Contents

Griffin Mining Limited is a mining and investment company whose principal asset is the Caijiaying zinc-gold mine. Further information on the Company is available on the Company's web site: www.griffinmining.com.

Griffin Mining Limited's shares are quoted on the Alternative Investment Market (AIM)
of the London Stock Exchange (symbol GFM).
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Caijiaying Mine Site, Winter 2015/2016

Chairman's Statement

It is with mixed emotions that I present to you, the shareholders and owners of Griffin Mining Limited ("Griffin" or the "Company"), the Annual Report and Accounts of the Company for the 2015 calendar and financial year. It was a year of major achievements but also significant difficulties. Although the Company was able to generate an operating profit of $4.3 million, it still eventuated in the first loss after tax in the Company's operating history. A difficult, emotional event for all concerned at Griffin.

The year contained many disappointments, none of which was more significant than the deaths of two contractors in separate events in June and October of 2015. The loss of life in any enterprise is debilitating, to staff, the enterprise and most of all to the families left behind. The deaths were also a disaster for the Company as mining operations were suspended for over 3 months effectively only allowing low grade stockpiled ore to be processed with the consequential erosion of profit margins.

Yet in 9 months of operations, in comparison to 2014, the Company was still able to increase throughput from 572,390 to 839,713 tonnes, revenues from $46 million to $59 million, metal in concentrate of zinc from 25,901 tonnes to 38,560 tonnes, gold from 7,623 ounces to 10,363 ounces, silver from 201,982 ounces to 343,575 ounces and lead from 857 tonnes to 1,785 tonnes. All this bodes extraordinarily well for when the Caijiaying Mine is up and running at full capacity.

Unfortunately, and as is so often I have written in the past, mining is substantially a fixed cost business and metals prices were again decimated in 2015. Prices received by the Company for metal in concentrate were significantly lower in 2015 than in 2014 with zinc prices down 11.5%, gold down 17% and silver down 30%.

The last major disappointment of the year was the continuing delay in obtaining the new Mining Licence over Zone II. It is now years overdue and restricts the Company's ability to reach a 1.5 million tonne throughput. Needless to say, a huge amount of management time is dedicated daily to ensure this process reaches a successful conclusion in 2016.

For all the negatives of 2015, there have been some major victories. The first was the successful conclusion to the mine and processing plant upgrade. The new 750,000 tonne nameplate capacity ball mill, in conjunction with the pre-existing ball mills, provides the Company with a minimum of 1.5 million tonnes of throughput capacity and more. In addition, the completion of the new grid connected 35,000 volt power line and sub-station ensures sufficient power to now run a full capacity plant, all underground mining operations and administration and camp facilities.

Secondly, the North and South Declines were joined by a new, 470 metre link drive which combines the Zones II and III orebodies for ease of mining and haulage in the future, A new, second portal to access the Zone II area is expected to be completed in 2016.

Thirdly, a new master agreement was signed between the Third Geological Brigade of Hebei Province with the Company to examine their extensive database for existing, known deposits and prospective mining areas and enter in commercial arrangements on those projects. This new partnership is particularly attractive in light of the Company's better knowledge of the geological controls of the Caijiaying Mine. In particular, this agreement may have significant benefit for all areas within trucking distance of the Caijiaying Mine and its existing processing facilities. It goes without saying that the Company continues to evaluate numerous projects worldwide on a daily basis in this depressed mining market to find the hidden gem.

Excitingly, on the drilling and geological work completed to date, it seems certain that there exists the potential for significant additional resources to be added to the known resource at the Caijiaying Mine. Although work has been suspended for the moment on the new JORC resource estimated due to other priorities for our human and capital resources, it is expected a new resource estimate will be announced at some point in 2016.

Lastly, and most importantly, our thanks, on a daily basis, goes to you, the owners of the Company, for your continued support, trust and loyalty, particularly in such a difficult year. In this modern, internet driven, multi media platformed world which we now find dominates social and business commentary, uninformed and disingenuous comment is far too often and freely posted. Let me assure you that the efforts of your staff and directors remain Herculean in their scope and endeavour. We remain firmly and irrevocably focused on delivering the returns you deserve and expect from your Company.

In terms of the continuing issue of the share price, I leave you with the words of a commentator after a speech by Warren Buffet, "He's not looking at quarterly earnings projections, he's not looking at next year's earnings, he's not thinking about what day of the week it is, he doesn't care what investment research from any place says, he's not interested in price momentum, volume or anything. He's simply asking: What is the business worth?". May 2016 realize the true value of the Company.

Mladen Ninkov
Chairman
13th April 2016

Griffin Directors Rupert Crowe, Dal Brynelsen Mladen Ninkov, Roger Goodwin and Adam Usdan by the newly commissioned 750,000 tonne per annum primary ball mill

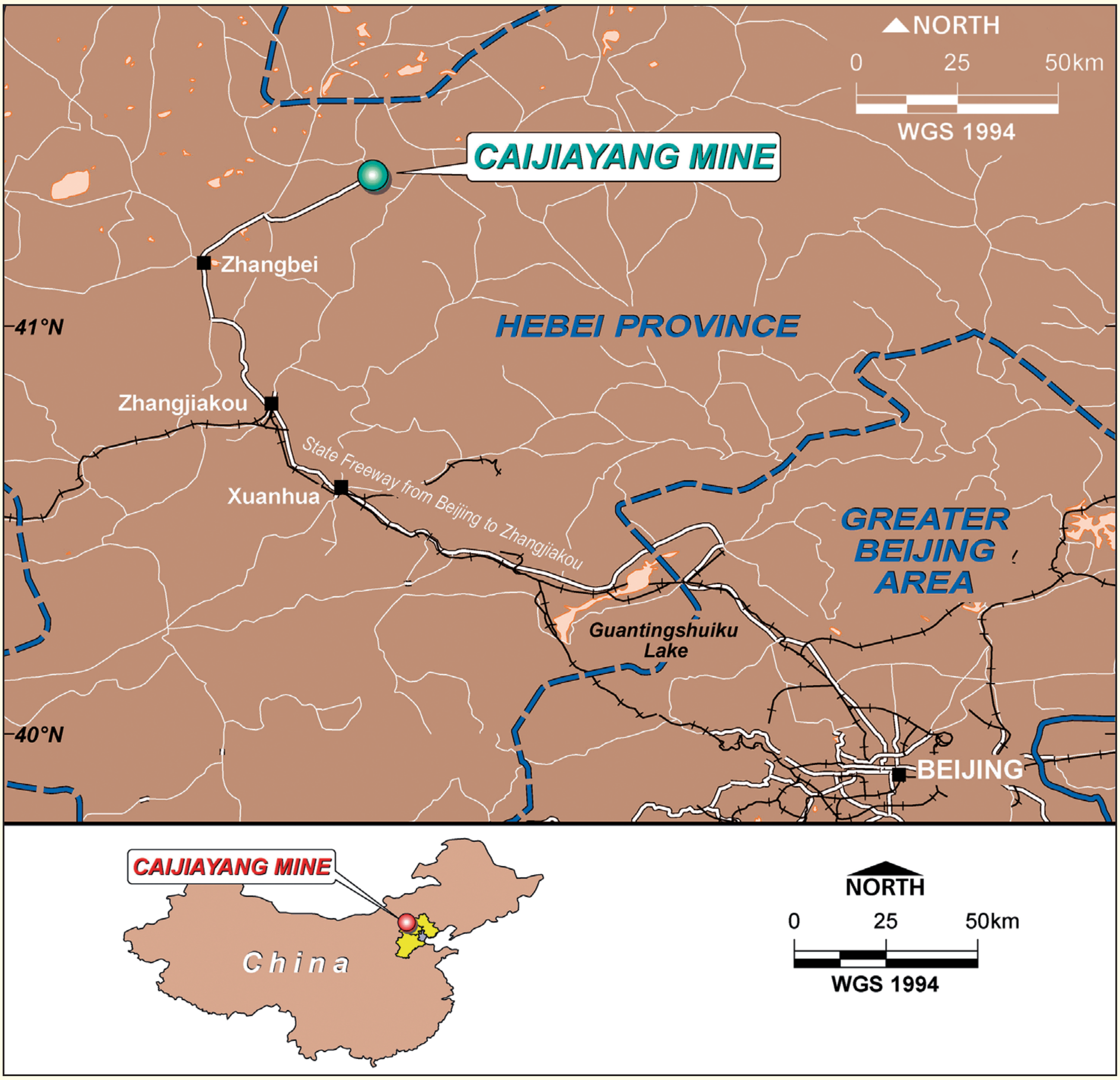
Overview

Griffin Mining Limited ('Griffin' or 'the Company') is a mining and investment company, incorporated in Bermuda, whose shares are quoted on the Alternative Investment Market of the London Stock Exchange ("AIM").

The major asset of the Company is an 88.8% interest in Hebei Hua Ao Mining Industry Company Limited ('Hebei Hua Ao'), which holds 9.9 square kilometres of mining and exploration licences including the mine and processing facilities at Caijiaying in the People's Republic of China (the "Caijiaying Mine").

The Company also holds 90% of Hebei Sino Anglo Mining Development Company Limited ("Hebei Anglo"), which holds 27.5 square kilometres of exploration licences immediately surrounding the Hebei Hua Ao Licence Area.

The Company continues to aggressively explore, expand and develop the Caijiaying Mine, whilst also investigating further potential acquisitions of mining projects that are capable of being brought into production and to meet historically preset, economic returns to shareholders.



Caijiaying Mine Location

Caijiaying

INTRODUCTION

The Caijiaying Mine is an operating zinc, gold, silver and lead mine, together with a processing plant, camp and supporting facilities, located approximately 300 kilometres by road, north-west of Beijing in Hebei Province. The Caijiaying Mine site is easily accessible by freeway from Beijing. The site has significant water supplies, a 35kv power line connected to the electricity grid, full connectivity to fixed and mobile tele-communications systems and broadband access for internet services. It is 63 kilometres from Chongli, the host city of the 2022 Winter Olympic Games and to which a high speed train link from Beijing is currently being completed.

Climatic conditions are not severe with warm summers and cold, dry winters enabling Caijiaying to operate for 365 days a year.

DEVELOPMENT

Hebei Hua Ao is a contractual co-operative joint venture company entity established in 1994. Initially, Griffin held 60% of Hebei Hua Ao (through a wholly owned subsidiary) with the remaining 40% held by the Zhangjiakou Guoxin Enterprise Management and Service Center ("Guoxin"), the previously named Zhangjiakou Caijiaying Lead Zinc Mining Company, the shareholders of which remain the Zhangjiakou City People's Government and the Third Geological Brigade of Hebei Province.

The initial term of Hebei Hua Ao was 25 years and was due to expire in 2019. In light of the continuing increase in the resources base and production profile of the Caijiaying Mine, the Company, through its wholly owned subsidiary China Zinc Limited, purchased an additional 28.8% interest in Hebei Hua Ao from Guoxin in 2012. Griffin now holds an 88.8% equity interest in Hebei Hua Ao and Guoxin retains an 11.2% interest. In addition, and as part of this purchase agreement, the term of the Hebei Hua Ao joint venture was extended to October 2037.

In January 2004, a second contractual joint venture company, Hebei Anglo, was formed to hold the mineral rights to the area surrounding the original Hebei Hua Ao licence area and any other areas of interest in Hebei Province. Griffin, through its wholly owned UK subsidiary, Panda Resources Limited, has a 90% interest in Hebei Anglo whilst Guoxin holds 10%. Griffin, through Hebei Hua Ao and Hebei Anglo, has a controlling interest in mining and exploration licences over approximately 37.5 square kilometres at Caijiaying.

Following extensive exploration, resource delineation drilling, a number of scoping studies, feasibility study, financing and construction, Griffin successfully commissioned the Caijiaying Mine on time and within budget in 2005 with an initial design production throughput rate of 200,000 tonnes of ore per annum.

Numerous upgrades to the Caijiaying Mine and processing facilities have taken place since commissioning. In January 2016 the Company completed a further upgrade of the processing facilities at the Caijiaying Mine and the construction of a new 35kv power line connected to the main grid enabling a new third primary ball mill to be commissioned. This latest upgrade has taken mill throughput capacity to 1.5 million tonnes of ore capable of being processed per annum.

Underground development continues with a main drive now being completed between Zone III and Zone II and the significant expansion of the existing mining operations at Zone III. The mining and development of Zone II is subject to the successful granting of a new mining licence over Zone II.

Construction of the new 35,000 volt power line

MINERAL RESOURCE ESTIMATE

In June 2013, a Mineral Resource Estimate for Caijiaying was reported. The continuing success of the exploration programme in conjunction with infill drilling and on-going mine development, is anticipated to lead to an upgrade of the Mineral Resource Estimate for the Caijiaying Mine. The 2015 Mineral Resource estimate is reported at a zinc cut-off grade of 1% and, as amended for mining depletion, is summarised below.

Caijiaying Zone III Remaining Mineral Resources 31 December 2015

Grade Tonnage Reported above a Cut off Grade of 1.0% Zn

Zone III Category	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn Metal (t)	Pb Metal (t)	Ag Metal (Oz)	Au Metal (Oz)
Measured	12.6	4.9	0.3	26.1	0.8	618,000	37,000	10,628,000	311,000
Indicated	7.9	4.4	0.2	22.3	0.7	353,000	14,000	5,699,000	171,000
Inferred	7.7	4.2	0.2	18.5	0.5	323,000	12,000	4,558,000	129,000
Sub-Total	**28.3**	**4.6**	**0.2**	**23.0**	**0.7**	**1,294,000**	**63,000**	**20,885,000**	**611,000**

Caijiaying Zone II Remaining Mineral Resources 31 December 2015

Grade Tonnage Reported above a Cut off Grade of 1.0% Zn

Zone II Category	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn Metal (t)	Pb Metal (t)	Ag Metal (Oz)	Au Metal (Oz)
Measured	-	-	-	-	-	-	-	-	-
Indicated	4.1	3.0	0.7	24.9	0.3	123,000	27,000	3,242,800	39,300
Inferred	15.6	3.3	0.8	24.5	0.3	516,000	117,000	12,276,700	124,200
Sub-Total	**19.6**	**3.3**	**0.7**	**24.6**	**0.3**	**638,000**	**144,000**	**15,519,600**	**163,500**

Caijiaying Combined Global Remaining Mineral Resources

Grade Tonnage Reported above a Cut off Grade of 1.0% Zn

Combined Category	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn Metal (t)	Pb Metal (t)	Ag Metal (Oz)	Au Metal (Oz)
Measured	12.6	4.9	0.3	26.1	0.8	618,000	37,000	10,628,000	311,000
Indicated	12.0	4.0	0.3	23.2	0.5	476,000	41,000	8,942,000	210,000
Inferred	23.2	3.6	0.6	22.5	0.3	839,000	129,000	16,835,000	253,000
Total	**47.9**	**4.0**	**0.4**	**23.6**	**0.5**	**1,933,000**	**207,000**	**36,404,000**	**774,000**

Note: Zone II Mineral Resource includes 1.49 million tonnes at 3.09% zinc oxide material.

The Mineral Resource estimate is based on 2,470 underground diamond drill holes and 579 surface drill holes.

The underground drilling was carried out using nominal fan patterns of 20m by 20m, grading to a 40m by 40m pattern at depth. Resource wireframes were interpreted by CSA Global in consultation with Griffin's geologists. The resource outlines were based on mineralisation envelopes prepared on cross-sections using a nominal 1% Zn cut-off grade. The Mineral Resource has been depleted using a three-dimensional survey "As Built" wireframe which models all of the mined out voids at they stand at 31st December 2015.

The updated Caijiaying Mineral Resources are based on resource modelling work completed by CSA Global Pty Ltd in 2013 and reported in accordance with JORC 2004 guidelines. The resource model has not been updated to comply with JORC 2012 guidance on the basis that the information has not materially changed since it was last reported, other than due to mining depletion.

The information in this report that relates to Mineral Resources is based on information compiled by Steve Rose, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Steve Rose has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Steve Rose consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

GEOLOGY

Mineralisation at Caijiaying is believed to be related to a Jurassic igneous event that affected the 2.3 billion year old metamorphic basement rocks. Base metal and gold mineralisation associated with Jurassic intrusives have replaced favourable horizons in the metamorphic rocks, most notably calcsilicates and marble. Porphyry sills and dykes intruding along faults have then cut across the sequence.

Ongoing exploration in the area surrounding the Caijiaying Mine and within Hebei Hua Ao's and Hebei Anglo's tenement boundary continues to confirm the area to be highly prospective, indicating significant potential for further base metal and gold deposits.

EXPLORATION

The exploration program at Caijiaying in 2015 continued to expand existing areas of mineralisation, and to provide new targets with the aim of ensuring an ongoing supply of ore. This involved prioritising targets in the following categories:

- In-mine areas between or adjacent to known orebodies;
- Near-mine targets, mainly within reach of underground drilling from existing or planned drives; and
- Regional targets both within and adjacent to existing licences.

Hebei Hua Ao Area

Exploration within the Caijiaying Mine continued to target extensions of known ore bodies and areas adjacent to known ore bodies. Targets included Zone III for extensions of known zinc rich lodes, Zone II for extensions of lead and zinc rich lodes and the area between Zones II and III for zinc rich and high gold lodes. In 2015, 228 underground holes were drilled for a total of 47,839 metres, utilising 5 underground electric drill rigs throughout the year. Results will be incorporated in the next resource update study.

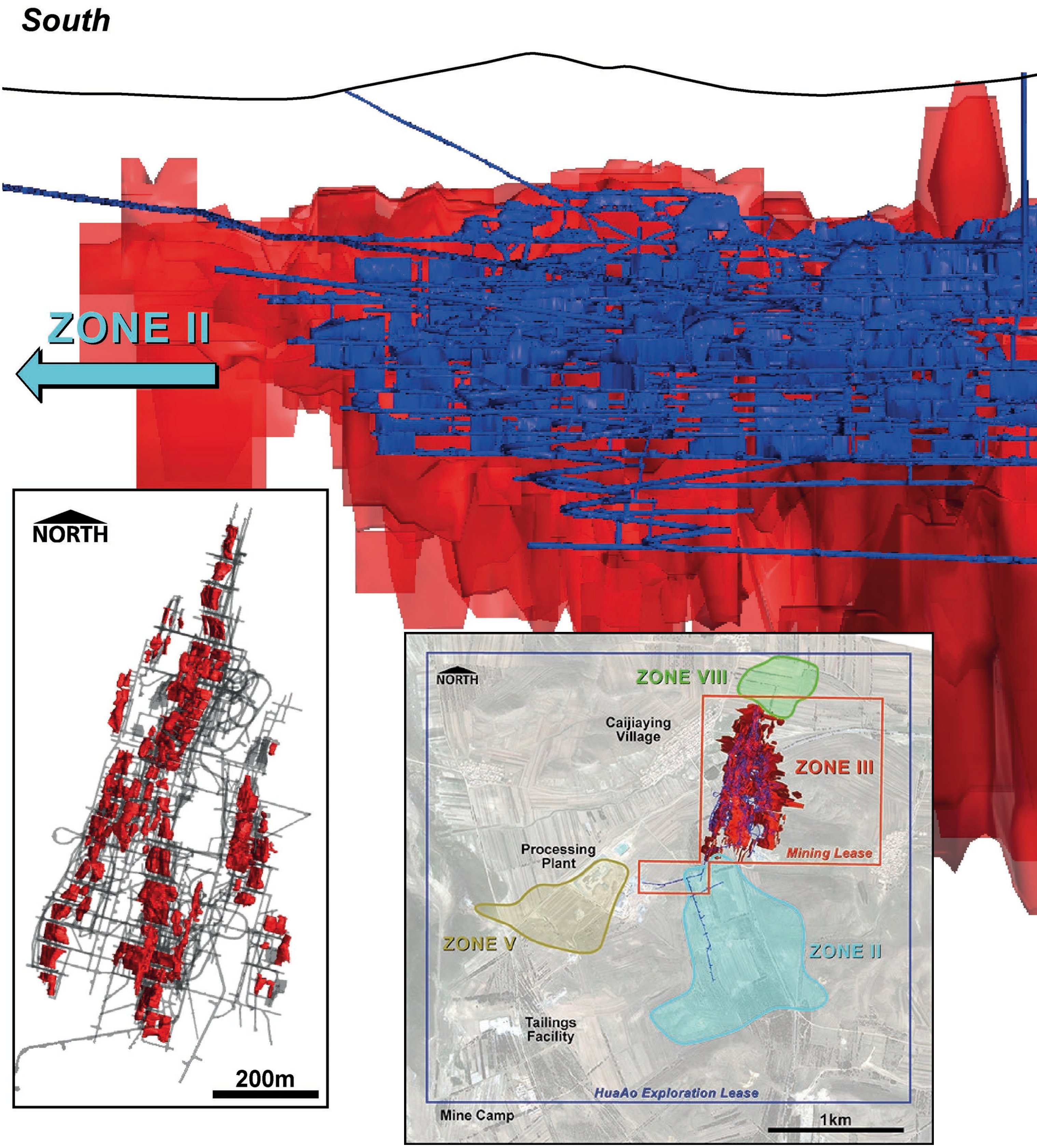
In addition, surface drilling tested two targets indicated by a previous geophysical review. Drilling to the north of Zone III showed that the main ore bodies, previously defined by Zones II and III, extend at least another 300 metres north beneath thickening cover sequences. This exciting new discovery, named Zone VIII, contains similar rock types and mineralisation styles already seen in Zones II and III. In 2015, 11 surface holes were drilled for a total of 8,347 metres at Zone VIII. Results will be incorporated in the next resource update study. Further drilling at Zone VIII may be undertaken from future underground development from Zone III.

Further drilling to the north east of Zone III (2 holes for a total of 1,202 metres) intersected small but zinc-rich mineralisation in similar host rocks as in Zones II and III. Further drilling will be dependent upon a full analysis of all data including the geochemical signatures.

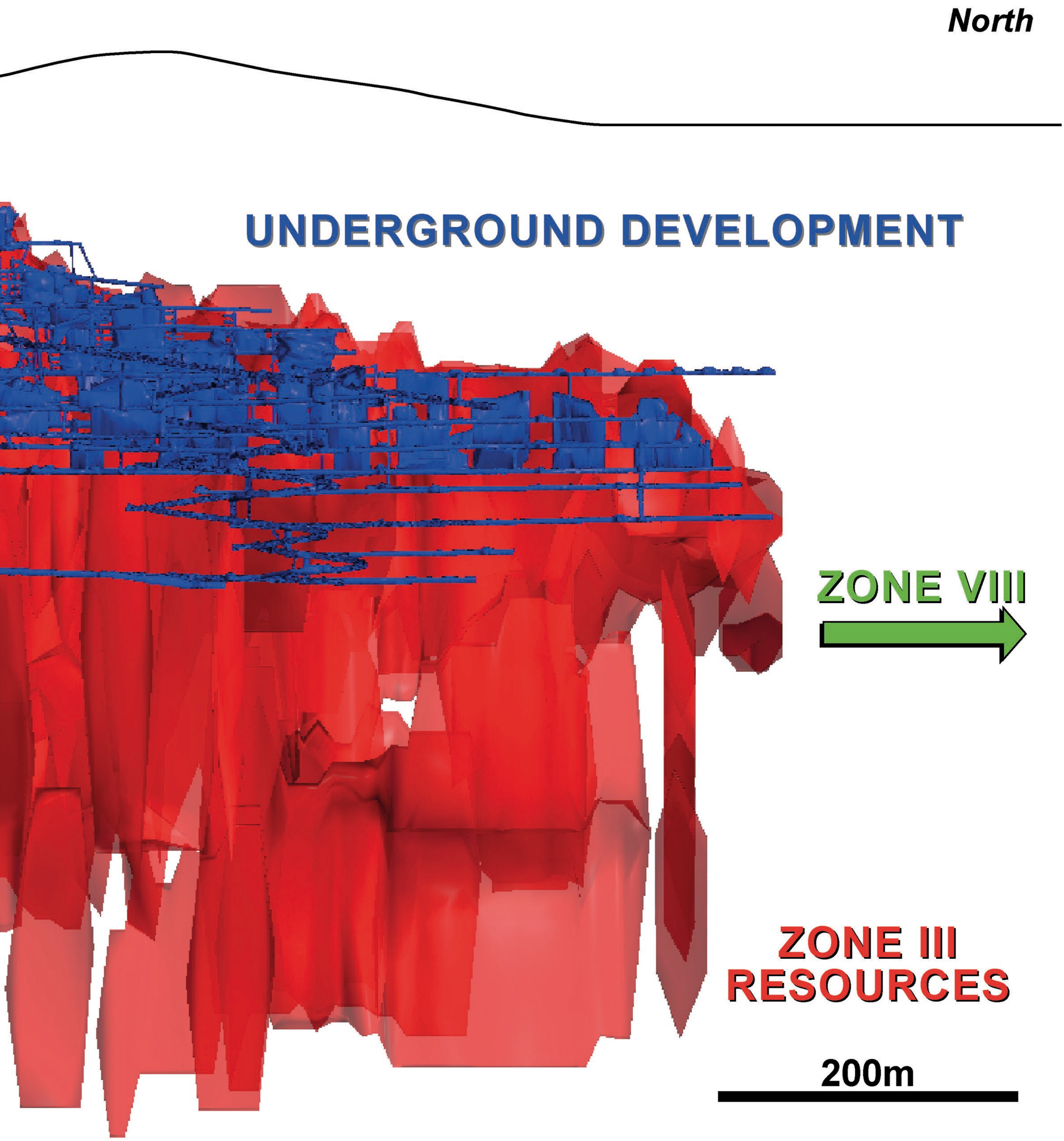
Four significant geological technical studies were undertaken in 2015:

- A geological structural study of the Caijiaying Mine by an external consultant. The focus on this work was to provide and assist the on-site geology team with an improved understanding of the structure, timings and controls on mineralisation to assist with improved targeting for additions to the mining resource. This information also assisted with improving the knowledge of the regional structure leading to improved exploration understanding and targeting.

- A project-wide reinterpretation of all geophysical datasets delivering a multitude of new geophysical images and culminating in a new solid geology and structural interpretation of the Caijiaying Mine area. This interpretation is dominantly based on geophysical data and requires ongoing testing and revision as hard surface and drill hole data become available. It provides a 2D regional structural and lithological framework for future exploration planning.



Plan view of the Caijiaying Zone III Mineral Resource wirefames (red) and underground development (blue), and plan view of Zone II, V and VIII exploration targets, lease boundaries and local infrasctructure



Long section 3D view of the Zone III Mineral Resource wireframes (Red) and underground development and stoping (blue) looking West.

- A surface and down-hole multi-element lithogeochemistry project which highlighted the value of multi-element geochemistry for exploration targeting. The geochemistry data accurately and cheaply maps pathfinder element assemblages, alteration indices and lithology discriminators at the Caijiaying Mine. These quantifiable indices can be used to test and rank regional exploration potential in surface rock chip samples, in addition to identifying near mine targets based on underground and surface drilling.
- A new 3D geological model and Exploration Targeting model. The development of a new 3D geological model, showing tight folding in underground exposures, prompted a remodelling of the existing geological model. This new model focuses on understanding and defining the folded and faulted pre-mineralisation architecture that controls the subsequent location of replacement-style zinc mineralisation. The resultant new 3D model explains the discontinuous nature of high grade mineralisation, predicts a sub-horizontal primary continuity to mineralisation (rather than down-dip as previously interpreted) and provides significantly improved confidence into the new resource modelling process. The new geological model has identified 26 new discrete exploration targets within 250 metres of the existing underground development which are amenable to near term drill testing.

Hebei Anglo Area

Regional target generation continued in 2015 with geochemical surveys conducted both within and adjacent to existing licences. Preliminary analysis shows that there are geochemical signatures away from the immediate area of the mine that are similar to that observed in drill core data from the Caijiaying Mine area. Further sampling and analysis will be required to develop targets for future drilling.

Exploration in 2016

During 2016, exploration activities will continue to focus on high-priority targets in and adjacent to Zone III and Zone II. Many of the lodes, including the zinc-gold lodes, remain open either along strike, at depth, or both and these will be scheduled for further drilling in 2016.

Geochemical analysis will continue within the Caijiaying mine to increase the understanding of the complexity of the orebody. Regional exploration will continue with sampling and analysis to evaluate targets for further consideration and drilling.

OPERATIONS

Operations were significantly impacted by two separate fatal incidents at the Caijiaying Mine in 2015. Thorough investigations were carried out by both Hebei Hua Ao and by the local and provincial safety bureaus to fully understand the causes of the incidents. Production was suspended for a total of three months whilst these investigations were taking place. As a consequence, the amount of ore mined in 2015 was considerably less than 2014. Meanwhile the processing facilities were able to continue processing long term surface stockpiles whilst mining operations were suspended.

The installation of the new ball mill with a name plate capacity of 750,000 tonnes of ore per annum was completed in 2015 with commissioning at the beginning of 2016 following the connection of a new grid connected 35kv power line. This was the final stage in the completion of the mill upgrade. Following completion of this upgrade, the processing facilities are capable of processing no less than 1.5 million tonnes of ore per year.

With near continuous processing in 2015, mill throughput was significantly better than in 2014 when the processing facilities were shut for several weeks for upgrade works. Slightly better grades and recoveries have assisted in lifting metal in concentrate production in 2015.

In summary, production in 2015 was as follows:

- 571,815 tonnes of ore were mined, compared to 747,775 tonnes in 2014;
- 839,713 tonnes of ore were processed, compared to 572,390 tonnes in 2014;
- 38,560 tonnes of zinc metal in concentrate were produced, compared to 25,901 tonnes in 2014;
- 10,363 ounces of gold in concentrate were produced, compared to 7,623 ounces in 2014;
- 343,575 ounces of silver in concentrate were produced, compared to 201,982 ounces in 2014; and
- 1,785 tonnes of lead in concentrate were produced, compared to 857 tonnes in 2014.

A significant milestone in the plan to move from labour intensive airleg development to modern jumbo development was passed in 2015 with the successful commissioning of the first jumbo at the Caijiaying Mine. It is being used to advance development of the new lower link drive between Zones II and III, ore cross-cuts and the main decline. The new jumbo contributed significantly to a record 1,333 metres of development achieved in May 2015. A new Manitou Integrated Tool Carrier was also introduced in 2015 to boost the efficiency of underground service installation.

The North and South Declines were pushed down to the 1175 level and are now joined by a new 470 metre long link drive.

Underground development work was significantly increased from previous years, with 4,081 metres of capital development and 7,920 metres of operational development completed in 2015.

Long hole open stoping continues to be the predominant mining method with remote bogging ensuring ore recovery from the open stopes is maximised.

COMMUNITY INVESTMENT & PARTNERSHIP

The Company, through Hebei Hua Ao, has invested heavily in the local community and instigated best practices regarding the protection of the environment. In this regard:

- Solid and liquid wastes are not disposed of into the environment;
- All production water is recycled;
- Gas emissions from boilers are treated to remove pollutants;
- Mined areas underground are back filled;
- Noise and dust from operations at the Caijiaying Mine are strictly controlled; and
- All non-recyclable wastes from supporting facilities are treated in an incinerator.

These environmental best practices have been rewarded by the Chinese government with Hebei Hua Ao being presented with the Environmental Award at the 2010 China Mining Conference and the Mine Development Outstanding Achievement Award at the 2011 China Mining Conference.

In addition Hebei Hua Ao has provided direct water supplies to the local villagers, constructed sealed roads to the Caijiaying Mine and nearby villages, financed the construction of a local kindergarten, an old peoples rest home and assisted on other infrastructure projects.

In 2013, Griffin, through Hebei Hua Ao, instigated a programme to create a long term industry for the Caijiaying local village, in particular, to provide a more sustainable annual income less reliant on the seasonality of crops grown in the short summer months. To that end, Hebei Hua Ao purchased 170 cows, which were already pregnant, creating a sizeable initial herd of 217 cattle for the creation of a dairy and cattle farm. In 2015 Hebei Hua Ao purchased another 183 cows to bring the total herd size to over 500 head of cattle. The venture has been an outstanding success.

Hebei Hua Ao has also assisted in the upgrade of facilities at the local township school and set up "Project Hope" to provide scholarships to local students for ongoing study at primary, secondary and tertiary levels. Expatriate workers also donate their valuable time every week to teach English at the local township school in their off duty hours.

Griffin estimates that the Caijiaying Mine has provided direct and indirect employment to over 1,000 Chinese nationals and minimised the employment of expatriate personnel.

During 2015, Hebei Hua Ao paid Rmb 75 million ($12 million) in taxes, royalties, social security fees, fines and other duties to Chinese governmental authorities and agencies.

Financial

The Company and its subsidiaries (together the "Group") recorded;

- Revenues of $59,779,000 in 2015 (2014 $45,564,000);
- Operating profit of $4,301,000 in 2015 (2014 $6,732,000);
- Loss before tax of $940,000 in 2015 (2014 Profit $1,021,000); and
- Loss after tax of $2,186,000 in 2015 (2014 Profit $190,000)

With increased throughput and production, more metal in concentrate was sold in 2015 compared with 2014, however, metal in concentrate prices were significantly lower in 2015 than in 2014 with zinc metal in concentrate prices received averaging $1,191 per tonne, down 11.5% from that received in 2014 of $1,345, silver $11.90 per oz down 30% from that received in 2014 of $17.10, and gold $1,043 per ounce down 17% on that received in 2014 of $1,251.

Cost of sales of $42,948,000 increased from that incurred in 2014 of $25,345,000, which had been impacted by the suspension in production from August to November 2014 due to the upgrade of the processing facilities. 267,313 (47%) more tonnes of ore were processed in 2015 than in 2014. With processing costs increasing by 35%, costs per tonne of ore processed fell by 8%.

Mining and haulage costs were down on that incurred in 2014 as a result of the suspension in mining for three months following the two fatal incidents in 2015. However, mine servicing costs continued to be incurred during the suspensions.

Net operating costs have fallen 7% from $13,487,000 in 2014 to $12,530,000 in 2015. This reduction in costs has been achieved despite higher share based option charges of $1,047,000 (2014 $316,000), inflationary pressures; and fines and penalties incurred following the mine fatalities.

With lower metal prices and increased cost of sales, profits from operations fell from $6,732,000 in 2014 to $4,301,000 in 2015.

With bank lines of credit drawn down to finance the cost of the processing plant upgrade, finance costs have increased from $4,165,000 in 2014 to $5,084,000 in 2015.

With a fall in the value of the Chinese Renminbi and Sterling in 2015, foreign exchange losses of $447,000 (2014 $39,000) have been incurred.

Losses on the disposal of plant and equipment of $48,000 were recorded in 2015 compared to $1,835,000 following the disposal of redundant equipment during the plant upgrade in 2014.

As a result of the aforementioned, a loss before tax of $940,000 was recorded in 2015 compared with a profit of $1,021,000 in 2014.

Income taxes of $1,246,000 (2014 $831,000) have been charged in 2015. This includes a deferred taxation provision of $813,000 (2014 $313,000).

Basic and diluted losses per share in 2015 were 1.22 cents (2014 earnings 0.11 cents).

In 2015 8,703,103 ordinary shares in the Company were bought at a cost of $3,875,000 and placed in treasury. In 2014 50,000 ordinary shares were bought back in the market for cancellation at a cost of $30,000.

Cash and cash equivalents increased by $1,520,000 in 2015 (2014 reduction $2,960,000) with:

- Net cash inflow from operating activities in 2015 of $26,139,000 (2014 $12,754,000);
- $16,044,000 invested in mine development and plant upgrades in 2015, (2014 $23,204,000); and
- $7,601,000 expended in financing activities in 2015 mainly on the purchase of the treasury shares and interest payments (2014 received $9,761,000).

Attributable net assets per share at 31st December 2015 amounted to 78 cents (2014 83 cents).

Strategic review

CAIJIAYING

Caijiaying continues to grow in size and stature with increased processing capacity, continuing mine development and ongoing exploration work identifying more targets and potential for significant additional resources. Whilst the existing Mineral Resource Estimate confirms the availability of extensive resources at the Caijiaying Mine for increased production, the potential for further resources may provide an opportunity to further increase production at the Caijiaying Mine. This will require further licences and permits from various Chinese authorities which is proving increasingly complex and time consuming to obtain.

Currently with the 1.5 million tonne upgrade completed, every effort is being made to obtain enhanced production permits and a new mining licence at Zone II. This will allow all the known resources at and between Zones II and III to be extracted. Development work has continued underground from the main Zone III area towards Zone II enabling further resource definition underground drilling in these areas. A new decline is also expected to be driven in 2016 enabling more haulage movements at the Caijiaying Mine. Development work at Zone II is planned to begin as soon as the new mining licence is received. It is estimated that this work will be completed in 2016 enabling production to be doubled in 2017 from that currently being achieved.

ACQUISITIONS

The Company continues to further explore and develop the Caijiaying Mine area and to investigate the acquisition of base metals projects that have the potential to be brought into long term, economic production for a capital cost that provides a substantial and justifiable return on equity to shareholders, particularly in a rising commodity price market.

A new master agreement has been signed between the Third Geological Brigade of the Hebei Province with Hebei Hua Ao, to examine their extensive database for existing known deposits and prospective mining areas and enter into commercial arrangements on those projects.

A large number of potential ventures have been analysed worldwide. None have been successfully consummated for many reasons including negative findings during due diligence, an insufficient return calculated for the risk shareholders would need to accept in funding a project to production, overall risk profile and various other deficiencies in grade, tonnes, metallurgy, depth and difficulty in mining.

Signing of the new master agreement between the Third Geological Brigade (Captain He Yuqing) and Hebei Hua Ao (Chairman Mladen Ninkov) for the exploration and acquisition of potential new mining projects.

Directors

Mladen Ninkov, Chairman, Australian, aged 54, holds a Master 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 the 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 the Chairman and Managing Director of the Dragon Capital Funds management group, a director and Head of International Corporate Finance at ANZ Grindlays Bank 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 has been chairman and director of a number of both public and private mining and oil and gas companies.

Roger Goodwin, Finance Director, British, aged 60, 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 has a strong professional background, including that as a manager with KPMG, with considerable public company and corporate finance experience, and experience of emerging markets.

Dal Brynelsen, Director, Canadian, aged 69, is a graduate of the University of British Columbia in Urban Land Economics. Mr. Brynelsen has been involved in the resource industry for over 30 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 Vangold Resources Limited.

Rupert Crowe, Director, Australian, aged 67, is a graduate geologist from Trinity College Dublin. He was the founding chairman and managing director of CSA Global Pty Ltd, a mining consultancy company founded in Ireland in 1983 and now headquartered in Australia. He is a specialist in zinc-lead exploration and was involved as a principal in the discovery and development of several notable mines. He has served on the board of four public companies listed in Dublin, London, Vancouver and Australia.

Adam Usdan, Director, USA, aged 54, holds an MBA from the Kellogg Graduate School of Management at Northwestern University with majors in Finance, Marketing, and Accounting, and a BA in English from Wesleyan University. He is the President of Trellus Management Company LLC, an equity hedge fund based in the USA. Mr Usdan founded Trellus Management in January 1994 and has been in the investment advisory industry for over 25 years. Mr Usdan began his investment career in 1987 at Odyssey Partners, where he was responsible for managing long/short U.S. equity (small to mid-cap) pools of capital.

Senior Executives

Mark Hine, Chief Operating Officer, Australian, aged 57, is a mining engineer having graduated from the Western Australia School of Mines, a member of the Australian Institute of Company Directors and a member of the Australian Institute of Mining and Metallurgy. He has extensive mining experience with over 25 years of senior management roles in both surface and underground mining operations. He has held a number of senior positions in the mining industry including Chief Operating Officer at Focus Minerals Ltd, Chief Executive Officer at Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd, Chief Executive Officer at Queensland Industrial Minerals Ltd, Chief Executive Officer at Consolidated Rutile Ltd and General Manager Pasminco, Broken Hill / Elura Mines.

Wendy Zhang, Chief Financial Officer, Hebei Hua Ao, aged 42, holds a Master of Accounting degree from Macquarie University, a member of the Certified Practising Accountant of Australia and a qualified member of the Chinese Institute of Certified Public Accountant for 11 years. Prior to joining Griffin she spent the previous 4 years as Financial Controller for Golden Tiger Mining's joint venture operations in China. Previously she was Chief Accountant for Shanghai Silk Group and subsequently Ann Taylor Shanghai.

Dr Bo Zhou, General Manager China, Australian, aged 53, holds a PhD in exploration geology from Sydney University and a BSc in economic geology from Peking University. He was Managing Director of Sinovus Mining Ltd, an ASX listed company with mineral interests in China. Prior to that he was the General Manager for Guangxi Golden Tiger Mining JV, a Sino-Australian JV gold company focussed on Guangxi, China, controlled by Golden Tiger Mining NL, an ASX listed company. He has also worked as the Senior Geologist for Silk Road Resources (A Toronto listed company), responsible for evaluating various gold properties in Gansu Province in central western China. Dr Zhou has considerable experience in the Chinese resources sector.

Runxcai Jai (Mill Manager), Susan Sun (Senior Personal Assistant to Operations Manager), Mladen Ninkov (Chairman), Rupert Crowe (Director), Adam Usdan (Director), Dal Bynelsen (Director) and Bo Zhou (Chief Representative - China) at the processing plant's ceramic filter with zinc concentrate stockpiles in the background

Directors' Report

The Directors submit their report together with the audited consolidated financial statements of Griffin Mining Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2015.

Financial Results

The Group loss before taxation, amounted to US$940,000 (2014 profit US$1,021,000). Taxation of US$1,246,000 (2014 US$831,000) has been provided. No dividend was paid in 2015 (2014 nil). US$2,186,000 has been debited to reserves (2014 credited US$190,000).

The basic loss per share amounted to 1.22 cents (2014 earnings 0.11 cents). The attributable net asset value per share at 31 December 2015 amounted to 78 cents (2014 83 cents).

With cash flows from operations being used to fund the development of the Zone II deposit and the upgrade of the processing facilities at Caijiaying and with any surplus cash flow directed to repaying existing Chinese banking facilities used to fund the acquisition of additional equity in, and the extension of, the joint venture in 2012, the directors do not recommend the payment of a dividend at this time.

Principal Activities

The principal activity of the Group is that of mining and exploration. A review of the Group's operations for the year ended 31 December 2015 and the indication of likely future developments are set out on pages 9 to 19.

Directors

The Directors of the Company during the year were:

Mladen Ninkov – *Australian – Chairman*
Roger Goodwin – *British - Finance Director*
Dal Brynelsen – *Canadian*
Rupert Crowe - *Australian/ Irish*
Adam Usdan – *American (USA)*

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 beneficial interests of the Directors holding office at 31 December 2015 and their immediate families in the share capital of the Company were as follows:

Name	At 31 December 2015			At 1 January 2015		
	Ordinary shares, number	Options over ordinary shares, number exercisable at		Ordinary shares, number	Options over ordinary shares, number exercisable at	
		30 pence	40 pence		40 pence	45 pence
Mladen Ninkov	33,001	12,000,000	3,500,000	33,001	3,500,000	6,000,000
Dal Brynelsen	382,001	900,000	-	382,001	-	400,000
Rupert Crowe	1	900,000	-	1	-	-
Roger Goodwin	877,830	1,500,000	500,000	877,830	500,000	1,200,000
Adam Usdan	30,574,556	3,500,000	-	28,324,556	-	-

All of the Directors' interests detailed are beneficial.

On 13 February 2014 options (the "40 pence options") over 5,000,000 new ordinary shares were granted to directors and key employees of the Company in order to retain and incentivise key personnel with managerial and operating experience in non-standard jurisdictions in a tight mining employment market.

Directors' Report

Each 40 pence option will entitle the holder to subscribe for new ordinary shares in the Company at an exercise price of £0.40 per share on or before 31 December 2018. One third of these options vested on 31 December 2014 with one third vesting on 31 December 2015 and one third on 31 December 2016.

The 40 pence options will not vest if the option holder resigns or leaves the Company for cause prior to the vesting event taking place. All the options will vest immediately upon a takeover offer being made or a change in control of the Company taking place prior to the options expiring.

On 6 February 2015 the Board resolved to adopt a new share option scheme (the "30 pence options") over a total of 20,000,000 new ordinary shares in the Company in order to retain and incentivise the Company's directors and management.

Each 30 pence option will entitle the holder to subscribe for new ordinary shares in the Company at an exercise price of 30 pence per new ordinary share on or before 31 December 2020. The 30 pence options will vest with each option holder in instalments triggered by the following events:

i. One third of each holder's options will vest immediately upon being granted;

ii. A further third of each holder's options will vest on 31 December 2016; and

iii. A further third of each holder's options will vest on the granting of a new mining licence over Zone II at the Caijiaying mine.

The 30 pence options will not vest if an employee or a director resigns or leaves the Company for cause prior to the vesting event taking place.

All the 30 pence options will vest immediately upon a takeover offer being made; or a substantial change in the business of the Company or its subsidiaries; or the sale of a substantial asset of the Company or by its subsidiaries; or a change in substantial control of the Company taking place prior to the options expiring.

Remuneration Policy

Remuneration of all executive and non-executive directors, officers and senior employees of the Group is determined by the board of directors.

The Company is committed to remunerating senior executives in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the executives' position, experience and performance, and may be satisfied via cash or equity.

Non-executive directors are remunerated at a level that is consistent with market and industry standards. The cash remuneration of non-executive directors consists only of directors' fees and no retirement benefits are payable.

The Group's remuneration policy has been based on industry practice rather than Group performance and takes into account the risk and liabilities assumed by the directors and executives as a result of their involvement in the speculative activities undertaken by the Group. Directors and executives are fairly compensated for the extensive work they undertake.

No performance based bonuses were issued during the reporting year.

Directors' Report

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are set out below, together with details of how these are currently mitigated. For further information on how the Group manages risk, see pages 53 to 55.

Risk	Comment	Business Impact	Mitigation
Economic Risk			
Exposure to a fall in zinc, gold and to a lesser extent silver and lead metal prices.	Revenue is dependent upon metal prices.	High	In common with other mining companies operating in China the Group sells its products by auction to local smelters and agents, however, Griffin continues to review the appropriateness of hedging and indicative cost of put options.
Exposure to fluctuations in the Renminbi / US dollar exchange rate.	A fall in the value of the Renminbi would reduce the US dollar value of revenues, whilst an increase in the value of the Renminbi would increase operating cost.	Moderate	The Renminbi is loosely pegged to the US dollar.
Exposure to increases in the market prices of materials, equipment and services the Group uses.	The Group is subject to increases in the market prices for materials, services and equipment.	Moderate	The Group seeks to agree long term contracts for all major services and goods supplied.
Country risks			
Exposure to political and social risks in the Peoples Republic of China ("the PRC").	Griffin's assets are located in the PRC and therefore exposed to any adverse changes in the political and social situations there.	Low	The Group has operated in the PRC for 18 years in which time the country has been relatively stable.
Exposure to changes in fiscal and regulatory regime.	In addition to political/social risks, the Group is exposed to changes in permitting, environmental, health and safety, and tax regulations in the PRC which may result in a more challenging, or costly, operating environment.	High	Griffin actively engages with the local PRC authorities and agencies to identify and minimise the impact of changes in PRC regulations.
Operational risk			
Reliance on Third Party Contractors	Griffin uses a number of unrelated contractors, particularly for its mining, haulage and drilling activities. Each of these activities has inherent risk, including injury or death to the contractors employees. Such events cause a total shutdown of all operational activities which may take a substantial time to recommence.	Moderate	Griffin has an extensive Occupational Health and Safety Department in conjunction with a Mining Manager and his team of underground foreman who constantly oversee all contractors activities.

Directors' Report

Risk	Comment	Business Impact	Mitigation
Operational risk continued			
Exposure to mining hazards	The Group is exposed to a number of risks and hazards typically associated with mining for example rock falls, flooding and mechanical breakdowns.	Moderate	Griffin's operational teams continually monitor mining and other risks, and report to senior management who report to the Board of directors, taking immediate and appropriate measures to minimise any such risks and hazards identified. In addition, the Group's operations are regularly monitored by the PRC Safety Bureaus.
Reliability of Mineral Resources and Ore Reserves	The calculation of Mineral Resources and Ore Reserves involves significant assumptions and estimates that may prove inaccurate.	Low	Griffin's Mineral Resources and Ore Reserve estimates are prepared by third party consultants, based in Australia, who are deemed "experts" under the JORC Code.
Other			
Exposure to a single operation	Griffin is reliant upon a single operation, being the Caijiaying zinc gold mine in the PRC. Factors affecting operations at Caijiaying have an impact upon the Group.	Moderate	It is the Company's policy to pursue growth opportunities through expansion in the Caijiaying area, as well as reviewing acquisition opportunities which can be shown to be value accretive.
Licence administration	Griffin, through its subsidiary companies, holds a number of mining, exploration and other licenses and permits to operate. These normally include conditions for ongoing operation and require periodic renewal. Renewals are not guaranteed.	High	All licensing requirements are kept under review with operational staff liaising with local PRC authorities to ensure conditions are adhered to and applications made timely and in good order.
Finance	The Group has through its local subsidiary drawn down bank loans which in common with general banking practice in the PRC are for one year. The renewal / rolling over of these loans each year is not guaranteed.	Moderate	The Group seeks to comply with all loan requirements, including the prompt payment of interest, and maintains good relations with the banks providing facilities to the Group.
Key management	The management of Caijiaying is reliant on a small number of key executives, both inside and outside of China. Their death, retirement or departure may have a significant effect on the operations of the Company	Moderate	Griffin has contractual arrangements with all key employees which are renewed on a regular basis
Geological and Historical Information	The loss of historical and/or geological information would have a very significant impact on the operations of the Company	Low	Griffin has instituted a complete back up system relating to all geological and operational data in Perth with CSA Global. It is updated on a daily basis.

Directors' Report

Corporate Governance

Although incorporated in Bermuda and therefore not obliged to comply with the code of best practice established by the UK Corporate Governance Code issued by the Financial Reporting Committee, 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. In particular, in view of the Company's size and the limited number of directors, the Company has not formally established: an audit committee; a remuneration committee; and a nominations committee. However, the non-executive directors informally fulfil the roles and responsibilities normally expected of such committees.

The board of directors includes a number of non-executive directors who, with the exception of Adam Usdan, other than their shareholding, are considered to be independent as their shareholdings are less than 0.2% of the Company's issued share capital and are 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. All directors are subject to re-appointment annually at each annual general meeting of the Company's shareholders.

Various safeguards and checks have been instigated as part of the Company's system of financial control. These include:

- preparation of regular financial reports and management accounts
- preparation and review of capital and operational budgets
- preparation of regular operational reports
- prior approval of capital and other significant expenditure
- regular review and assessment of foreign exchange risk and requirements
- regular review of commodity prices and assessment of hedging requirements

Auditor

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

Directors' Report

Statement of directors' responsibilities in respect of the accounts

Bermudan 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
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Bermuda Companies Act 1981 as amended. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

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

Roger Goodwin

Finance Director and Company Secretary

13th April 2016

Report of the Independent Auditor

Independent Auditor report to the members of griffin mining limited

We have audited the Group financial statements (the financial statements) of Griffin Mining Limited for the year ended 31 December 2015 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 90(2) of the Bermuda Companies Act 1981. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts set out on page 31, the directors are responsible for the preparation of the Group financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the Financial Statements

In our opinion, the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its loss for the year then ended in accordance with IFRSs as adopted by the European Union.

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

London

13th April 2016

Consolidated Income Statement

For the year ended 31 December 2015
(expressed in thousands US dollars)

	Notes	2015 $000	2014 $000
Revenue	1	**59,779**	45,564
Cost of sales	1	**(42,948)**	(25,345)
Gross profit		**16,831**	20,219
Net operating expenses	1	**(12,530)**	(13,487)
Profit from operations	2	**4,301**	6,732
Losses on disposal of plant and equipment	4	**(48)**	(1,835)
Foreign exchange (losses)		**(447)**	(39)
Finance income	5	**202**	223
Finance costs	6	**(5,084)**	(4,165)
Other income	7	**136**	105
(Loss) / profit before tax		**(940)**	1,021
Income tax expense	8	**(1,246)**	(831)
(Loss) / profit after tax		**(2,186)**	190
Basic (loss) / earnings per share (cents)	9	**(1.22)**	0.11
Diluted (loss) earnings per share (cents)	9	**(1.22)**	0.11

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015
(expressed in thousands US dollars)

	2015 $000	2014 $000
(Loss) / profit for the year	**(2,186)**	190
Other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**(2,967)**	(281)
Other comprehensive income for the period, net of tax	**(2,967)**	(281)
Total comprehensive income for the period	**(5,153)**	(91)

Consolidated Statement of Financial Position

As at 31 December 2015
(expressed in thousands US dollars)

	Notes	2015 $000	2014 $000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**210,252**	208,339
Intangible assets – Exploration interests	11	**1,870**	1,914
		212,122	210,253
Current assets			
Inventories	12	**7,182**	17,477
Receivables and other current assets	13	**3,194**	3,540
Cash and cash equivalents		**24,062**	23,371
		34,438	44,388
Total assets		**246,560**	254,641
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	14	**1,790**	1,790
Share premium		**71,310**	71,310
Contributing surplus		**3,690**	3,690
Share based payments		**1,363**	3,064
Shares held in treasury	15	**(3,875)**	-
Chinese statutory re-investment reserve		**1,595**	1,686
Other reserve on acquisition of non controlling interests		**(29,346)**	(29,365)
Foreign exchange reserve		**8,068**	10,957
Profit and loss reserve		**85,350**	84,794
Total equity attributable to equity holders of the parent		**139,945**	147,926
Non-current liabilities			
Long-term provisions	18	**2,433**	2,582
Deferred taxation	19	**2,630**	1,953
Finance lease	20	**7,454**	10,720
		12,517	15,255
Current liabilities			
Trade and other payables	21	**28,977**	26,563
Finance lease	20	**1,982**	1,161
Bank loans	22	**63,139**	63,736
Total current liabilities		**94,098**	91,460
Total equities and liabilities		**246,560**	254,641
Attributable net asset value per share to equity holders of parent	23	**$0.78**	$0.83

The accounts on pages 33 to 57 were approved by the Board of Directors and signed on its behalf by:

Mladen Ninkov
Chairman

Roger Goodwin
Finance Director

13th April 2016

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015
(expressed in thousands US dollars)

	Share capital	Share premium	Contributing surplus	Share based payments	Shares held in Treasury	Chinese re investment reserve	Other reserve on acquisition of non-controlling interests	Foreign exchange reserve	Profit and loss reserve	Total attributable to equity holders of parent
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
At 31 December 2013	**1,791**	**71,339**	**3,690**	**2,748**	**-**	**1,683**	**(29,346)**	**11,212**	**84,614**	**147,731**
Regulatory transfer for future investment	-	-	-	-	-	10	-	-	(10)	-
Purchase of shares for cancellation	(1)	(29)	-	-	-	-	-	-	-	(30)
Cost of share based payments	-	-	-	316	-	-	-	-	-	316
Transaction with owners	(1)	(29)	-	316	-	10	-	-	(10)	286
Profit for the year	-	-	-	-	-	-	-	-	190	190
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(7)	(19)	(255)	-	(281)
Total comprehensive income	-	-	-	-	-	(7)	(19)	(255)	190	(91)
At 31 December 2014	**1,790**	**71,310**	**3,690**	**3,064**	**-**	**1,686**	**(29,365)**	**10,957**	**84,794**	**147,926**
Regulatory transfer for future investment	-	-	-	-	-	6	-	-	(6)	-
Purchase of shares for treasury		-	-	-	(3,875)	-	-	-	-	(3,875)
Transfer of share based payments on expiry	-	-	-	(2,748)	-	-	-	-	2,748	-
Cost of share based payments	-	-	-	1,047	-	-	-	-	-	1,047
Transaction with owners	-	-	-	(1,701)	(3,875)	6	-	-	2,742	(2,828)
(Loss) for the year	-	-	-	-	-	-	-	-	(2,186)	(2,186)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(97)	19	(2,889)	-	(2,967)
Total comprehensive income	-	-	-	-	-	(97)	19	(2,889)	(2,186)	(5,153)
At 31 December 2015	**1,790**	**71,310**	**3,690**	**1,363**	**(3,875)**	**1,595**	**(29,346)**	**8,068**	**85,350**	**139,945**

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(expressed in thousands US dollars)

	Notes	2015 $000	2014 $000
Net cash flows from operating activities			
(Loss) / profit before taxation		**(940)**	1,021
Foreign exchange losses		**447**	39
Finance income	**5**	**(202)**	(223)
Finance costs	**6**	**5,084**	4,165
Adjustment in respect of share based payments	**16**	**1,047**	316
Depreciation, depletion and amortisation	**10**	**6,808**	6,211
Losses on disposal of equipment		**48**	1,835
Decrease / (increase) in inventories		**10,295**	(9,496)
Decrease in receivables and other current assets		**804**	1,256
Increase in trade and other payables		**2,748**	7,630
Net cash inflow from operating activities		**26,139**	12,754
Taxation paid		**(974)**	(2,271)
Cash flows from investing activities			
Interest received	**5**	**202**	223
Payments to acquire – mineral interests	**10**	**(8,960)**	(6,041)
Payments to acquire – plant and equipment	**10**	**(7,215)**	(17,285)
Payments to acquire – office equipment	**10**	**(3)**	(11)
Payments to acquire intangible fixed assets – exploration interests	**11**	**(68)**	(90)
Net cash outflow from investing activities		**(16,044)**	(23,204)
Cash flows from financing activities			
Purchase of shares for cancellation		**-**	(30)
Purchase of shares for treasury		**(3,875)**	-
Interest paid		**(4,324)**	(3,342)
Finance lease		**(2,573)**	(1,398)
Proceeds from bank loans		**3,171**	21,186
Repayment of bank loans		**-**	(6,655)
Net cash inflow from financing activities		**(7,601)**	9,761
Increase / (decrease) in cash and cash equivalents		**1,520**	(2,960)
Cash and cash equivalents at the beginning of the year		**23,371**	26,278
Effects of exchange rates		**(829)**	53
Cash and cash equivalents at the end of the year		**24,062**	23,371
Cash and cash equivalents comprise bank deposits			
Bank deposits		**24,062**	23,371

Included within net cash flows of $1,520,000 (2014 $2,960,000) are foreign exchange losses of $447,000 (2014 losses $39,000) which have been treated as realised.

Accounting Policies

Basis of Accounting

The accounts have been prepared in accordance with applicable International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union. The significant accounting policies adopted are detailed below:

Accounting Convention

The accounts have been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

New and revised standards that are effective for annual periods beginning on or after 1 January 2015

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement mechanisms may be considered equivalent to net settlement

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made
- the discount rates used if fair value less costs of disposal is measured using a present value technique

The amendments have been applied retrospectively in accordance with their transition provisions.

Going Concern

The financial statements have been prepared on a going concern basis. As at 31 December 2015, Hebei Hua Ao (a subsidiary of the Company) had bank loans outstanding of $63,139,000. Having previously rolled over each of the bank facilities, Hebei Hua Ao expects to roll over the existing facilities for a further 12 months and since 31 December 2015 has demonstrated its ability to service these by paying all interest when falling due and rolling over a loan of Rmb 30m ($4.8m) in January 2016. Having considered the cash resources, banking facilities and forecasts for the remainder of the Hebei Hua Ao joint venture term, the directors do not expect any going concern issues to arise.

Consolidation Basis

The Group accounts consolidate the accounts of the Company and all its subsidiary undertakings drawn up to 31 December each year. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Accounting Policies

Consolidation Basis (continued)

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets.

Non controlling interests, presented as part of equity, represent the excess of the purchase price paid to acquire rights over the non-controlling interests in subsidiary companies..

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group and comprises amounts received, net of VAT and production royalties, from sales of metal concentrates to third party customers. Sales are made on a cash on delivery / collection basis and are recognised on collection or delivery of the concentrate from the Group's processing facilities.

Non Current Assets

Intangible assets – exploration cost

Expenditure on licences, concessions and exploration incurred on areas of interest by subsidiary undertakings are carried as intangible assets until such time as it is determined that there are both technically feasible and commercially viable reserves within each area of interest and the necessary finance in place, at which time such costs are transferred to property, plant and equipment to be amortised over the expected productive life of the asset. The Group's intangible assets are subject to periodic review at least annually by the directors for impairment. Exploration, appraisal and development costs incurred in respect of each area of interest which are determined as unsuccessful are written off to the income statement.

Property, plant and equipment

Mine development expenditure for the initial establishment of access to mineral reserves, together with capitalised exploration, evaluation and commissioning expenditure, and costs directly attributable to bringing the mine into commercial production are capitalised to the extent that the expenditure results in significant future benefits.

Property, plant and equipment are shown at cost less depreciation and provisions for the impairment of value (see note 10).

Residual values

Material residual value estimates are updated as required, but at least annually whether or not the asset is re-valued.

Depreciation

On 21 May 2012 the term of Hebei Hua Ao's joint venture business licence was extended to 12 October 2037 effective from 25 June 2012. The pre existing business licence terminated in 2019. Prior to 25 June 2012, all costs capitalised (mineral interests, mill and mine equipment) within an area of interest, were amortised over the current estimated economic reserve of the area of interest on a unit of production basis.

In view of the extension of Hebei Hua Ao's business licence, thereby increasing the term of the joint venture, the economic lives of all non current tangible assets have been reassessed and depreciation rates have been revised with effect from 25 June 2012 to reflect the increased term of operations, extractable resource, and economic lives of the assets as follows:

1. Mine acquisition, development, licence, pre production and land use rights - on a unit of production
2. Plant and buildings - over 25 years on a straight line basis with a 10% residual value

Accounting Policies

0Non-Current Assets (continued)

3. Dry tailings facility held under finance lease- over 15 years on a straight line basis with no residual value

4. Mechanical equipment - over 10 years on a straight line basis with a 10% residual value

5. All other equipment, including vehicles - over 5 years on a straight line basis with a 10% residual value

Impairment

A review for impairment indicators at each reporting date is undertaken. In the event of impairment indicators being identified, an impairment test is carried out to assess whether the net book value of the capitalised costs in each area of interest is covered by the discounted future cash flows from reserves within that area of interest. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Estimate and assumptions used in the determining whether an asset has become impaired are set out below.

Impairment assessments are based upon a range of estimates and assumptions:

ESTIMATES / ASSUMPTIONS	BASIS
Future production	Proven and probable reserves and resource estimates together with processing capacity
Commodity prices	Forward market and longer term price estimates
Exchange rates	Current market exchange rates
Discount rates	Cost of capital risk

Mine Closure Costs

Mining operations are generally required to restore mine and processing sites at the end of their lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. Whilst the Group strives to maintain, and where possible, enhance the environment of the Group's processing sites, provision is made for site restoration costs in the accounts in accordance with local requirements.

Inventories

Inventories are valued at the lower of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

1. Consumable stores and spares, at purchase costs on a first in first out basis
2. Concentrate stockpiles at cost of direct materials, power, labour, and a proportion of site overhead
3. Ore stockpiles at cost of direct material, power, labour contractor charges and a proportion of site overhead

Financial Assets

Financial assets held by the Group are loans and receivables.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Financial assets are reviewed by management individually and an assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expense relating to financial assets are recognised in the income statement line item "finance costs" or "finance income" respectively.

Accounting Policies

Financial Assets (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are classified as either 'trade and other receivables', 'cash', or 'other financial assets' in the statement of financial position. On initial recognition loans and receivables are recognised at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. The Group's other receivables fall into this category of financial instruments.

Financial Liabilities

The Group's financial liabilities include bank loans, trade and other payables, which are measured at amortised cost using the effective interest rate method. On initial recognition financial liabilities are recognised at fair value net of transaction costs.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

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 and associates, operate in China, the United Kingdom, and Australia. The functional and presentation currency of the parent is US dollars.

Foreign currency transactions by Group companies are recorded in their functional currencies at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities have been translated at rates in effect at the statement of financial position date. Any realised or unrealised exchange adjustments have been charged or credited to profit or loss. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

On consolidation the accounts of overseas subsidiary undertakings are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and income statement items are translated at the average rate for the year. The exchange difference arising on the retranslation of opening net assets is recognised in other comprehensive income and accumulated in the foreign exchange reserve. All other translation differences are taken to profit or loss.

The balance of the foreign currency translation reserve relating to an operation that is disposed of is reclassified from equity to profit or loss at the time of the disposal.

Equity

Equity comprises the following:

1. "Share capital" represents the nominal value of equity shares.
2. "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
3. "Contributing surplus" is a statutory reserve for the maintenance of capital under Bermuda company law and was created on a reduction in the par value of the Company's ordinary shares on 15 March 2001.
4. "Share based payments" represents equity-settled share-based remuneration until such share options are exercised.
5. "Foreign exchange reserve" represents the differences arising from translation of investments in overseas subsidiaries.

Accounting Policies

Equity (continued)

6. “Chinese statutory re-investment reserve” represents a statutory retained earnings reserve under PRC law for future investment by Hebei Hua-Ao.

7. “other reserves on acquisition of non controlling interests” represents the excess of the purchase price paid to acquire non controlling interest rights over the non controlling interests in subsidiary companies.

8. “Profit and loss reserve” represents retained profits and losses.

Equity Settled Share Based Payments

All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, production upgrades).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to “Share based payments” in the statement of financial position.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

For the financial year ended 31 December 2015 the total expense recognised in profit or loss arising from share based transactions was $1,047,000 (2014: $316,000).

Significant Judgements and Estimates

In formulating accounting policies the directors are required to apply their judgement, and where necessary engage professional advisors, with regard to the following significant areas:

- Impairment review assumptions, property, plant and equipment (note 10). Impairments are assessed by comparison of the cash generating unit (the Caijiaying Mine) carrying amounts against the value of future discounted cash flows expected to be derived from this unit. The value of the cash flows are estimated by direct reference to the current prevailing value of the commodities extracted. Based on current production and costs the directors have determined that the Group requires the market price of zinc to be above $1,980 per tonne with gold, silver and lead prices remaining at current prevailing levels, to avoid an impairment charge.
- Impairment review assumptions, exploration interests (note 11). Impairments are assessed by reference to exploration results carried out in an area of interest. Where such exploration indicates that there are no indications of mineralisation within the area of interest, provision is made for impairment in value. There were no indicators of impairment in the Group’s areas of interest.
- Provision for mine closure costs (note 18) have been made in accordance with the rules and regulations of the Peoples Republic of China at a rate of Rmb0.5 per tonne of estimated resources. The expected amount of resource due to be extracted during the life of the mine is based on estimated rates of extraction which take into account reported measured, indicated and inferred levels of resource, the term of the Hebei Hua Ao joint venture and current capability of the extractive machinery currently in use at the mine.
- The determination of the value of Finance Leased Asset (note 10), and attributable Finance Lease Interest (note 20) is assessed from future expected utilisation of the asset, assuming half of all tailings will be treated by the asset and the Group’s inherent rate of interest on bank loans in China.

Accounting Policies

Significant Judgements and Estimates (continued)

- Non-controlling interests (note 27) are determined by reference to the underlying agreements and practice, with the allocation of the purchase consideration on acquisition of non-controlling interests and extension of the Hebei Hua Ao Joint Venture between that capitalised to mineral interests and that charged to reserves by reference to the impact of future cashflows. Following the acquisition of Griffin's Chinese partner's equity interests in the Hebei Hua Ao Joint Venture in 2012 and a reappraisal of the arrangements with the Chinese partners, the relationship with them is now in the nature of a service provider facilitating Hebei Hua Ao's operations in China rather than that of non-controlling interests. In line with this new arrangement an annual service charge is paid to the Chinese partners, however, due to the potential variables the Directors are unable to estimate what this will be in any future year.

The directors continually monitor the basis on which their judgements are formulated. Where required they will make amendments to these judgements. Where judgements and estimates are amended between accounting periods, full disclosure of the financial implications are given within the relevant notes to the Group accounts.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in a directors meeting prior to the reporting date.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries, associates and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the income statement, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Segment Reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products produced by the Group. Management consider there to be only one operating segment being the operations at the Caijiaying Mine based in China with production of zinc concentrate, and lead concentrate with associated precious metals credits. All activities of the Group are reported through management and the executive directors to the Board of directors of the Company. The measurement policies the Group uses for Segment reporting under IFRS 8 are the same as those used in its financial statements.

Accounting Policies

Segment Reporting (continued)

Corporate assets which are not directly attributable to the business activities of Caijiaying Mine are not allocated to the Chinese segment but are reviewed in light of operating expenses by the region in which they occur. In the financial periods under review, this primarily applies to the Group's head office and intermediary holding companies within the Group.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Leased Assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See accounting policy on non-current assets and depreciation and note 10 for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Notes to the Financial Statements

1. Segmental Reporting

The Group has one business segment, the Caijiaying zinc gold mine in the People's Republic of China. All sales and costs of sales in 2015 and 2014 were derived from the Caijiaying zinc gold mine.

	2015 $000	2014 $000
REVENUES		
China	**59,779**	45,564
Zinc concentrate sales	**43,240**	33,734
Lead and precious metals concentrate sales	**16,539**	11,830
	59,779	45,564
COST OF SALES		
China	**(42,948)**	(25,345)
NET OPERATING EXPENSES		
China	**(7,433)**	(9,139)
Australia	**(320)**	(149)
European Union	**(4,777)**	(4,199)
	(12,530)	(13,487)

All revenues, cost of sales and operating expenses charged to profit and loss relate to continuing operations.

	2015 $000	2014 $000
TOTAL ASSETS		
China	**244,496**	251,223
Australia	**340**	711
European Union	**1,724**	2,707
	246,560	254,641
CAPITAL EXPENDITURE		
China	**16,243**	23,416
European Union	**3**	11
	16,246	23,427

2. Profit from Operations

Profit from operations is stated after charging

	2015 $000	2014 $000
Staff costs	**6,478**	6,533
Fair values of options granted to directors and management	**1,047**	316
	No.	No.
Average number of persons employed by the Group in the year	**371**	368

Notes to the Financial Statements

3. Directors' and Key Personnel Remuneration

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

	Fees	**Salary**	**Pension & social security costs**	**Share based payments**	**Total 2015**	Fees	Salary	Pension & social security costs	Share based payments	Total 2014
	$000	**$000**	**$000**	**$000**	**$000**	$000	$000	$000	$000	$000
Mladen Ninkov*	**112**	**-**	**-**	**642**	**754**	115	-	-	221	336
Dal Brynelsen	**198**	**-**	**-**	**41**	**239**	212	-	-	-	212
Rupert Crowe	**102**	**-**	**-**	**41**	**143**	97	-	-	-	97
Roger Goodwin	**112**	**474**	**109**	**82**	**777**	115	522	115	32	784
Adam Usdan	**87**	**-**	**-**	**158**	**245**	76	-	-	-	76
	611	**474**	**109**	**964**	**2,158**	615	522	115	253	1,505
Key personnel	**-**	**1,298**	**14**	**83**	**1,395**	-	1,103	4	63	1,170
	611	**1,772**	**123**	**1,047**	**3,553**	615	1,625	119	316	2,675

Adam Usdan was appointed a director on 19th March 2014.

*Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of $1,878,000 (2014 $2,058,000), for the provision of advisory and support services to Griffin Mining Limited and its subsidiaries during the year. Mladen Ninkov is a director and employee of Keynes Investments Pty Limited.

No share options were exercised by the directors in 2015 or 2014

4. Loss on Disposal of Plant and Equipment

	2015	2014
	$000	$000
Loss on disposal of plant and equipment	**48**	1,835

During the upgrade of the processing facilities at Caijiaying in 2014, the old crushers and ancillary equipment with a net book value of $1,835,000 were scrapped.

5. Finance Income

	2015	2014
	$000	$000
Interest on bank deposits	**202**	223

6. Finance Costs

	2015	2014
	$000	$000
Interest payable on short term bank loans	**4,324**	3,342
Finance lease interest	**760**	823
	5,084	4,165

In 2015 $264,000 (2014 $326,000) of interest incurred during the upgrade of the processing plant was capitalised to property, plant and equipment at a rate of 6.15%

Notes to the Financial Statements

7. Other Income

	2015	2014
	$000	$000
Scrap and sundry other sales	**136**	105

8. Income Tax Expense

	2015	2014
	$000	$000
(Loss)/profit for the year before tax	**(940)**	1,021
Expected tax expense at a standard rate of PRC income tax of 25% (2014 25%)	**(235)**	255
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**662**	1,043
Adjustments for short term timing differences:		
- In respect of accounting differences	**(202)**	(922)
- Other	**78**	160
Adjustments for short term timing differences	**113**	-
Withholding tax on intercompany dividends and charges	**17**	(18)
Current taxation expense	**433**	518
Deferred taxation expense		
Origination and reversal of temporary timing differences	**813**	313
	813	313
Total tax expense	**1,246**	831

The parent company is not resident in the United Kingdom for taxation purposes. Hebei Hua-Ao paid income tax in the PRC at a rate of 25% in 2015 (25% in 2014) based upon the profits calculated under Chinese generally accepted accounting principals (Chinese "GAAP").

9. Loss / Earnings Per Share

The calculation of the basic loss/earnings per share is based upon the loss/earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted loss/earnings per share is based on the basic loss/earnings per share on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliation of the loss/earnings and weighted average number of shares used in the calculations are set out below:

	2015			2014		
	Loss Average $000	**Weighted number of shares**	**Per share amount (cents)**	Earnings number of shares	Weighted Average $000	Per share amount (cents)
Basic loss/earnings per share						
Loss/earnings attributable to ordinary shareholders	**(2,186)**	**179,041,830**	**(1.22)**	190	175,066,140	0.11
Dilutive effect of securities						
Options	-	-	-	-	-	-
Diluted loss/earnings per share	**(2,186)**	**179,041,830**	**(1.22)**	190	175,066,140	0.11

Notes to the Financial Statements

10. Property, Plant And Equipment

	Mineral interests	Mill and mobile mine equipment	Office furniture & equipment	Total
	$000	$000	$000	$000
At 31 December 2013	157,352	36,088	4	193,444
Foreign exchange adjustments	(263)	(152)	-	(415)
Additions during the year	6,008	17,285	12	23,305
Transfer rehabilitation deposit	32	-	-	32
Disposals	-	(1,835)	-	(1,835)
Depreciation charge for the year	(3,278)	(2,910)	(4)	(6,192)
At 31 December 2014	159,851	48,476	12	208,339
Foreign exchange adjustments	(4,528)	(2,913)	-	(7,441)
Additions during the year	8,960	7,215	3	16,178
Transfer rehabilitation deposit	32	-	-	32
Disposals	-	(48)	-	(48)
Depreciation charge for the year	(3,696)	(3,108)	(4)	(6,808)
At 31 December 2015	160,619	49,622	11	210,252
At 31 December 2013				
Cost	174,810	50,209	86	225,105
Accumulated depreciation	(17,458)	(14,121)	(82)	(31,661)
Net carrying amount	157,352	36,088	4	193,444
At 31 December 2014				
Cost	180,536	64,558	98	245,192
Accumulated depreciation	(20,685)	(16,082)	(86)	(36,853)
Net carrying amount	159,851	48,476	12	208,339
At 31 December 2015				
Cost	184,078	67,676	101	251,855
Accumulated depreciation	(23,459)	(18,054)	(90)	(41,603)
Net carrying amount	160,619	49,622	11	210,252

Mineral interests comprise the Group's interest in the Caijiaying ore bodies including cost on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and construction of the Caijiaying mine including expenditure for the initial establishment of access to mineral reserves, commissioning expenditure, and direct overhead expenses prior to commencement of commercial production and together with the end of life restoration costs.

The office furniture and equipment disclosed above relates solely to the fixed assets of the Company and China Zinc Pty Ltd.

During 2013 plant and equipment with a deemed value of $12,880,000 were acquired under a finance lease, upon which depreciation of $1,820,000 (2014 $634,000) has been provided. At 31 December 2015 the net carrying amount of this equipment was $10,408,000 (2014 $11,911,000).

The Group assesses the carrying value of the mineral interests, mill and mobile mine equipment at least annually, and more frequently in the event of any indications of impairment, by reference to discounted cash flow forecasts of future revenue and expenditure for each business segment. With falling commodity prices indicating a possible impairment in the net carrying value, the directors have reassessed the net carrying value of capitalised cost, at 31 December 2015. These forecasts are based upon both past and expected future performance, available resources and expectations for future markets. In estimating the discounted future cash flows from the continuing operations at the Caijiaying mine the following principal assumptions were made:

Notes to the Financial Statements

10. Property, Plant And Equipment (continued)

- Future market prices for zinc of $2,200 per tonne and gold of $1,200 per troy ounce.
- Doubling of throughput to 1,500,000 tonnes of ore by 2019.
- Mine life to end of the business licence in 2037 with ore mined and processed with grades based upon the 2015 depleted mineral resource estimate summarised on page 12.
- Costs based upon past performance and that budgeted for 2016.
- Discount interest rate of 6.14%

11. Intangible Assets

China – Zinc / gold exploration interests	**$000**
At 1 January 2014	1,852
Foreign exchange adjustments	(8)
Amount provided in year	(19)
Additions during the year	89
At 31 December 2014	1,914
Foreign exchange adjustments	(112)
Amounts provided in year	-
Additions during the year	68
At 31 December 2015	1,870

Intangible assets represent cost on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and development work. Where expenditure on an area of interest is determined as unsuccessful such expenditure is written off to profit or loss. 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. Upon economically exploitable mineral deposits being established, sufficient finance will be required to bring such discoveries into production. At 31 December 2015 $nil (2014 $19,000) had been provided and charged to the income statement in respect of the above exploration costs.

12. Inventories

	2015	2014
	$000	$000
Underground ore stocks	**2,381**	3,708
Surface ore stocks	**2,340**	11,957
Concentrate ore stocks	**82**	13
Spare parts and consumables.	**2,379**	1,799
	7,182	17,477

All inventories are expected to be sold, used or consumed within one year of the balance sheet date.

13. Receivables And Other Current Assets

	2015	2014
	$000	$000
Advance to Zhangjiakou Guoxin Enterprise Management and Service Center	**1,343**	1,426
Other receivables	**150**	159
Taxation	**1,127**	586
Prepayments	**574**	1,369
	3,194	3,540

During the year $307,000 was credited (2014 $2,613,000 incurred) in service charges with Zhangjiakou Guoxin Enterprise Management and Service Center.

Notes to the Financial Statements

14. Share Capital

	2015		2014	
	Number	**$000**	Number	$000
AUTHORISED:				
Ordinary shares of US$0.01 each	**1,000,000,000**	**10,000**	1,000,000,000	10,000
CALLED UP ALLOTTED AND FULLY PAID:				
Ordinary shares of US$0.01 each				
At 1 January	**179,041,830**	**1,790**	179,091,830	1,791
Bought back in for cancellation	**-**	**-**	(50,000)	(1)
At 31 December	**179,041,830**	**1,790**	179,041,830	1,790

During 2014 50,000 ordinary shares were bought in for cancellation from the market under a buy back programme at an average price of 36.3 UK pence ($0.595).

15. Shares held in Treasury

	2015		2014	
	Number	**$000**	Number	$000
At 1 January	**-**	**-**	-	-
Bought back in during the period	**8,703,103**	**3,875**	-	-
At 31 December	**8,703,103**	**3,875**	-	-

On 11 February 2015 3,000,000 of the Company's ordinary shares were purchased at a price of 26.5p per share.

On 13 February 2015 4,203,103 of the Company's ordinary shares were purchased at a price of 26.5p per share.

On 1 May 2015 1,500,000 of the Company's ordinary shares were purchased at a price of 40.0p per share.

16. Share Options And Warrants

	At 1 January 2015 Number	Granted/ (Exercised) / (lapsed) Number	At 31 December 2015 Number
Options exercisable at 30 pence per share to 31 December 2020	-	20,000,000	20,000,000
Options exercisable at 40 pence per share to 31 December 2018	5,000,000	-	5,000,000
Options exercisable at 45 pence per share to 28 February 2015	10,000,000	(10,000,000)	-
	15,000,000	10,000,000	25,000,000

The following table shows the number and weighted average exercise price of all the unexercised share options and warrants at the year end:

	2015		2014	
	Number	**Weighted average exercise price Pence**	Number	Weighted average exercise price Pence
Outstanding at 1 January	**15,000,000**	**43.3**	10,000,000	45.0
Lapsed during the year	**(10,000,000)**	**(45.0)**	-	-
Granted during the year	**20,000,000**	**30.0**	5,000,000	40.0
Outstanding at 31 December	**25,000,000**	**32.2**	15,000,000	43.3

Notes to the Financial Statements

16. Share Options And Warrants (continued)

The estimated value of the options exercisable at 40p up to 31 December 2018, which vested in 3 tranches of 1,666,667 each, were 7.4p, 7.9p and 8.4p.

The estimated value of the options exercisable at 30p up to 31 December 2020, which vested in 3 tranches of 6,666,666 each, were 6.2p, 7.2p and 6.8p.

Inputs into the Binomial valuation model were as follows:

	Options expiring 31 December 2020	Options expiring 28 February 2018
Share price	26.5p	33.0p
Exercise price	30.0p	40.0p
Expected volatility	35%	36%
Risk free yield	0.9%	1.3%
Dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price with reference to the correlation with the zinc price and zinc price volatility over the same period. The Binomial model used assumes that the options will be exercised early when the share price exceeds the exercise price by a multiple of two.

The Group recognised a total expense of $1,047,000 (2014 $316,000) during the year ended 31 December relating to equity settled share option scheme transactions.

17. Dividends

No dividends were paid in 2015 (2014 nil).

18. Long-Term Provisions

Provisions for mine closure costs	**2015**	2014
	$000	$000
At 1 January	**2,582**	2,591
Transfer property plant and equipment (note 10)	**32**	-
Foreign exchange adjustments	**(181)**	(9)
At 31st December	**2,433**	2,582

Provision for mine closure and rehabilitation costs have been made in accordance with the laws and regulations of China at a rate of Rmb 0.5 per tonne of estimated resources.

19. Deferred Taxation

	2015	2014
	$000	$000
At 1 January	**1,953**	1,646
Foreign exchange adjustments	**(136)**	(6)
Charge for the year	**813**	313
At 31 December	**2,630**	1,953

Deferred taxation is provided in full on temporary timing differences under the liability method using a tax rate of 25%. The deferred taxation provision arises on accelerated depreciation in the PRC deductable for taxation purposes.

Notes to the Financial Statements

20. Finance Lease

	2015	2014
	$000	$000
Amounts falling due in more than one year	**7,454**	10,720
Amounts falling due within one year	**1,982**	1,161
	9,436	11,881

Under the terms of an agreement Hebei Hua Ao pays Rmb21.32 per wet tonne treated by a dry tailings facility at Caijiaying. At the end of the agreement term in February 2021, this facility becomes the property of Hebei Hua Ao with no further payment. In determining the total liability it is assumed that one half of future production over the term of the agreement will be treated by the dry tailings facility. In determining the value of the dry tailings facility and applicable interest a deemed interest rate of 6.6% has been applied.

21. Trade And Other Payables

	2015	2014
	$000	$000
Trade creditors	**21,040**	16,040
Other creditors	**6,739**	6,069
Accruals	**1,198**	4,454
	28,977	26,563

All amounts are short term. The carrying values of all trade and other payables are considered to be a reasonable approximation of fair value.

22. Bank Loans

	2015	2014
	$000	$000
Bank loans falling due within one year	**63,139**	63,736

The bank loans are repayable within one year under revolving facilities and are unsecured. The bank loans carried interest as follows:

	2015		2014	
	$000	%	$000	%
Zhangjiakou Commercial Bank	**15,400**	**8.7**	16,343	10.44
Bank of Communications	**23,100**	**4.785**	21,245	6.43
Bank of China	**24,639**	**5.82**	26,148	6.6
	63,139		63,736	

23. Attributable Net Asset Value / Total Equity Per Share

The attributable net asset value / total equity per share has been calculated from the consolidated net assets / total equity of the Group at 31 December 2015 of $139,945,000 ($147,926,000 at 31 December 2014) divided by the number of ordinary shares in issue at 31 December 2015 of 179,041,830 (179,041,830 at 31 December 2014).

Notes to the Financial Statements

24. Risk Management

The Group is exposed to a variety of financial risks which result from its operating and investing activities. The Group's risk management is coordinated by its senior management and executive directors and focuses on actively securing the Group's short to medium term cash flows.

Foreign Currency Risk

The majority of the Group's operational and financial cash flows are denominated in Chinese Renminbi and United States Dollars with sterling bank deposits held to cover future sterling expenditure estimates.

Currently the Group does not carry out any significant operations in currencies outside the above.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. In addition, the conversion of Renminbi into foreign currencies is restricted and subject to the rules and regulations of foreign exchange control promulgated by the government of the Peoples Republic of China.

Sterling bank deposits translated into United States Dollars at the closing rate are as follows:

	2015	2014
	$000	$000
Short term bank deposits	**571**	794

The following table illustrates the sensitivity of the net results for the year and equity in regards to the Group's sterling deposits and the sterling US Dollar exchange rate. It assumes a + / - 10% change in the sterling exchange rate for the year ended 31 December 2015. These changes are considered to be reasonable based on observation of current market conditions for the year ended 31 December 2015. The sensitivity analysis is based upon the Group's sterling deposits at each reporting date.

If sterling had strengthened against the US Dollar by 10% (2014 10%) this would have had the following impact:

	2015	2014
	$000	$000
Net result for the year and on equity	**63**	88

If sterling had weakened against the US Dollar by 10% (2014 10%) this would have the following impact:

	2015	2014
	$000	$000
Net result for the year and on equity	**(52)**	(72)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be indicative of the Group's exposure to currency risk.

With the Renminbi exchange rate linked to the value of the US dollar and with relatively small amounts held in Australian dollars, the effect on the net results and equity of changes in Renminbi and Australian dollar exchange rates are not expected to be significant.

Notes to the Financial Statements

24. Risk Management (continued)

Foreign Currency Risk (continued)

Foreign currency denominated financial assets and liabilities, translated into US Dollars at the closing rate, are as follows:

	2015			2014		
	GBP	**Rmb**	**AusD**	GBP	Rmb	AusD
	$000	**$000**	**$000**	$000	$000	$000
Financial assets	**896**	**32,385**	**338**	915	22,711	708
Financial liabilities	**(250)**	**(96,965)**	**(11)**	(162)	(97,038)	(13)
Short term exposure	**646**	**(64,580)**	**327**	753	(74,327)	695

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits with floating interest rates. The Group currently does not have an interest rate hedging policy.

The following table illustrates the sensitivity of the net results for the year and equity to a reasonably possible change in interest rates of + 300% and - 100% (2014 + 300% - 100%), with effect from the beginning of the year. These changes are considered to be reasonable based on observation of current market conditions within which the Group operates.

The sensitivity analysis is based upon the Group's deposits at each balance sheet date:

	2015		2014	
	Plus 300%	**Minus 100%**	Plus 300%	Minus 100%
	$000	**$000**	$000	$000
Net result for the year	**620**	**(202)**	690	(223)

Fixed and non interest bearing financial assets and liabilities are as follows:

	2015			2014		
	Floating interest rate	**Non interest bearing**	**Total**	Floating interest rate	Non interest bearing	Total
	$000	**$000**	**$000**	$000	$000	$000
Financial Assets						
Cash at bank	**24,062**	**-**	**24,062**	23,371	-	23,371
Other receivables	**-**	**3,194**	**3,194**	-	3,540	3,540
Total Financial Assets	**24,062**	**3,194**	**27,256**	23,371	3,540	26,911
Bank loans	**(63,139)**	**-**	**(63,139)**	(63,736)	-	(63,736)
Finance lease liabilities	**(9,436)**	**-**	**(9,436)**	(11,881)	-	(11,881)
Trade and other payables	**-**	**(28,977)**	**(28,977)**	-	(26,563)	(26,563)
Total Financial Liabilities	**(72,575)**	**(28,977)**	**(101,552)**	(75,617)	(26,563)	(102,180)
Net Financial (liabilities)	**(48,513)**	**(25,783)**	**(74,296)**	(52,246)	(23,023)	(75,269)

Notes to the Financial Statements

24. Risk Management (continued)

Commodity risk

The Group is exposed to the risk of changes in commodity prices and in particular that for zinc, gold and to a lesser extent silver and lead. The Group currently sells its metal concentrate production by way of open auctions in China. The Group did not hedge its metal production in 2015 or in 2014.

The following table illustrates the sensitivity of the net results for the year and equity to a reasonably possible change in the market price of zinc, gold and silver of plus 20% and minus 20% (2014 plus 20% and minus 20%), with effect from the beginning of the year. These changes are considered reasonable based upon observation of current market conditions within which the Group operates. This sensitivity analysis is based upon the Group's sales in each year.

	2015		2014	
	Plus 20%	**Minus 20%**	Plus 20%	Minus 20%
	$000	**$000**	$000	$000
Net result for the year - zinc	**6,742**	**(6,742)**	5,121	(5,121)
Net result for year - gold	**1,656**	**(1,656)**	1,424	(1,424)
Net result for year - silver	**632**	**(632)**	511	(511)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group does not have trade receivables and does not hold collateral as security.

Credit risk from balances with banks and financial institutions is managed by the Board. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Griffin Board on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. No material exposure is considered to exist by virtue of the possible non performance of the counterparties to financial instruments.

25. Capital Management and Procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To increase the value of the assets of the Group: and
- To enhance shareholder value in the Company and returns to shareholders.

The achievement of these objectives is undertaken by developing existing ventures and identifying new ventures for future development. The Company will also undertake other transactions where these are deemed financially beneficial to the Company.

The directors continue to monitor the capital requirements of the Group by reference to expected future cash flows. Capital for the reporting periods under review is summarised in the consolidated statement of changes in equity. The directors consider the capital of the Group to be the total equity attributable to the equity holders of the parent of $139,945,000 at 31st December 2015.

Notes to the Financial Statements

26. Financial Instruments

The Group does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. Funds in excess of immediate requirements are placed in US dollar, Chinese Renminbi, and sterling short term fixed and floating rate deposits. The Group has overseas subsidiaries operating in China and Australia, whose costs are denominated in local currencies.

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

The Group places funds in excess of immediate requirements in US dollar, Chinese Renminbi, 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.

Commodity prices are monitored on a regular basis to ensure the Group receives fair value for its products.

The Group held the following investments in financial assets and financial liabilities:

	2015 **$000**	2014 $000
FINANCIAL ASSETS		
Loans and receivables	**3,194**	3,540
Cash and cash equivalents	**24,062**	23,371
	27,256	26,911
FINANCIAL LIABILITIES		
Loans	**72,575**	75,617
Trade and other payables	**28,977**	26,563
	101,552	102,180

27. Subsidiary Companies

At 31 December 2015 , Griffin Mining Limited had interests in the share capital of the following principal subsidiary companies.

Name	*Class of Share held*	*Proportion of shares held*	*Nature of business*	*Country of incorporation*
China Zinc Pty Ltd	Ordinary	100%	Service company	Australia
China Zinc Limited	Ordinary	100%	Holding company	Hong Kong
Hebei Hua' Ao Mining Industry Company Ltd*		88.8% **	Base and precious metals mining and development	China
Panda Resources Ltd	Ordinary	100%	Holding company	England
Hebei Sino Anglo Mining Development Company Ltd*		90%	Mineral exploration and development	China

* China Zinc Ltd, China Zinc Pty Ltd and Panda Resources Ltd are directly owned by the Company. China Zinc Ltd has a controlling interest in Hebei Hua' Ao Mining Industry Company Ltd, see below, and Panda Resources Ltd has a 90% controlling interest in Hebei Sino Anglo Mining Development Company Ltd.

** The joint venture contract establishing the Hebei Hua' Ao Mining Industry Company Ltd originally provided that the foreign party (China Zinc) received 60% of the cash flows, in accordance with its share in the equity interest in the joint venture. With effect from 25 June 2012, China Zinc receives 88.8% of the cash flows and profits of Hebei Hua Ao. On 21 May 2012 the term of the joint venture's business licence extended to 12 October 2037.

Notes to the Financial Statements

27. Subsidiary Companies (continued)

Under the terms of the agreement dated 21 May 2012, Griffin's Chinese Partners are obliged to provide various services to facilitate Hebei Hua Ao's operations in China and as such the amounts credited of $307,000 (2014 paid $1,958,000) are included in net operating costs rather than attributable to non-controlling interests. Likewise the amounts due at 31st December 2015 of $4,325,000 (2014 $4,966,000) are included in other payables rather than due to non-controlling interests within equity within the Consolidated Statement Of Financial Position.

28. Commitments

At 31 December 2015 the Group had capital commitments of $4,029,000 (31 December 2014 $4,762,000).

Zone VIII looking towards Caijiaying Village

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