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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

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

CHAIRMAN'S STATEMENT

In my inaugural Chairman's statement last year I stated that the first priority in the second half of 2001 was to complete the remaining matters required under the Chinese Mining Law to convert Griffin Mining Limited's ("Griffin" or the "Company") exploration licence over the Caijiaying zinc gold project into a mining licence. It took all of 2001 and the beginning of 2002 to complete the matters required to lodge the application for a mining licence including the Environmental Impact Study, the Staged Geological Report, the Chinese Feasibility Study and numerous other studies and reports. In the prosperous new Chinese Year of the Horse, Griffin was rewarded for its perseverance, patience and expertise by being granted its mining licence.

This was a momentous event for your company, for the Chinese mining industry and for the world mining industry in general. Griffin was able to accomplish something never previously achieved by any mining company. It was granted the first ever mining licence (over a base metals deposit) in the Peoples Republic of China to a foreign controlled joint venture company under the Chinese Mining Law of 1998.

The Company's focus has now turned to completing all matters necessary to begin the construction of the mine and processing plant at Caijiaying so that the mine can be commissioned as soon as feasibly possible. A number of critical steps will be required to be completed prior to construction taking place.

1. The completion of a resource and reserve statement drafted by independent resource geologists, according to acknowledged international standards, to provide comfort to the commercial banks that a long enough mine life exists at Caijiaying to support repayment of the project finance extended for the construction of the Caijiaying mine. To achieve that goal, Griffin has agreed to drill a minimum of 6 deep diamond drill holes in the northern section of the Caijiaying deposit. Drilling is to begin in May and should be completed by July 2002. Assuming the drilling programme produces the anticipated results, the Company expects to move ahead with the schedule outlined below.

2. The enhancement of the Chinese Feasibility Study into a bankable feasibility study of western standard. This means editing and adding to the Chinese Feasibility Study including incorporating the above mentioned independent resource statement, the design of the underground decline and the metallurgical work completed by the Company. It is envisaged this study will be completed by the end of the northern hemisphere autumn.

3. With the final bankable feasibility study in hand, the Company with its financial advisor will approach, negotiate with and, hopefully, enter into a project financing arrangement with one or more commercial banks. That financing may involve debt, semi-debt, convertible debt or equity instruments. The Company hopes that financing would be arranged and completed by the end of 2002.

4. With financing in place, the Company would then move into the design, procurement and construction stage. The majority of the design and tendering work would hope to be completed prior to the end of the northern hemisphere spring so that construction could begin in the northern summer.

CHAIRMAN'S STATEMENT

5. The last stage would be the commissioning of the plant. Literally starting the mining, crushing and processing to ensure, over a period of time, that all the components of the plant are functioning according to specifications.

Griffin remains confident of China as a country in which to do business and as a place of continuing exciting opportunities. The Company is well placed to take advantage of these opportunities. The entry of China into the World Trade Organization at the end of 2001, the continuing explosive growth in the Chinese economy and the country's falling zinc production all augur well for the operations of Griffin in China.

Griffin has continued to initiate and investigate transactions both within and outside its traditional mining base to try to add real value to its shareholders. In that regard, the Company obtained an equity holding in 2001 in Ozmosa Limited, an Asian sports betting business. With the maturity of that business, the Company decided to dispose of its interest in Ozmosa. Although such a sale will not realize proceeds to the Company anywhere near expectations, Griffin invested no shareholders' funds in Ozmosa yet still obtained real benefits. Ozmosa was able to shoulder some of the Company's overheads and provided management with a real understanding of the sports betting business and the Asian markets, matters which will be of considerable use to the Company in the foreseeable future. Needless to say, the Company continues to look at mining and non-mining transactions which meet its strict investment parameters.

It should not be forgotten that a host of people and other organizations have continued to strive to make Griffin a success. The Company's sincerest thanks go to all of them. Special mention should, however, be made to those who have gone beyond the call of duty: Our nominated advisor and nominated broker, Charles Stanley & Company; our loyal shareholders including Trellus Management Co; our independent consultants, CSA Australia Pty Ltd; our loyal and hardworking staff in China and in London and finally your unpaid, yet dedicated, non executive directors.

Obviously many things remain to be completed by the Company, yet much has already been achieved. For a company of its market capitalization, Griffin has achieved impressive results with a limited staff and budget. The Company expects to achieve far more. You, the shareholders, have been an integral part of our success to date with your financial, moral and market support. It is never forgotten and we continue to strive on a daily basis to repay that loyalty. We all look forward to the year ahead in expectation of the continued success of the Company.

Mladen Ninkov
Chairman
30th April 2002.

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

Caijiaying Zinc Gold Project - China

Introduction

Caijiaying is a polymetallic deposit, comprising mainly zinc, gold and silver, but also containing lead, gallium, and other by-products. It is located approximately 200 km north west of Beijing in Hebei Province, in the PRC. The project site is easily accessible by sealed and unsealed road with the Zhanggu highway passing through the project area. Adequate water supplies are available from underground sources on site which is also connected to the electricity grid. The Caijiaying area is on the south east edge of the Mongolian Plateau. Conditions are not severe although winters are cold and dry.

The Caijiaying project is held by Griffin through its 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"), 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 the Ministry 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 sq km at Caijiaying. This licence was renewed in October 2001.

The licence area is broken down into five zones. Zone III has been the main focus of exploration and development activity. The other zones have not been so intensively explored, but drilling and other work in zones II, IV and V in particular have indicated significant potential for further economic mineralisation.

Mineralisation at Caijiaying consists of multiple bodies of zinc sulphide (plus gold and silver) in the main 1 sq km resource area (zone III) which are of a 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 the 21st March 2002, HSAMDC became the first foreign controlled joint venture to be granted a mining licence over a base metals deposit in the PRC when it was granted a mining licence over 1.56 sq km of zone III of the original 11.3 sq km licence area at Caijiaying.

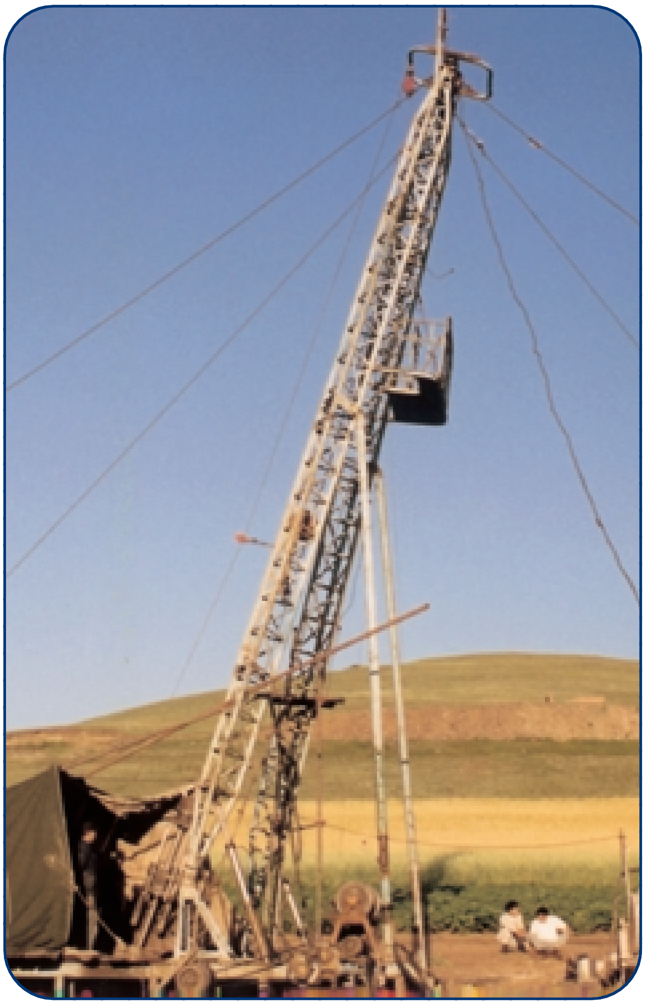
On 5 June 2000 HSAMDC was granted a three year exploration licence covering 102.2 sq km of highly prospective ground surrounding the existing licence area at Caijiaying.

Caijiaying project sketch map

REVIEW OF OPERATIONS

Overview

Mineralisation was first identified in the Caijiaying area during the Chinese "Cultural Revolution" in the late 1960's. Subsequently 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. $3 million has since 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, environmental, power and transport studies. A Staged Geological Report, Environmental Impact Study and Chinese Feasibility Study have also been completed as part of the application for a mining licence.



Drilling angled verification holes at Caijiaying

A resource estimate for the deposit was originally prepared for China Zinc by Bateman Kinhill. Bateman Kinhill defined an in situ mineable resource of 27.6 million tonnes at 7.4% zinc at a 4% minimum zinc cut-off (with a global resources of 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 an 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.

Underground trial mining in the southern section of zone III completed in 2000 revealed that the main mineralised bodies trend parallel to the drill grid. Although this meant that the resource 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 indicated that an underground mine could be brought into production at Caijiaying to economically produce 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 approximately 10 years.

With the scoping study indicating that an underground mine could be developed at Caijiaying to economically produce zinc, gold, silver and other metals, HSAMDC applied for, and on 21st March 2002 was granted, a mining licence covering 1.56 sq km of zone III of the original 11.3 sq km licence area.

REVIEW OF OPERATIONS

The Company's focus has now turned to completing all matters necessary to commission a mine at Caijiaying as soon as possible.

The first stage in this process will be the completion of a resource and reserve statement drafted by independent resource geologists, according to acknowledged international standards. This is required to provide comfort to the commercial banks that sufficient mine life exists at Caijiaying to support repayment of any project finance extended for the construction of the Caijiaying mine. To achieve that goal, Griffin has agreed to drill a minimum of 6 deep diamond drill holes in the northern section of the Caijiaying deposit. Drilling is to begin in May and should be completed by July 2002.

Assuming the drilling programme produces the anticipated results, the Company then expects to proceed with the enhancement of the Chinese Feasibility Study into a bankable feasibility study of western standard. This means editing and adding to the Chinese Feasibility Study including incorporating the above mentioned independent resource statement, the design of the underground decline and the metallurgical study completed by the Company.

With the final bankable feasibility study in hand, the Company with its financial advisor, Endeavour Financial Corporation, will approach, negotiate with, and hopefully, enter into a project financing arrangement with one or more commercial banks. That financing may involve debt, semi-debt, convertible debt or equity instruments.

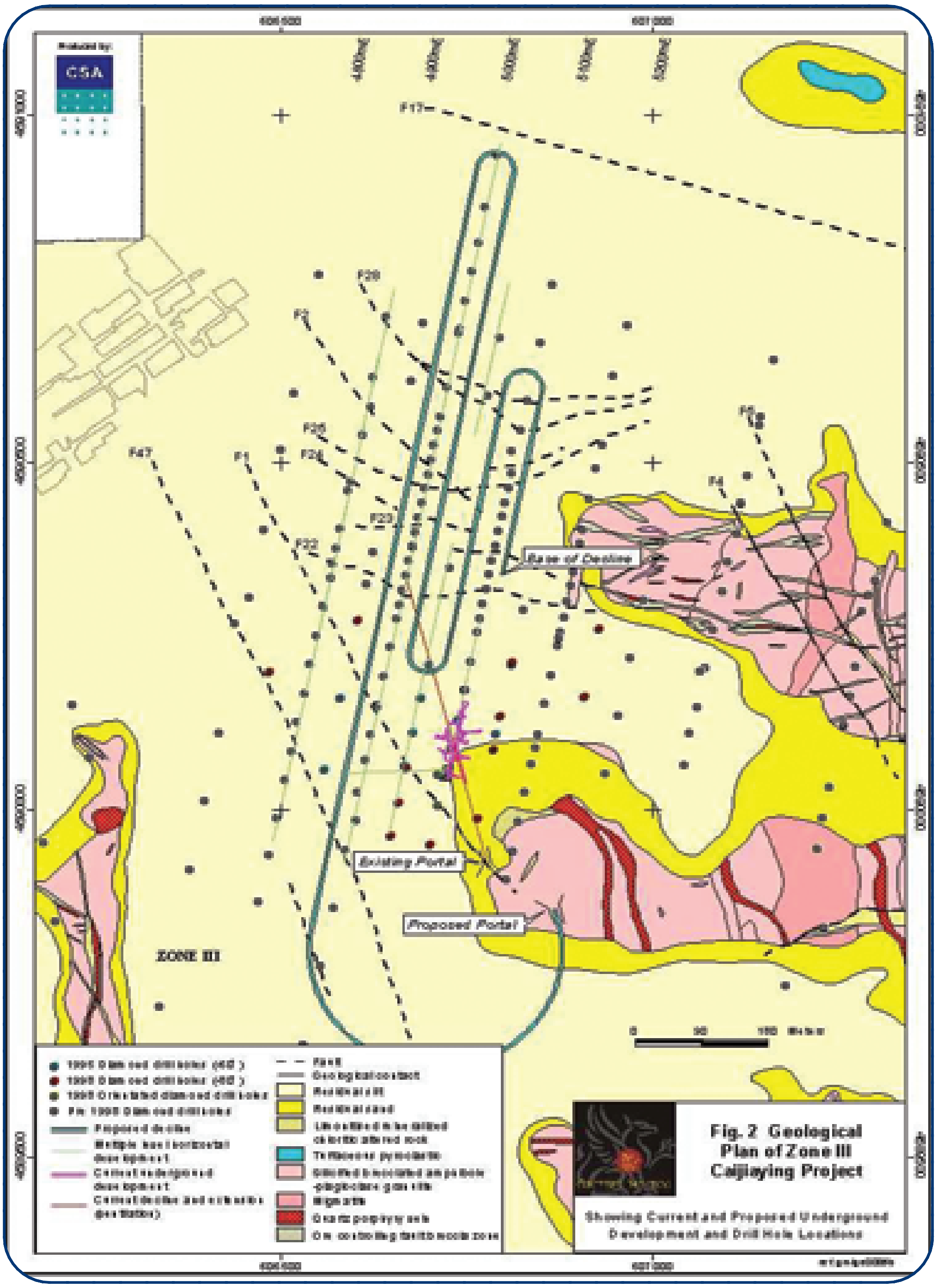
With financing in place, the Company would then move into the design, procurement and construction phase of the Caijiaying project, leading to the commissioning of the plant.

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 2 kilometres 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 1000 metres) and is the basis of the resource studies produced to date.

Mineralisation was previously interpreted by Chinese geologists of the Third Brigade of the now defunct Ministry of Geology and Mineral Resources, as forming a series of E-W trending, fairly steeply (-50° to -70°) southerly-dipping lenses from 0-500 metres 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 the Australian office of Bateman Kinhill using the Chinese geological model.

REVIEW OF OPERATIONS



Whilst concerns were expressed over ore-block continuity, these were not seen as serious as the plan at that time was for an open pit mining operation 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.

Infill drilling carried out in the southern part of zone III during 1995 and 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 <25 metres 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.

REVIEW OF OPERATIONS

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 relating to the remainder of the deposit to agree with the underground findings.

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

Drilling over much of the deposit is on 100 metre spaced sections. Infill drilling in the southern part of the deposit (to 50 metre spacing) has confirmed the occurrence of high grade mineralisation between the 100 metre 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.

Further infill and angled drilling in the wide spaced northern section of zone III is planned for the Spring of 2002.

Underground drilling during trial mining

REVIEW OF OPERATIONS

Resources

Using the 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 section in the Review of Operations). Due to the irregular drill hole spacing across zone III, the resource estimate was categorised as Inferred. Two geological models were created. Model 1 included both 100 metre spaced fully drilled sections and 50 metre spaced partially drilled sections and Model 2 included only 100 metre 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:

At 1% zinc cut-off:

Model 1 31.47Mt @ 5.09% zinc

Model 2 50.69Mt @ 5.01 % zinc

At 4% zinc cut-off:

Model 1 13.42Mt @ 9.12% zinc

Model 2 21.61Mt @ 8.87 % zinc

Despite ongoing concerns about the ore 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. 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 study 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 mining operation (with a high pre-strip requirement) it was decided to investigate the option of mining Caijiaying via underground mining methods.

Decline at Caijiaying

REVIEW OF OPERATIONS

Although the area of underground decline development in 1999 / 2000 was limited, it is believed that the evidence acquired from the work produced results that can be applied to the whole deposit in zone III. This work consisted of detailed mapping and structural studies followed by underground drilling up and down strike to test the interpretations.

Studies based on the above work programme enabled a reconciliation to be made with the original polygonal resource interpretation. Whilst this indicated a resource of some 20% of the original resource estimation, the large decrease was 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 should be noted that there may well be intervening areas within the area of the development that have not been identified. 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 in the resource 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.

Prior to completion of the fully bankable feasibility study, the Company has decided to confirm that its interpretation of the orientation of the orebody, gleaned from the results attained in the southern section of zone III, apply to the whole of zone III. This will be achieved by drilling a minimum of 6 deep diamond drill holes in the northern section of zone III. Until additional information can be obtained from this drilling programme, the assumption relating to the representative nature of the southern zone geology being extrapolative to the whole deposit has to be made in order to estimate the resource. This is a common problem in estimating deep underground reserves.

Despite these conservative assumptions, the reduction to 20% of the previous resource estimate 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

Infill drilling to date has shown that mineralisation occurs between the 100 metre and even 50 metre spaced sections, so it is reasonable to predict that significant additional undefined resources occur between the drilled sections.

Mining

Following underground trial mining in 1999 / 2000 a scoping study was prepared which indicated that the deposit could be mined at an initial rate of 180,000 tonnes per annum over approximately 10 years. As the geological model used for the scoping study is believed to be conservative (being based on drilling that was incorrectly oriented), additional resources may be proved up ahead of mining by underground drilling and driving in many areas where mineralisation is indicated from original surface drilling. This will be significantly cheaper than surface exploration because of the significant overburden of up to 150 metres in the northern section of zone III. The total tonnage, and possibly also the grade, have potential to significantly increase as the Caijiaying mine develops. This represents considerable economic upside to the Company.

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

REVIEW OF OPERATIONS

Work completed in 2001/ 2002

Following the successful completion of a private placing and exercise of warrants to raise $3.1 million for the Company in the Spring of 2001, the Company's efforts in late 2001 and early 2002 were focused upon applying for a mining licence to allow for mining at Caijiaying. As part of this process and as required by Chinese mining regulations, Griffin commissioned a Staged Geological Report, Environmental Impact Study and a Chinese Feasibility Study from various local contractors in China. These studies were based upon work completed to date by HSAMDC and previously completed by the Chinese holders of the original exploration licence, and were designed to meet PRC, industrial, mining, environmental and safety regulations. The Environmental Impact Study concluded that the mine design, using advanced mining and processing techniques and equipment with efficient treatment installations for all discharges, will meet the PRC's industry policies. These studies were completed in late 2001 and were supportive of HSAMDC's application for a mining licence at Caijiaying.

An application for a mining licence was submitted following completion of the local technical studies in late 2001, at the same time China joined the World Trade Organisation. This, and other changes which are seeing China move from a centrally planned economy to a free market economy will benefit Griffin in the longer term with reduced tariffs and taxation and fewer restrictions on doing business. However, in the short term, changes in procedures and the devolving of authority resulted in delays, particularly in the granting of the mining licence. Despite these difficulties, HSAMDC was granted the first mining licence ever awarded to a foreign controlled joint venture over a base metals deposit on the 21st March 2002.

During the summer of 2001, Griffin successfully repatriated $800,000 from the PRC promptly and without hindrance. These funds were forwarded to HSAMDC as part of the procedures for the contribution of capital by Griffin to HSAMDC. The prompt repatriation of these funds from the PRC without any difficulties reaffirms Griffin's view of the ability to repatriate funds from the PRC freely and efficiently. This augurs well for the free transfer of funds from the PRC from future earnings from the Caijiaying mine when it enters production.

Exploration potential

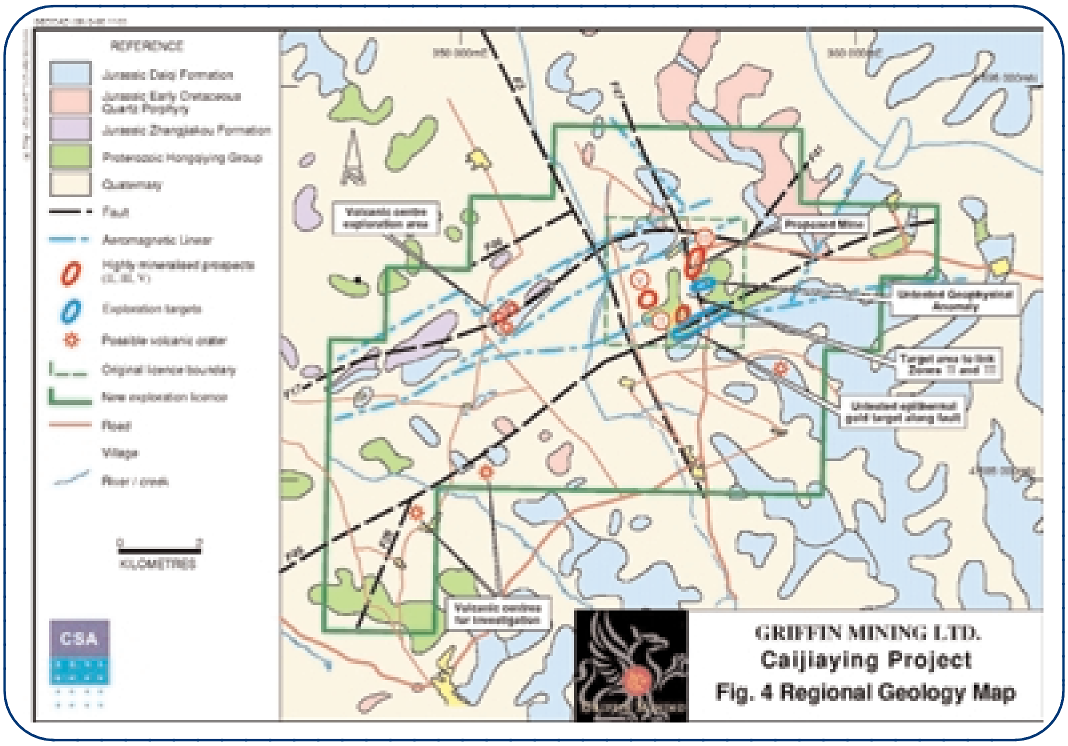
The main cause of the mineralisation at Caijiaying is believed to be the heat and fluids associated with a relatively young intrusive centre emplaced during a period of volcanism that affected the area in the Jurassic period. A number of volcanic centres occur at structural intersections within a zone which trends east-northeast, parallel to the margin of the North China Plate which is 200km to the north.

A number of empirical controls have been identified within the exploration licence area surrounding Caijiaying by previous Chinese work. 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

The priority for Griffin's exploration strategy for Caijiaying has been to concentrate on developing a zinc mine based on the existing resources in zone III at Caijiaying rather than pursuing further exploration targets. This has been necessitated by the difficult financial markets rather than a lack of exploration potential of the Caijiaying property.

The Company has long recognized the exceptional exploration potential of the area surrounding the Caijiaying project. Consequently HSAMDC applied for an exploration licence over 102.2 sq km surrounding the existing licence area at Caijiaying, the largest block allowed under the Chinese mining regulations. On 5th June 2000, HSAMDC was granted a 3 year exploration licence over this area (see Figure 4). The Company expects to maintain this licence by expending the minimum amount required in 2002 by undertaking auger drilling, base of hard pan geo-chemical sampling and accumulated ground or aero magnetic data.

REVIEW OF OPERATIONS



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, the Chinese Feasibility Study, Griffin's work on the Caijiaying project and the positive developments in the Chinese legal environment have all confirmed Griffin's view that Caijiaying is capable of being developed to economically produce zinc, gold, silver and possibly other metals and minerals. For a relatively small capital cost, the opportunity exists for Griffin to generate significant cash flows in the future. Consequently, and subject to the successful conclusion of the Spring 2002 drilling programme and the subsequent raising of the necessary finance, the Company has decided to move forward as quickly as possible to construct and commission the Caijiaying deposit as an underground mining operation.

In the Spring of 2002 Griffin plans to drill a number of orientated drill holes in the northern part of zone III where no infill drilling has been attempted in an East - West direction, to test for additional ore lenses and define additional resources. Following the results of this drilling, Griffin plans to complete a western standard fully bankable feasibility study and move towards raising the necessary project finance for the commissioning of an underground mine at Caijiaying. To this end Griffin has appointed Endeavour Financial Corporation as its financial adviser in this process.

The Company believes that should it be able to commission the first, majority foreign owned, base metals 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, modernisation and operation. The capital raising in the Spring of 2001, the grant of a mining licence 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 initiate and investigate transactions both within and outside its traditional mining base to try to add real value to shareholders.

REVIEW OF OPERATIONS

Other Projects

In April 2001, Griffin obtained a 4% interest in Ozmosa Limited ("Ozmosa"), a sports betting and casino operator in the East and South East Asia regions, in return for providing services and introducing Ozmosa to Sportingbet Plc ("Sportingbet"). Ozmosa entered into agreements with Sportingbet for the provision of services to develop the Asian gaming market. With the maturity of the Ozmosa business, the Company decided to dispose of its interest in Ozmosa. Although such a sale will not realize proceeds to the Company anywhere near original expectations, Griffin expended no funds on Ozmosa yet still obtained real benefits. Ozmosa was able to shoulder some of the Company's overheads and provided management with an understanding of the sports betting business and the Asian markets, matters which will be of considerable benefit to the Company in the future.

In 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 reached 5,000 ozs. In 2001, Aurex terminated all its operations in Burkina Faso, including Griffin's former gold interests, without producing any gold from those operations. As a result, no further consideration is receivable in respect of this disposal.

Financial

The Group recorded a loss for the year of $543,000 (2000 loss $608,000).

There was no disposal of any investment during 2001 (In 2000, profits of $39,000 were recorded on the disposal of certain investments).

Operating costs in 2001 were $422,000 (2000 $629,000).

A loss of $250,000 was recorded in 2001 on full provision being made against amounts receivable from Aurex AB on the disposal of Griffin's STREMCO gold project in Burkina Faso. In 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 $5,565,000 at 31 December 2000 to $7,535,000 at 31 December 2001 with the benefit of the proceeds from a share placing in March 2001 and subsequent exercise of warrants which raised $3 million net of expenses.

DIRECTORS AND SENIOR EXECUTIVES

Directors:

Mladen Ninkov, Chairman

Mladen Ninkov, Chairman, Australia, aged 40, 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 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.

Roger Goodwin, President and Finance Director

Roger Goodwin, President and Finance Director, UK, aged 47, 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, and experience of emerging markets particularly in Africa, the CIS and Eastern Europe.

Dal Brynelsen, Director

Dal Brynelsen, Director, Canada, aged 55, 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. Mr. Brynelsen is the President and a director of Pacific Vangold Mines Limited and provides independent consulting services to private clients and institutions.

William Mulligan, Director

William Mulligan, Director, USA, aged 58, 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

John Steele, Director, Canada, aged 59, 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 of the Prospectors and Developers Association of Canada.

Senior Executives:

Jeff Haitian Sun, Chief Representative China

Jeff Sun is a Chinese citizen and a Professor of Geology based in Beijing. He holds a PhD and MSc in mineral deposits from the Chinese University of Geosciences and has undertaken postdoctoral research in geology at the Norwegian University of Technology. Jeff has worked on a number of mineral projects both in China and overseas. Prior to joining Griffin he was engaged by Mundoro Mining Inc of Canada as a senior geologist.

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 2001.

Financial Results

Group loss on ordinary activities before taxation, amounted to US$543,000 (2000 - loss US$608,000). No taxation was charged (2000 - nil). The Group loss after taxation amounted to US$543,000 (2000 - loss US$608,000). The loss for the year after taxation of US$543,000 (2000 – loss US$608,000) has been charged to reserves.

The loss per share amounted to 0.6 cents (2000 - loss 1.5 cents). The attributable net asset value per share at 31 December 2001 amounted to 7 cents (2000 – 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 2001 and the indication of likely future developments are set out on pages 4 to 13.

Directors

The Directors of the Company during the year were:

Mladen Ninkov – *Australian – Chairman*
Roger Goodwin – *British - President and Finance Director*
Dal Brynelsen – *Canadian*
Gordon Montgomery – *British – Resigned 1st March 2002*
William Mulligan – *American (US)*
John Steele – *Canadian*

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

The interests of the Directors holding office at 31 December 2001 and their immediate families in the share capital of the Company were as follows:

Name	**At 31 December 2001**		**At 1 January 2001**	
	Ordinary shares no.	Options over ordinary shares no.	Ordinary shares no.	Options over ordinary shares no.
Mladen Ninkov	33,001	6,000,000	33,001	1,000,000
Roger Goodwin	30,000	800,000	20,000	200,000
Dal Brynelsen	1	300,000	1	250,000
Gordon Montgomery	66,165	300,000	44,110	250,000
William Mulligan	1	300,000	1	250,000
John Steele	27,501	300,000	27,001	250,000

DIRECTORS REPORT

On 26th 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 which were due to expire on 31st 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.

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 2001 and at 22 April 2002.

	At 31 December 2001		At 22 April 2002	
	Number	%	Number	%
UBS (Luxembourg) SA CEDEL Account	8,415,688	8.2	8,415,688	8.2
Morstan Nominees Limited	18,866,423	18.3	18,866,423	18.3
BNY (OCS) Nominees Ltd	7,075,000	6.8	7,075,000	6.8

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 31st December 2001, Trellus Partners L.P. had a beneficial interest in 16,866,423 Ordinary Shares registered in the name of Morstan Nominees Limited and a beneficial interest in 2,970,000 Ordinary Shares registered in the name of UBS (Luxembourg) SA CEDEL Account, which amounts in aggregate to 19.2% of the entire issued share capital of Griffin at 31 December 2001.

Post Balance Sheet Events

On the 21st March 2002, Hebei Hua' Ao Mining Development Company became the first foreign controlled joint venture to be granted a mining licence over a base metals deposit in the Peoples Republic of China when it was granted a mining licence over 1.56 sq km of zone III of the original 11.3 sq km exploration licence area at Caijiaying.

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
30th April 2002
London

REPORT OF THE INDEPENDENT AUDITORS

Report of the Independent Auditors to the Members of Griffin Mining Ltd

We have audited the financial statements of Griffin Mining Limited for the year ended 31 December 2001 which comprise the consolidated profit and loss account, the consolidated balance sheet, the statement of total recognised gains and losses, the cash flow statement, the accounting policies, and notes 1 to 23. These financial statements have been prepared in accordance with International Accounting Standards and under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Bermuda law and International Accounting Standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with International Accounting Standards. 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's statement, review of operations and directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. 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 Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group at 31 December 2001 and of its loss for the year then ended in accordance with International Accounting Standards.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SOUTHAMPTON
30th April 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001
(expressed in thousands US dollars)

	Notes	2001 $000	2000 $000
Income			
Gains on the disposal of investments	1	–	39
Net operating expenses	2	(422)	(629)
Other income		–	22
Provisions in respect of continuing operations	4	–	(55)
(Loss) / profit on disposal of discontinued operations	5	(250)	58
Operating (loss)		(672)	(565)
Foreign exchange gains / (losses)		47	(85)
Interest receivable and similar income	6	82	42
(Loss) on ordinary activities before taxation		(543)	(608)
Taxation on ordinary activities	7	–	–
(Loss) for the financial year	18	(543)	(608)
(Loss) per share (cents)	8	(0.6)	(1.5)

CONSOLIDATED BALANCE SHEET

As at 31 December 2001
(expressed in thousands US dollars)

	Notes	2001 $000	2000 $000
Fixed assets			
Intangible assets	9	**4,985**	4,542
Tangible assets	10	**3**	4
		4,988	4,546
Current assets			
Portfolio investments	11	**17**	501
Accounts receivable		**12**	261
Prepaid expenses		**7**	18
Cash and deposits	12	**2,581**	370
		2,617	1,150
Creditors: Amounts falling due within one year			
Accrued expenses		**(32)**	(64)
Creditors		**(38)**	(67)
Net current assets		**2,547**	1,019
Total net assets		**7,535**	5,565
Capital and reserves			
Share capital	13	**1,033**	4,100
Share premium	14	**15,516**	13,154
Contributing surplus	15	**3,690**	–
Investment revaluation reserve	16	**(857)**	(372)
Foreign exchange reserve	17	**173**	160
Profit & loss account	18	**(12,020)**	(11,477)
Equity interests		**7,535**	5,565
Number of shares in issue		**103,257,248**	41,003,551
Attributable net asset value per share	20	**$0.07**	$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
30th April 2002

Roger Goodwin
President and Finance Director

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2001
(expressed in thousands US dollars)

	Notes	2001 $000	2000 $000
(Loss) for the financial year		**(543)**	(608)
Unrealised (losses) / gains on investments	16	**(485)**	392
Currency translation differences in foreign currency net investments		**13**	3
Total gains and losses recognised in the year	19	**(1,015)**	(213)

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 2001
(expressed in thousands US dollars)

	Notes	2001 $000	2000 $000
Net cash (outflow) from operating activities		(420)	(1,039)
Investing activities			
Interest received	6	82	42
Payments to acquire intangible fixed assets	9	(434)	(488)
Payments to acquire tangible fixed assets	10	(2)	–
Receipts from the disposal of discontinued operations		–	88
Net cash (outflow) from investing activities		(354)	(358)
Net cash (outflow) before financing		(774)	(1,397)
Financing			
Issue of ordinary share capital	13/14	3,101	285
Expenses paid in connection with share issue	14	(116)	(19)
		2,985	266
Increase / (decrease) in cash and cash equivalents	12	2,211	(1,131)
Reconciliation of operating (loss) to net cash (outflow) from operating activities			
Operating loss		(672)	(565)
Taxation		–	–
Depreciation	2	3	5
(Gains) on sale of investments		–	(39)
Receipts on the sale of investments		–	71
(Payments) to acquire investments		–	(114)
Provisions in respect of continuing operations		–	55
Losses / (profits) on disposal of discontinued operations	5	250	(58)
Decrease / (increase) in debtors		10	(16)
(Decrease) in creditors		(61)	(303)
Other non-cash income, including exchange differences		50	(75)
		(420)	(1,039)

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 10).

Depreciation

Plant and equipment will be depreciated at rates appropriate to the expected life of the asset once production has commenced. Office equipment is 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

The accounts have been prepared in United States dollars being the local currency of Bermuda. Whilst registered in Bermuda the Company, together with its subsidiaries, operate in China, the United Kingdom, and Australia.

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.

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 from continuing operations.

2. Net Operating Expenses

	2001	2000
	$000	$000
Administrative expenses include:		
Depreciation	**3**	5
Staff Costs	**110**	116
	No.	No.
Number of persons employed by the Group	**4**	4

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 2001**	Total 2000
	$000	$000	$000	**$000**	$000
Mladen Ninkov	–	–	–	**–**	–
Dal Brynelsen	–	–	–	**–**	12
Roger Goodwin	–	86	–	**86**	1
Gordon Montgomery	–	–	–	**–**	–
William Mulligan	–	–	–	**–**	12
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 (2000 $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. No fees (2000 $12,000) 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. No fees (2000 $12,000) 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.

	2001	2000
	$000	$000
Portfolio investments written off	–	(55)

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. (Loss) / Profit on the Disposal of Discontinuing Operations

	2001	2000
	$000	$000
Nordic Exploration AB	–	3
Britcan Minerals Plc	–	13
STREMCO SA Burkina Faso gold exploration and development	(250)	42
	(250)	58

6. Interest Receivable and Similar Income

	2001	2000
	$000	$000
Bank and short term interest	82	42

7. Taxation on Ordinary Activities

	2001	2000
	$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 United Kingdom due to losses in the year. The Company has unutilised income tax losses estimated at $5.1m, and capital losses estimated at $2.0m.

8. (Loss) Per Share

The loss per share has been calculated on the basis of the net loss after taxation of US$543,000 (loss US$608,000 in 2000) and the weighted average number of shares in issue in the year ended 31 December 2001 of 85,098,010 (40,834,868 in 2000).

There is no dilutive effect of share purchase options.

NOTES TO THE FINANCIAL STATEMENTS

9. Intangible Assets

Exploration interests	
China – Zinc	
COST / VALUATION	
	$000
At 1 January 2001	4,542
Foreign exchange adjustments	9
Additions during the year	434
At 31 December 2001	4,985
NET BOOK VALUE	
At 31 December 2001	4,985
At 31 December 2000	4,542

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. Tangible Assets

Office furniture and equipment	
COST / VALUATION	$000
At 1 January 2001	19
Additions during the year	2
At 31 December 2001	21
DEPRECIATION	
At 1 January 2001	15
Provided during the year	3
At 31 December 2001	18
NET BOOK VALUE	
At 31 December 2001	3
At 31 December 2000	4

NOTES TO THE FINANCIAL STATEMENTS

11. Portfolio Investments

	2001	2000
	$000	$000
Quoted (cost $873,000- 2000 $873,000)	17	501

Quoted securities are valued at the bid market price. Unquoted investments have been fully provided against. Quoted and unquoted investments are available for sale.

12. Cash and Deposits

Analysis of changes in cash and cash equivalents

	$000
At 1 January 2001	370
Net cash inflow	2,211
At 31 December 2001	2,581

13. Share Capital

	2001		2000	
	Number	$000	Number	$000
AUTHORISED:				
Ordinary shares of US$0.01 each				
(2000 US$0.10 each)	1,000,000,000	10,000	100,000,000	10,000
CALLED UP ALLOTTED AND FULLY PAID:				
Ordinary shares of US$0.01 each (2000 US$0.10)				
At 1 January	41,003,551	4,100	38,946,501	3,895
Transfer to Contributing Surplus	–	(3,690)	–	–
Issued during the year	62,253,697	623	2,057,050	205
At 31 December	103,257,248	1,033	41,003,551	4,100

At a Special General Meeting of the Company held on 15th March 2001, shareholders approved resolutions to: reduce the issued share capital of the Company with effect from 15th 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 contributing 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 22nd March 2001, 41,751,922 new ordinary shares in the Company were allotted at 3.5 UK pence ($0.05) per ordinary share for cash to raise $2.1 million before expenses on an equity placing.

On 3rd April 2001, 342,958 new ordinary shares were allotted at 3.5 UK pence ($0.05) per ordinary share on the exercise of warrants granted to existing shareholders as part of arrangements for the equity placing in March 2001.

On 9th May 2001, 1,557,795 new ordinary shares were allotted at 3.5 UK pence ($0.05) per ordinary share on the exercise of warrants granted to existing shareholders as part of arrangements for the equity placing in March 2001.

NOTES TO THE FINANCIAL STATEMENTS

On 11th June 2001, 18,601,022 new ordinary shares were allotted at 3.5 UK pence ($0.05) per ordinary share on the exercise of warrants granted to existing shareholders as part of arrangements for the equity placing in March 2001.

On 26th 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 which were due to expire on 31st 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.

14. Share Premium

	2001	2000
	$000	$000
At 1 January	13,154	13,084
Premium on shares issued in year	2,478	89
Expenses paid in connection with share issue	(116)	(19)
At 31 December	15,516	13,154

15. Contributing Surplus

	2001	2000
	$000	$000
At 1 January	–	–
Transfer from share capital	3,690	–
At 31 December	3,690	–

The Contributing surplus is a statutory reserve for the maintenance of capital under Bermuda company law and was created on the reduction in the par value of the Company's ordinary shares on 15th March 2001.

16. Investment Revaluation Reserve

	2001	2000
	$000	$000
At 1 January	(372)	(764)
Movements during the year	(485)	392
At 31 December	(857)	(372)

Unrealised appreciation and depreciation of portfolio investments are reflected in the investment revaluation reserve

NOTES TO THE FINANCIAL STATEMENTS

17. Foreign Exchange Reserve

	2001	2000
	$000	$000
At 1 January	160	266
Movements during the year	13	3
Transfer to profit and loss account on disposal of subsidiary company	–	(109)
At 31 December	173	160

Exchange differences arising on the retranslation of opening net assets of overseas subsidiary undertakings, whose accounts are prepared in local currencies, are reflected in the foreign exchange reserve.

18. Profit and Loss Account

	2001	2000
	$000	$000
At 1 January	(11,477)	(10,978)
(Loss) for the financial year	(543)	(608)
Foreign exchange transfer	–	109
At 31 December	(12,020)	(11,477)

19. Reconciliation of Shareholders' Funds

	2001	2000
	$000	$000
Total (losses) and gains recognised in the year	(1,015)	(213)
Issue of ordinary shares in the year	2,985	275
Net additions to shareholders' funds	1,970	62
Opening shareholders' funds	5,565	5,503
Closing shareholders' funds	7,535	5,565

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 divided by the number of ordinary shares in issue at 31 December 2001 of 103,257,248 (41,003,551 at 31 December 2000).

21. 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 and sterling short term fixed and 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.

In the normal course of its operations the Group is exposed to foreign currency and interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS

The Group places funds in excess of immediate requirements in US dollar and sterling deposits with a number of banks to spread currency, interest rate and bank risk. These deposits are kept under regular review to maximise interest receivable and with reference to future expenditure and future currency requirements.

22. Post Balance Sheet Events

On the 21st March 2002, Hebei Hua' Ao Mining Development Company became the first foreign controlled joint venture to be granted a mining licence over a base metals deposit in the Peoples Republic of China when it was granted a mining licence over 1.56 sq km of zone III of the original 11.3 sq km exploration licence area at Caijiaying.

23. 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.

CORPORATE INFORMATION

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Registered office:	Clarendon House, 2 Church Street, Hamilton. HM11. Bermuda.
China Zinc office:	Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000. Australia. Telephone: + 61(0)8 9321 7143 Facsimile: + 61 (0)8 9321 7035
Directors:	Mladen Ninkov (Chairman) Roger Goodwin (President & Finance Director) Dal Brynelsen William Mulligan John Steele
Company Secretary:	Roger Goodwin
Nominated Adviser and 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 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. Anglo Irish Bank Corporation plc 10 Old Jewry, London. EC2R 8DN. UK
Geological Consultants:	CSA Australia Pty Limited Level 1, 161 Great Eastern Highway, Belmont, West Australia 6104, Austailia.
UK Registrars & Transfer Agents:	Capita IRG plc Bourne House, 34 Beckenham Road, Beckenham, Kent. BR3 4TU. UK