this level of production, with no changes in the basis and rates of taxation in the PRC, and assuming costs and metal prices as estimated in the scoping study but before any depreciation charge, Caijiaying is expected to generate after tax revenues, at the project level, of approximately US$5.5 to US$6 million per annum.

GEOLOGY

Mineralisation at Caijiaying is hosted in amphibolite grade meta-volcanics and meta-sediments, formed at the same time as the emplacement of regional granite porphyries during the Yanshanian Orogeny being of Jurassic age (about 141 million years). The metallogenesis is interpreted as porphyry intrusive-hydrothermal, and comprises a polymetallic mineral assemblage consisting of zinc, silver, gold and lead, with traces of copper, and a range of trace elements including antimony, arsenic, mercury, cadmium, as well as gallium, germanium, indium and selenium. Mineralisation forms a number of zones (I to V) covering an area of roughly 2 x 2km and is thought to be locally controlled by ENE, NW and nearly N-S faults and fractures. Zone III forms the main mineralised zone explored (800 x 1000m) and is the basis of the resource studies produced to date.

REVIEW OF OPERATIONS

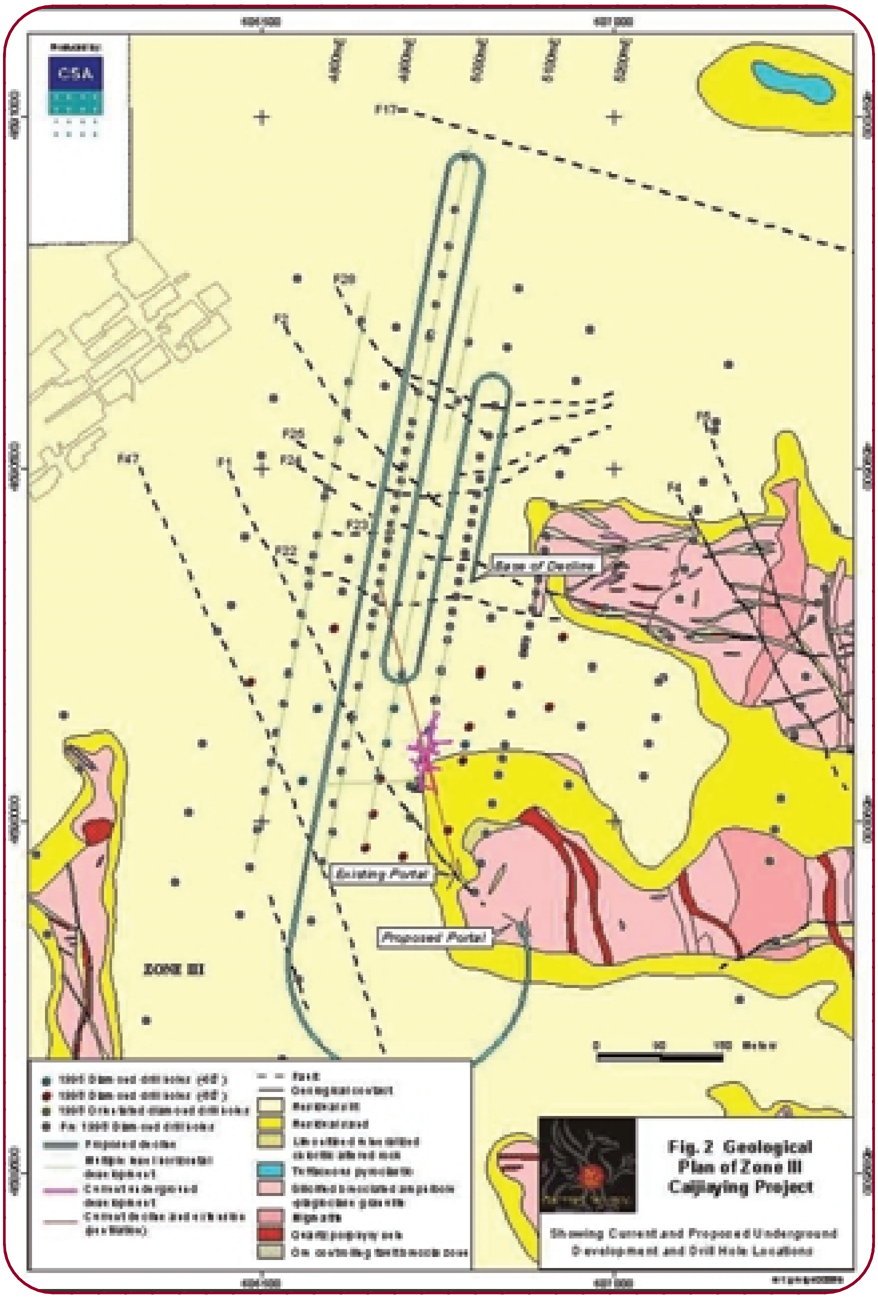
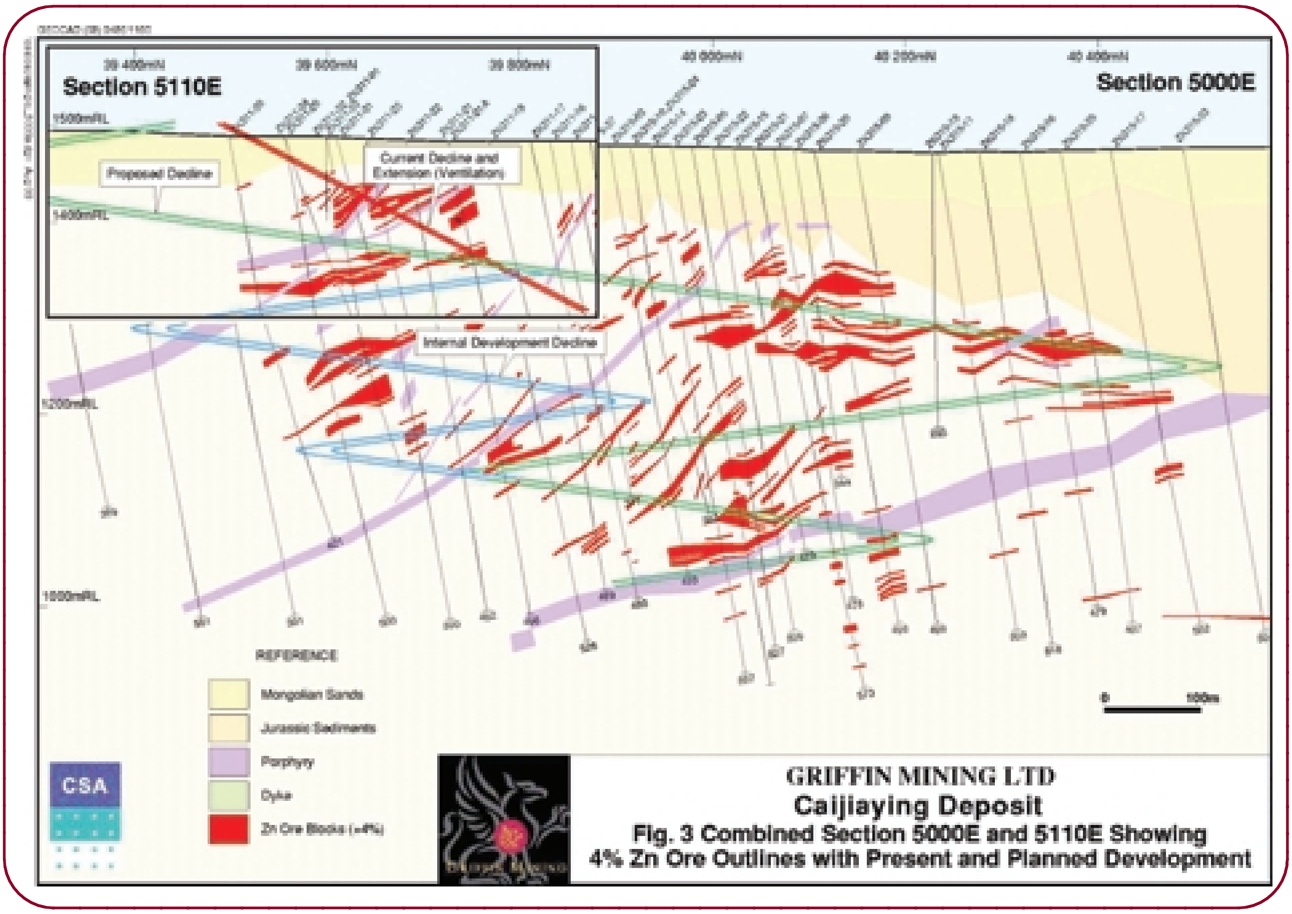


Fig. 2 Geological Plan of Zone III Caijiaying Project

Mineralisation was previously interpreted by Chinese geologists of the Third Brigade as forming a series of E-W trending, fairly steeply (-50° to -70°) southerly-dipping lenses from 0-500m below surface. However, it was recognised that the geometry of the lenses was complex and that there were probably a number of different orientations present. In 1994, the first western evaluation was conducted by Bateman Kinhill of Australia using the Chinese geological model. Concerns were expressed over ore-block continuity, however, these were not seen as serious as the plan at that time was for an open pit where detailed geometry would be less important.

Initial follow on work by Griffin in 1998 showed that many ore zones on N-S sections appeared better interpreted as more horizontal than steeply dipping, which implied a different ore block model than previously interpreted (see Fig. 3).

REVIEW OF OPERATIONS



Infill drilling carried out in the southern part of the deposit area during 1995 and by Griffin in 1998 confirmed the occurrence of mineralisation, however direct correlation of individual ore lenses was still difficult. Angled orientated drilling in 1998 also showed that mineralised lenses could cut-off over distances of <25m in an E-W direction which indicated there was a problem with a simple E-W ore lens strike interpretation. However, good continuity was shown in the N-S direction.

Due to the continuing difficulties with geological interpretation, Griffin decided to undertake underground trial mining and underground drilling at Zone III in October 1999 to better define the dimensions of the mineralised zones. The underground development and drilling work confirmed the presence of extensive high-grade mineralisation in the southern end of Zone III. However, the orientation of the mineralised zones was different and more variable than predicted and this meant that it was necessary to revise the ore-block model of the rest of the deposit to agree with the underground findings.

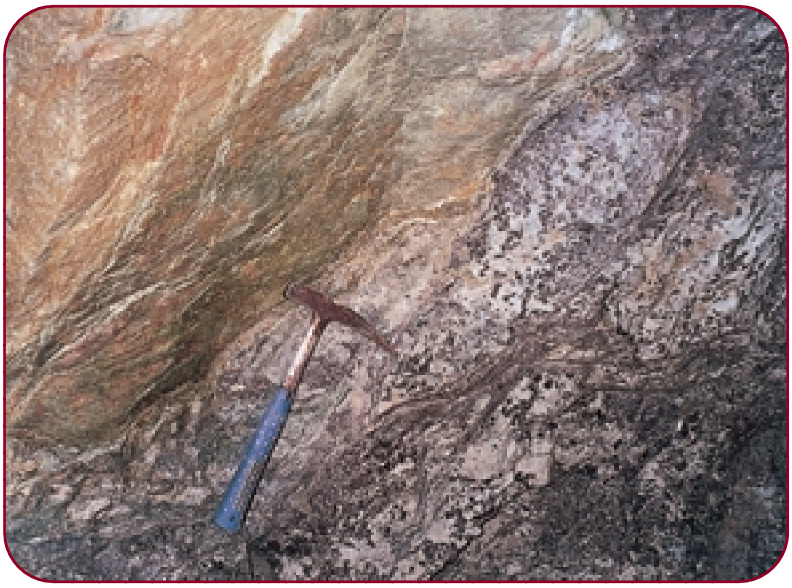
The underground work showed that the orientation of the mineralised lenses is both moderate angle (50° to 60°), southerly dipping, fault-controlled lenses, averaging 2.5m wide and very steeply dipping to sub-vertical, possibly fracture controlled, N-S lenses, in zones from 5 to 10m wide. Areas of more patchy and possibly shallower dipping mineralisation are developed in between. Although the highest grade zones are often thin, composite grade was maintained over much thicker intervals (up to 12m thick at 16% Zinc), due to intervening areas carrying significant grade.

Therefore a large proportion of the mineralisation is now interpreted to be controlled by N-S trending fractures and not in the E-W lodes as previously thought.

REVIEW OF OPERATIONS

Drilling over much of the deposit is on 100m spaced sections. Infill drilling in the southern part of the deposit (to 50m spacing) has confirmed the occurrence of high grade mineralisation between the 100m spaced sections. It is therefore reasonable to assume that additional lenses occur between the currently drilled sections, although these cannot be quantified with the current drill spacing.

The geological model used for the scoping study is believed to be conservative as it is based on drilling that is not oriented in the best direction. Due to the considerable depth of overburden in many areas, it is believed that it will be more cost-effective to undertake the necessary infill drilling to test for these additional lenses from underground ahead of mining.



Dark (iron-rich) zinc mineralisation exposed in a recent underground trial stope with pale calcite gangue and green hangingwall dyke at top left

RESOURCES

Using the new drill hole results from the 1995 and 1998 drilling programmes, CSA calculated a polygonal resource estimate in Micromine based on the new geological interpretation of more shallowly dipping ore lenses (see Geology). Due to the irregular drill hole spacing across the deposit, the resource estimate was categorised as Inferred. Two geological models were created. Model 1 included both 100m spaced fully drilled sections and 50m spaced partially drilled sections and Model 2 included only 100m spaced fully drilled sections. The two models essentially reported lower and upper limits to the resource. The two models reported the following tonnes and grades:

	Model 1	Model 2
At 1 % Zinc cut-off	31.47Mt @ 5.09% Zinc	50.69Mt @ 5.01 % Zinc
At 4 % Zinc cut-off	13.42Mt @ 9.12% Zinc	21.61Mt @ 8.87 % Zinc

A polygonal resource estimate was also calculated for Model 1 using 4% and 7% Zinc cut-offs, for all elements of interest, with projection parameters identical to that of the 4% Zinc cut-off resource estimate. This produced resources of: 13.42Mt @ 9.12% Zinc, 0.41% lead, 38g/t silver and 0.73g/t gold, at 4% Zinc cut-off; and 7.6 Mt @ 12.34% Zinc, 0.53% lead, 48g/t silver and 0.75g/t gold, at 7% Zinc cut-off

Despite ongoing concerns about the lens geometry, a further investigation into an open-pit option was undertaken in 1999. It involved both block modeling and optimisation studies, completed by consultant PL Kitto. A block model was constructed in Datamine, using wireframes of the Zinc mineralisation at a 1% cut-off to constrain the model and modeling parameters supplied by Snowdens.

REVIEW OF OPERATIONS

This study estimated a global resource of 48.7Mt @ 4.7% Zinc (at a 1% Zinc cut-off), which included 41.5Mt @ 5.29% Zinc at a 2% cut-off and 25Mt @ 6.81% Zinc at a 4% cut-off. These estimates compared well with the pre-feasibility resource estimates (45.4 Mt @ 5.7% Zinc at a 2% cut-off and 27.6 Mt @ 7.4% at a 4% cut-off), with a slight decrease in tonnes and grade.

With doubts remaining about the ore-block geometry and the difficulties of raising the large capital required for an open pit operation (with a high pre-strip requirement) it was decided to investigate the option of lower cost underground mining.

Decline at Caijiaying

Although the area of underground development was limited it is believed that the evidence that has been acquired from the work has produced results that can be applied to the whole deposit. This work consisted of detailed mapping and structural studies followed by underground drilling up and down strike to test the interpretations.

The studies enabled a reconciliation to be made with the original polygonal resource interpretation. Whilst this indicated a resource in the area of some 20% of the original resource estimation, the large decrease is due largely to the change in strike of the mineralisation to N-S and the limited E-W continuity compared to the previous models of E-W striking lodes. However, it must be stressed that there may well be intervening areas within the area of the development that have not been identified and in addition very little information is available up and down dip from the current level of development. Thus, the potential for additional mineralised lenses that pinch out either above or below the development level and which were not intersected is considered high. As a result the downgrading factor must be considered conservative.

The results from the reconciliation study were then applied to the whole resource at Zone III. In order to do this an assumption had to be made that the area of the underground development was representative of mineralisation over the entire deposit. This has not yet been proven and represents a significant area of uncertainty. Until additional information can be obtained from further underground development and drilling, this assumption has to be made in order to estimate the resource. This is a common problem in estimating deep underground reserves.

REVIEW OF OPERATIONS

Despite these conservative assumptions, the reduction to 20% still results in substantial resources of:

2.6Mt @ 9.12% Zinc, 0.41% lead, 38g/t silver and 0.73g/t gold, at a 4% Zinc cut-off

1.52Mt @ 12.34% Zinc, 0.53% lead, 48g/t silver and 0.75g/t gold, at a 7% Zinc cut-off

The infill drilling to date has shown that mineralisation occurs between the 100m and even 50m spaced sections, so it is reasonable to predict that significant additional undefined resources occur between the drilled sections. Because the recent work has confirmed that the deposit can be more profitably mined by underground methods, these additional resources can best be defined by underground drilling ahead of mining.

MINING

Under the scoping study it is planned to mine the deposit at an initial rate of 180,000 tonnes per annum over a 10 year life by concentrating on the higher grade material, but also mining most of the lower grades as the mine develops. Additional resources will be proved up ahead of mining by underground drilling and driving in the many areas where mineralisation is indicated from the original surface drilling. This will be significantly cheaper than surface exploration because of the significant overburden depth (up to 150m). The total tonnage and possibly also the grade have potential to significantly increase as the mine develops, which represents considerable upside to the project.

It is proposed to mine the deposit by driving a new haulage decline (4 x 3.5m) to access the main high-grade lenses in the northern part of the deposit and spiral down to reach a total depth of 450m. A number of horizontal drives at 25m intervals are planned with an internal decline to access ore zones to the south. The existing decline (2 x 2m) will be extended and used for ventilation, thereby obviating the need for expensive shafts.

Cash-flow analyses show that between US$6.4 and US$8.2 million is required (depending on the grade mined) to commence production. Some of the capital works have been scheduled for payment out of early production so that the total capital invested would be between US$12.9 and US$14.3 million. For the lower grade option, the post-tax internal rate of return is 41% and if higher grades can be maintained it would rise to 62%. It would be expected that this would rise as the project is expanded.

EXPLORATION POTENTIAL

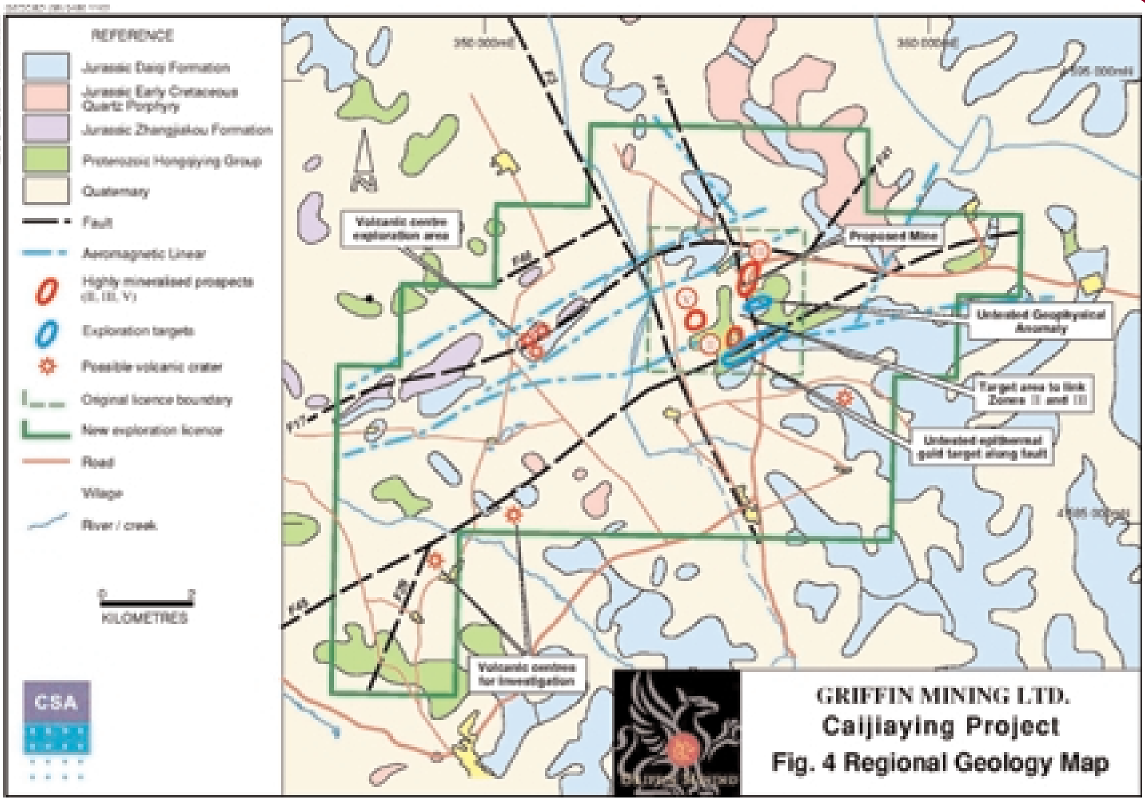
The priority for Griffin's exploration strategy for Caijiaying has been to concentrate on developing a zinc mine based on the existing resources rather than pursuing more exploration targets. This has been necessitated by the difficult financial markets, rather than the potential of the Caijiaying property which remains excellent. The exploration potential of the project has recently been further enhanced by the granting of a 102.2 square kilometre exploration licence covering the region which contains similar geology to Caijiaying.

The main cause of the mineralisation is believed to be the heat and fluids associated with a relatively young intrusive centre emplaced during a period of volcanism that affected the area in the Jurassic. A number of volcanic centres occur at structural intersections within a zone which trends east-northeast, parallel to the margin of the North China Plate which is 200km to the north. These intruded and erupted over the much older Proterozoic metamorphic basement rocks along a major crustal weakness.

REVIEW OF OPERATIONS

A number of empirical controls have been identified by the previous Chinese work. These include a broad stratigraphic control within the metamorphosed amphibolitic sequence of the Early Proterozoic Datongying Formation, which is reported to contain a number of similar (but so far smaller) deposits within the region.

Both regional and local structural controls have also been recognised. The main mineralisation occurs within synclinal folds, formed as part of a conjugate set of structures in response to movement along the regionally important F45 Fault, which trends east-northeast across the area south of the main deposits (Figure 4). The line of this fault is believed to be on a zone of crustal weakness so that it may have acted as a conduit for rising mineralising fluids.



Regional geological sketch map of Caijiaying Project Area showing original and new exploration licences and main geological components and targets

FUTURE PLANS

The results of the scoping study, Griffin's work on the Caijiaying project and the positive developments in the Chinese legal environment have confirmed Griffin's view that Caijiaying is capable of being developed immediately to economically produce zinc, gold, silver and possibly other minerals. For a relatively small capital cost the opportunity exists for Griffin to generate significant cash flows in the near future. Consequently, and subject to the successful raising of the necessary project finance required to bring Caijiaying into production, the Company has decided to move forward as quickly as possible to construct and commission the Caijiaying deposit as an underground mining operation.

Following the completion of a private placing to raise \$2.1m before expenses and \$1m from the excercise of warrants, in Spring 2001, Griffin has commissioned an Environmental Impact Study and a Staged Geological Report and is upgrading and converting the scoping study to meet Chinese requirements for a feasibility study required as part of the mining licence application process.

REVIEW OF OPERATIONS

The Company believes that should it be able to commission the first majority foreign owned mine in the PRC at Caijiaying, then the possibility exists for world class projects to be offered to Griffin by various arms of the PRC's local, provincial and central governments for development, commissioning and operation. The capital raising in Spring 2001 and consequential step closer to the commissioning of Caijiaying lays the foundation not only for Griffin to become a profitable mining company, but also gives it the potential to further expand its influence in the mining sector of the world's largest mineral producer.

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

OTHER PROJECTS

During 2000 Griffin formed Griff-Tech.com plc ("Griff-Tech"), since renamed Future Internet Technologies plc, in order to take advantage of the cross border opportunities which then existed in the internet, telecommunications and high technology sectors. Ordinary shares in Griff-Tech were offered to shareholders in Griffin on the basis of 1 share in Griff-Tech for every 2 shares held in Griffin and 86% of the shares offered were taken up by Griffin shareholders with the balance taken up pursuant to the underwriting arrangements. Griffin exercised its option to subscribe for 7,150,591 ordinary shares at an exercise price of 1p. Griff-Tech's ordinary shares were admitted to trading on AIM on 28 February 2000. On 5th June 2000 Griff-Tech. acquired the whole of the allotted share capital of Future Internet Technologies Limited ("F.I.T."), and raised £3 million by way of an equity placing at 2p a share thereby reducing Griffin's equity interest to 2.4%. The acquisition was in effect a reverse takeover of Griff Tech by F.I.T. Future Internet Technologies plc provides internet based solutions for the management of People Actions and Time.

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 a further deferred consideration of between $250,000 and $400,000 payable, depending on the gold price at the time, when cumulative gold production reaches 5,000 ozs. Should cumulative gold production reach 200,000 ozs a further consideration of 100,000 shares in Aurex or cash equivalent becomes payable.

In April 2001 Griffin earned a 4% interest in Ozmosa Limited ("Ozmosa"), a sports betting and casino operator in the East and South East Asia regions, in return for facilitating transactions including that with Sportingbet.com (UK) plc ("Sportingbet"). Ozmosa has entered into agreements with Sportingbet for the joint development of the Asian gaming market. As part of these agreements Sportingbet acquired a 1% equity interest in Ozmosa for a consideration of £1 million, together with an option to acquire a further 18.9% of the issued share capital of Ozmosa for £25 million.

FINANCIAL

The Group recorded a loss for the year of $608,000 (1999 loss $1,006,000).

Profits on disposals of investments during 2000 amounted to $39,000 (1999 losses $179,000). Operating costs in 2000 were $629,000 (1999 $774,000).

During 2000 profits were recorded on the disposal of the Group's interests in; Britcan Minerals Plc of $13,000; STREMCO gold project in Burkina Faso of $42,000; and Nordic diamond exploration project in Sweden of $3,000. Provisions were made in respect of other investments of $55,000.

Shareholder funds rose from $5,503,000 at 31 December 1999 to $5,565,000 at 31 December 2000.

DIRECTORS

MLADEN NINKOV, Chairman, Australia, aged 40

Mladen Ninkov holds a Masters of Law Degree from Trinity Hall, Cambridge and Bachelor of Laws (with Honours) and Bachelor of Jurisprudence Degree from the University of Western Australia. He is a principal of Keynes Investments Pty Limited. 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.

ROGER GOODWIN, President and Finance Director, UK, aged 46

Roger Goodwin is a Chartered Accountant. He has been with the Company since 1996 having previously held senior positions in a number of public and private companies within the natural resources sector. He is currently a non executive director of Texas Oil & Gas Plc and Alamos plc. He has a strong professional background with considerable public company and corporate finance experience, with experience of emerging markets particularly in Africa, the CIS and Eastern Europe.

DAL BRYNELSEN, Director, Canada, aged 55

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.

GORDON MONTGOMERY, Director, UK, aged 44

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.

WILLIAM MULLIGAN, Director, USA, aged 58

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 58

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).

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 2000.

FINANCIAL RESULTS

Group loss on ordinary activities before taxation, amounted to US$608,000 (1999 - loss US$1,006,000). No taxation was charged (1999 - nil). The Group loss after taxation and minority interests amounted to US$608,000 (1999 - loss US$1,006,000). The loss for the year after taxation of US$608,000 (1999 - loss US$1,006,000) has been charged to reserves.

The loss per share amounted to 1.5 cents (1999 - loss 4.2 cents). The attributable net asset value per share at 31 December 2000 amounted to 14 cents (1999 - 14 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 2000 and the indication of likely future developments are set out on pages 4 to 12.

DIRECTORS

The Directors of the Company during the year were:

Mladen Ninkov - *Australian - Chairman*
Roger Goodwin - *British - President and Finance Director - Appointed 22nd December 2000*
Dal Brynelsen - *Canadian*
John Goodger - *British - Resigned 22nd December 2000*
Gordon Montgomery - *British*
William Mulligan - *American (US)*
Craig Niven - *British - Resigned 22nd December 2000*
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 forthcoming Annual General Meeting of the Company.

The interests of the Directors holding office at 31 December 2000 and their immediate families in the share capital of the Company were as follows:

Name	**At 31 December 2000**		**At 1 January 2000** Or date of appointment	
	Ordinary shares no.	Options over ordinary shares no.	Ordinary shares no.	Options over ordinary shares no.
Mladen Ninkov	33,001	1,000,000	30,001	1,000,000
Roger Goodwin	20,000	200,000	20,000	200,000
Dal Brynelsen	1	250,000	1	250,000
Gordon Montgomery	44,110	250,000	40,100	100,000
William Mulligan	1	250,000	1	100,000
John Steele	27,501	250,000	25,001	100,000

DIRECTORS REPORT

Each Option granted gave 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.

On 26 March 2001 Gordon Montgomery exercised his subscription rights over 22,055 new ordinary shares under the terms of warrants granted to shareholders on 16 March 2001.

On 27 March 2001 Roger Goodwin exercised his subscription rights over 10,000 new ordinary shares under the terms of warrants granted to shareholders on 16 March 2001.

On 26 March 2001 options were granted to the directors over 8,000,000 new ordinary shares in the Company and at the same time existing options over 2,200,000 ordinary shares previously granted to the Directors and due to expire on 31 August 2001 were cancelled. Each new option entitles the holder to subscribe for new ordinary shares in Griffin at 5 pence per share on or before 31 March 2004. On 27 April 2001 these options were allocated to the directors as follows:

	New options	Total number of options to subscribe for one new ordinary share now held following grant
	No.	No.
Mladen Ninkov	6,000,000	6,000,000
Roger Goodwin	800,000	800,000
Dal Brynelsen	300,000	300,000
Gordon Montgomery	300,000	300,000
William Mulligan	300,000	300,000
John Steele	300,000	300,000
Total	8,000,000	8,000,000

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 2000 and at 15 June 2001.

	At 31 December 2000.		**At 15th June 2001.**	
	Number	%	Number	%
UBS (Luxembourg) SA CEDEL Account	7,175,225	18.4	8,415,688	8.89
MSS Nominees Limited 811366 ACCT	3,333,333	8.56	_	_
Everett Financial Nominees Limited P Acct	3,333,333	8.56	_	_
Trellus Partners LP	1,666,667	4.28	_	_
HSBC Global Custody Nominee (UK) Ltd 811366 ACCT	_	_	3,337,433	3.53
Morstan Nominees Ltd	_	_	19,116,423	20.20
RBSTB Nominees Ltd	_	_	7,245,000	7.66

DIRECTORS REPORT

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 at 31 December 2000 Trellus Partners L.P. had 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 15.6% of the entire issued share capital of Griffin at 31 December 2000.

POST BALANCE SHEET EVENTS

At a Special General Meeting of the Company held on 15 March 2001, shareholders approved resolutions to:

- Reduce the issued share capital of the Company with effect from 15 March, 2001, from $4,100,355 to $410,035 by a reduction in par value of each of the 41,003,550 shares in issue from 10 cents each par value to 1 cent each par value with $3,690,320 of the paid up share capital being reclassified as contributed surplus;

- Subdivide the unissued capital of $9,589,965 comprising 95,899,650 shares of 10 cent each par value, into 958,996,500 shares of a par value of 1 cent each; and

- Confirm the authorised share capital of the Company, following the reduction and sub-division at $10 million, but divided into 1,000,000,000 shares of US$0.01 par value each.

On 22 March 2001 Griffin completed an equity placing of 41,751,922 new ordinary shares of par value one cent each at 3.5 pence per share to raise $2.1 million before expenses. As part of the placing arrangements existing shareholders were issued with up to 20,501,776 warrants exercisable at 3.5 pence per share on or before 15 May 2001. A total of 11,882,130 warrants have been exercised by warrant holders raising £416,000 ($580,000) for Griffin. The balance of 8,619,645 warrants have been exercised in accordance with the terms of the warrants with the 8,619,645 ordinary shares resulting from the exercise thereof placed by Charles Stanley & Company Limited to raise a further £302,000 ($420,000) for Griffin.

The monies raised from the placing and on excise of the warrants will be used by Griffin to complete the remaining matters required under the Chinese Mining Law of 1998 to convert Griffin's exploration licence over the Caijiaying zinc gold project into a mining licence.

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.

DIRECTORS REPORT

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:

Roger Goodwin
President and Finance Director
29 June 2001
London

REPORT OF INDEPENDENT AUDITORS

TO THE MEMBERS OF GRIFFIN MINING LIMITED

We have audited the financial statements on pages 19 to 31 which have been prepared in accordance with International Accounting Standards and under the accounting policies set out on pages 23 and 24.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 17 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 2000 and of its loss for the year then ended in accordance with International Accounting Standards.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Southampton

29 June 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000 (expressed in thousands US dollars)

	Notes	2000 $000	1999 $000
Income			
Gains / (losses) on the disposal of investments	1	39	(179)
Net operating expenses	2	(629)	(774)
Other income		22	–
Provisions in respect of continuing operations	4	(55)	(74)
Profit on disposal of discontinued operations	5	58	–
Operating (loss)		(565)	(1,027)
Foreign exchange (losses) / gains		(85)	4
Interest receivable and similar income	6	42	17
(Loss) on ordinary activities before taxation		(608)	(1,006)
Taxation on ordinary activities	7	–	–
(Loss) on ordinary activities after taxation		(608)	(1,006)
Minority interests	19	–	–
(Loss) for the financial year	17	(608)	(1,006)
(Loss) per share (cents)	8	(1.5)	(4.2)

CONSOLIDATED BALANCE SHEET

As at 31 December 2000 (expressed in thousands US dollars)

	Notes	2000 $000	1999 $000
Fixed assets			
Intangible assets	9	**4,542**	5,122
Negative goodwill	10	**–**	(288)
Tangible assets	11	**4**	259
		4,546	5,093
Current assets			
Portfolio investments	12	**501**	82
Accounts receivable		**261**	10
Prepaid expenses		**18**	3
Cash and deposits	13	**370**	1,501
		1,150	1,596
Creditors: Amounts falling due within one year			
Accrued expenses		**(64)**	(155)
Creditors		**(67)**	(364)
Net current assets		**1,019**	1,077
Total net assets		**5,565**	6,170
Capital and reserves			
Share capital	14	**4,100**	3,895
Share premium	15	**13,154**	13,084
Investment revaluation reserve	16	**(372)**	(764)
Foreign exchange reserve		**160**	266
Profit & loss account	17	**(11,477)**	(10,978)
Equity shareholders' funds	18	**5,565**	5,503
Equity minority interests	19	**–**	667
Equity interests		**5,565**	6,170
Number of shares in issue		**41,003,551**	38,946,501
Attributable net asset value per share	20	**$0.14**	$0.14

The accounts on pages 19 to 31 were approved by the Board of Directors and signed on its behalf by:

Mladen Ninkov .
Chairman
29 June 2001

Roger Goodwin
President and Finance Director

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2000 (expressed in thousands US dollars)

	Notes	2000 $000	1999 $000
(Loss) for the financial year		**(608)**	(1,006)
Unrealised gains on investments	16	**392**	147
Currency translation differences in foreign currency net investments		**3**	23
Total gains and losses recognised in the year	18	**(213)**	(836)

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2000 (expressed in thousands US dollars)

	Notes	2000 $000	1999 $000
Net cash (outflow) from operating activities		**(997)**	(381)
Investing activities			
Payments to acquire intangible fixed assets	9	**(488)**	(819)
Receipts from the disposal of discontinued operations		**88**	–
Net cash (outflow) from investing activities		**(400)**	(819)
Net cash (outflow) before financing		**(1,397)**	(1,200)
Financing			
Issue of ordinary share capital	14	**285**	2,774
Expenses paid in connection with share issue	15	**(19)**	(481)
		266	2,293
(Decrease) / increase in cash and cash equivalents	13	**(1,131)**	1,093
Reconciliation of operating (loss) to net cash (outflow) from operating activities			
(Loss) on ordinary activities before taxation		**(608)**	(1,006)
Taxation		**–**	–
Depreciation		**5**	4
(Gains) / losses on sale of investments		**(39)**	179
Receipts on the sale of investments		**71**	51
Payments to acquire investments		**(114)**	–
Provisions in respect of continuing operations		**55**	74
Profits on disposal of discontinued operations		**(58)**	–
(Increase) / decrease in debtors		**(16)**	12
(Decrease) / increase in creditors		**(303)**	287
Other non-cash income, including exchange differences		**10**	18
		(997)	(381)

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 11).

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 traded on a recognised stock exchange, or an over the counter market, are valued at the bid 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 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 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

	2000	1999
	$000	$000
Administrative expenses	629	774

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 2000**	Total 1999
	$000	$000	$000	**$000**	$000
Mladen Ninkov	–	–	–	**–**	–
Dal Brynelsen	12	–	–	**12**	13
John Goodger *(resigned 22 December 2000)*	9	–	–	**9**	13
Roger Goodwin *(appointed 22 December 2000)*	–	1	–	**1**	–
Gordon Montgomery	–	–	–	**–**	–
William Mulligan	12	–	–	**12**	13
Craig Niven *(resigned 22 December 2000)*	–	–	–	**–**	–
John Steele	–	–	–	**–**	–

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 (1999 $200,000) 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. $12,000 (1999 $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.

Craig Niven is a director and shareholder of Zetachoice Limited. Under the terms of a consultancy agreement Zetachoice Limited received fees of $146,000 (1999 $175,000) 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.

John Steele is a Director of Asian Tiger Resources Inc. $9,000 (1999 $12,000) 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.

	2000 $000	1999 $000
Swedish diamond exploration expenditure	–	41
Thakadu copper exploration and development expenditure	–	5
Burkina Faso gold exploration and development expenditure	–	28
Total provisions against intangible assets	–	74
Portfolio investments written off	55	–
	55	74

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. PROFITS ON THE DISPOSAL OF DISCONTINUING OPERATIONS

	2000 $000	1999 $000
Nordic Exploration AB - Swedish diamond exploration	3	–
Britcan Minerals Plc	13	–
STREMCO SA - Burkina Faso gold exploration and development	42	–
	58	–

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 $000	1999 $000
Bank and short term interest	42	17

7. TAXATION ON ORDINARY ACTIVITIES

	2000 $000	1999 $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 $4.2m, and capital losses estimated at $1.1m.

8. (LOSS) PER SHARE

The loss per share has been calculated on the basis of the net loss after taxation of US$608,000 (loss US$1,006,000 in 1999) and the weighted average number of shares in issue in the year ended 31 December 2000 of 40,834,868 (24,200,537 in 1999).

There is no dilutive effect of share purchase options.

NOTES TO THE FINANCIAL STATEMENTS

9. INTANGIBLE ASSETS

Exploration interests

COST / VALUATION	$000
At 1 January 2000	9,308
Foreign exchange adjustments	312
Additions during the year	488
Disposals during the year	(5,566)
At 31 December 2000	4,542
PROVISIONS	
At 1 January 2000	(4,186)
Foreign exchange adjustments	(320)
Amounts provided during the year	–
Disposals during the year	4,506
At 31 December 2000	0
NET BOOK VALUE	
At 31 December 2000	4,542
At 31 December 1999	5,122

Analysis by geographical area and nature of activity

	2000	1999
	$000	$000
China - Zinc	4,542	4,066
Burkina Faso - Gold	–	1,056
	4,542	5,122

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.

10. NEGATIVE GOODWILL

	$000
At 1 January 2000	288
Disposals in the year	(288)
At 31 December 2000	0

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 of $288,000 arose on the acquisition of STREMCO S.A which was sold during the year.

NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE ASSETS

COST / VALUATION	$000
At 1 January 2000	549
Disposals during the year	(530)
At 31 December 2000	19
DEPRECIATION	
At 1 January 2000	64
Provided during the year	5
Disposals during the year	(54)
At 31 December 2000	15
PROVISION FOR DIMINUTION IN VALUE	
At 1 January 2000	226
Disposals during the year	(226)
At 31 December 2000	0
NET BOOK VALUE	
At 31 December 2000	4
At 31 December 1999	259

Tangible fixed assets comprise:

	2000 $000	1999 $000
Cost:		
Plant and equipment	–	318
Office furniture and equipment	19	231
	19	549
Depreciation:		
Office furniture and equipment	(15)	(64)
Provisions for diminution in value:		
Plant and equipment	–	(226)
NET BOOK VALUE	4	259

NOTES TO THE FINANCIAL STATEMENTS

12. PORTFOLIO INVESTMENTS

	2000	1999
	$000	$000
Quoted (cost $873,000- 1999 $846,000)	501	82

Quoted securities are valued at the bid market price.

13. CASH AND DEPOSITS

Analysis of changes in cash and cash equivalents

	$000
At 1 January 2000	1,501
Net cash inflow	(1,131)
At 31 December 2000	370

14. SHARE CAPITAL

	2000		1999	
	Number	$000	Number	$000
AUTHORISED:				
Ordinary shares of US$0.10 each	100,000,000	10,000	100,000,000	10,000
CALLED UP ALLOTTED AND FULLY PAID				
Ordinary shares of $0.10 each				
At 1 January	38,946,501	3,895	20,993,779	2,099
Issued during the year	2,057,050	205	17,952,722	1,796
At 31 December	41,003,551	4,100	38,946,501	3,895

At a Special General Meeting of the Company held on 15 March 2001, shareholders approved resolutions to; reduce the issued share capital of the Company with effect from 15 March, 2001, from $4,100,355 to $410,035 by a reduction in par value of each of the 41,003,551 shares in issue from 10 cents each par value to 1 cent each par value with $3,690,320 of the paid up share capital being reclassified as contributed surplus; subdivide the unissued capital of $9,589,965 comprising 95,899,650 shares of 10 cent each par value, into 958,996,500 shares of a par value of 1 cent each; and confirm the authorised share capital of the Company, following the reduction and sub-division at $10 million, but divided into 1,000,000,000 shares of US$0.01 par value each.

On 24 January 2000 1,957,050 new ordinary shares in the Company were allotted at 9 UK pence ($0.145) per ordinary share on the exercise of outstanding warrants.

On 26 May 2000 100,000 new ordinary shares in the Company were allotted at $0.10 per ordinary share in respect of an introduction fee on the sale the Company's interests in Burkina Faso to Aurex AB.

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE PREMIUM

	$000
At 1 January 2000	13,084
Premium on shares issued in period	89
Expenses paid in connection with share issue	(19)
At 31 December 2000	13,154

16. INVESTMENT REVALUATION RESERVE

	$000
At 1 January 2000	(764)
Movements during the year	392
At 31 December 2000	(372)

17. PROFIT AND LOSS ACCOUNT

	$000
At 1 January 2000	(10,978)
(Loss) for the financial year	(608)
Foreign exchange transfer	109
At 31 December 2000	(11,477)

18. RECONCILIATION OF SHAREHOLDERS' FUNDS

	2000 $000	1999 $000
Total gains and (losses) recognised in the year	(213)	(836)
Issue of ordinary shares in the year	275	2,293
Net additions to shareholders' funds	62	1,457
Opening shareholders' funds	5,503	4,046
Closing shareholders' funds	5,565	5,503

19. EQUITY MINORITY INTERESTS

	$000
At 1 January 2000	667
Disposals in the year	(667)
At 31 December 2000	0

Equity minority interests of $667,000 arose on the acquisition of STREMCO S.A which was sold during the year.

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 2000 of 41,003,551 (38,946,501 at 31 December 1999).

NOTES TO THE FINANCIAL STATEMENTS

21. SUBSIDIARY COMPANIES

At 31 December 2000, Griffin Mining Limited had interests in the share capital of the following principal subsidiary companies.

Name	Class of shares held	Proportion of shares 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
Professional Property Projects (Pty) Ltd ('PPP')	Ordinary	75%	Holding company	Botswana
Thakadu Mining (Pty) Ltd. ('TMP')*	Ordinary	75%	Copper mining	Botswana

* China Zinc Pty Limited and PPP are directly owned by the Company. China Zinc Pty Limited has a controlling interest in Hebei Hua' Ao Mining Development Company Limited, see below, and TMP is a wholly owned subsidiary of PPP.

** 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.

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 floating rate deposits. Although the Group has overseas subsidiaries operating in China and Australia, whose costs are denominated in local currencies, liabilities are primarily incurred in US dollars.

23. POST BALANCE SHEET EVENTS

On 22 March 2001 Griffin completed an equity placing of 41,751,922 new ordinary shares of par value one cent each at 3.5 pence per share to raise $2.1 million before expenses. As part of the placing arrangements existing shareholders were issued with up to 20,501,776 warrants exercisable at 3.5 pence per share on or before 15 May 2001. A total of 11,882,130 warrants have been exercised by warrant holders raising £416,000 ($580,000) for Griffin. The balance of 8,619,645 warrants have been exercised in accordance with the terms of the warrants with the 8,619,645 ordinary shares resulting from the exercise thereof placed by Charles Stanley & Company Limited to raise a further £302,000 ($420,000) for Griffin.

CORPORATE INFORMATION

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Registered office:	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
Directors:	Mladen Ninkov (Chairman) Roger Goodwin (President and Finance Director) Dal Brynelsen Gordon Montgomery William Mulligan John Steele
Company Secretary:	Roger Goodwin
Nominated Adviser for AIM:	Insinger English Trust. A division of Insinger de Beaufort (Corporate Finance) Limited 44 Worship Street, London, EC2A 2JT. UK.
Broker for AIM:	Charles Stanley and Company Limited 25 Luke Street, London EC2A 4AR
Auditors:	Grant Thornton 31 Carlton Crescent, Southampton. SO15 2EW.
Solicitors:	Denton Wilde Sapte One Fleet Place, London, EC4M 7WS. 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:	Capita 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.