Contents

Griffin Mining Limited ("Griffin" or "the Company") 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's shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange (symbol GFM).

Registered in Bermuda, number: 13667.

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Caijiaying Mine with rehabilitated Tailing Facilities 1 and 2

Chairman's Statement

It gives me great pleasure to present to you, the shareholders of Griffin Mining Limited ("Griffin" or the "Company"), the Annual Report and Accounts of the Company for the 2021 calendar and financial year (the "Annual Report"). In terms of the Company's financial and operational performance, it has been a stellar year, even more extraordinary considering Zone II has yet to be fully developed or brought into production and in light of the continuing restrictions imposed by the Covid-19 pandemic in China.

In 2021, in comparison to 2020:

- Revenue was 61% higher at $121,648,000;
- Operating profit was 143% higher at $36,925,000;
- Profit before tax was 152% higher at $36,526,000;
- Profit after tax was 185% higher at $25,376,000; and
- Basic earnings per share was 182% higher at 14.53 cents per share.

Operationally, record amounts of ore were mined and processed in 2021 and metal production of our 2 largest revenue producers, zinc and gold, were substantially higher than in the previous year:

- Ore mined was up 14% at 971,492 tonnes;
- Ore hauled was up 19% at 979,783 tonnes;
- Ore processed was up 20% at 985,404 tonnes;
- Zinc metal in concentrate produced was up 28% at 41,587 tonnes; and
- Gold metal in concentrate produced was up 28% at 14,447 ounces.

This bodes very well for the future results of the Company when Zone II is commissioned and in full production. Since the grant of the new mining licence over Zone II in January 2021, the Company has been working continuously and tirelessly on obtaining approval for the design and development of Zone II. That approval is expected shortly and drive development is planned to begin on the 1 July 2022. In the interim, the first drill platform for resource drilling at Zone II was constructed in September 2021 and diamond drilling commenced in early October 2021.

What makes the above results truly exceptional is the continuing Covid-19 crisis in China and the quarantine procedures the various levels of government have put in place making the transport of materials, employees and contractors over Provincial borders at the least, extraordinarily difficult and, at the most, impossible. Furthermore, China has prevented the entrance of any foreign national into the country who does not have a pre-existing work permit and then, only with 28 days hotel quarantine. What this reinforces in simple terms is the dedication and loyalty of both our on-site staff and our ex-pat staff. The former who, in effect, now live permanently at camp as they are wary of not being permitted to return to the Caijiaying Mine site should quarantine be imposed unilaterally at local, county, city or Provincial level. The latter ex-pats, who now spend 3 to 6 months away from their partners, children and extended family, allow the Company to keep operating. I should add, all this when there is a 30,000 person shortage in the Australian mining industry where most of our ex pat staff are based. In particular, and most of all, I would like to thank John Steel, our new Chief Operating Officer, Paul Benson, our Chief Geologist, and Wendy Zhang, our site Chief Financial Officer, for their Herculean efforts over the past 12 months. All these on-site and ex-pat individuals have displayed the extent of their loyalty and I am grateful on behalf of everyone involved with the Company.

Needless to say, the safety and welfare of the Company's workforce remains the overwhelming priority of the Company. Underground and surface operations operated safely and consistently in 2021 without any major incidents. With the Company's extensive Covid-19 pandemic controls, there have been no outbreaks of Covid-19 at the Caijiaying Mine to date. With assistance from local Chinese authorities all personnel have received Chinese manufactured Covid-19 vaccinations.

Operational highlights throughout the year included the acquisition of land for the construction of new Tailings Dam 4 and the completion of the construction of the bridge to provide access to the area, the installation and extension of the paste pipe reticulation system and the continuation of the programme to further modernise and increase safety at the Caijiaying Mine. This included the introduction of 10 specific PRC Kuang Anquan ("KA") wet brake vehicles for personnel transportation underground, further increasing mine safety, traffic management and the underground environment. In addition, a new 40 tonne low emission boiler used to heat the site processing, administration and other buildings as well as the underground workings was commissioned and a new electrical boiler was installed and commissioned at the Caijiaying Mine Camp reducing the Company's carbon emissions footprint.

Importantly, probably the most significant non-operational event of the past year was the activism of the major shareholders of the Company to effect change at the board level with the intention of seeking to extract greater value from the Company and their shareholding. To that end, 3 new independent directors were appointed to the board. Clive Whiley was appointed to the board in August 2021 and Linda Naylor and Dean Moore in May 2022. I would like to welcome all 3 formally to the board and wish them every success and a productive and enjoyable time on the board.

With this substantial change to the board I'd like to state that I will always be enormously grateful and humbled by the contribution and comradery the directors, whom I'm proud to call "my friends", gave so freely, warmly, genuinely and passionately. It made this impossible dream possible and bearable and I shall always be so grateful I had this journey with these amazing individuals – the deceased Rupert Crowe and Bill Mulligan, the mining thoroughbred Dal Brynelsen and the indefatigable Roger Goodwin. To quote Bill Curry, an American football star, "It's not for the bucks that I drive myself to the limits of my ability. It's so that I can go back to the locker room, after having gone those last 35 yards and won the game and walk back in there with my arm around a teammate and know that we did that together, that we both gave it a little more than we really had. Now that may sound real phony but I promise you it's the reason we play."

To the shareholders, my overwhelming wish is that Covid-19 disappear from concern, that there be peace in Eastern Europe, the World economy avoids severe recession and inflation, that the zinc price remains high and Zone II hits our long awaited full production target. May the Year of the Tiger make it just so.

Mladen Ninkov
Chairman
12 May 2022

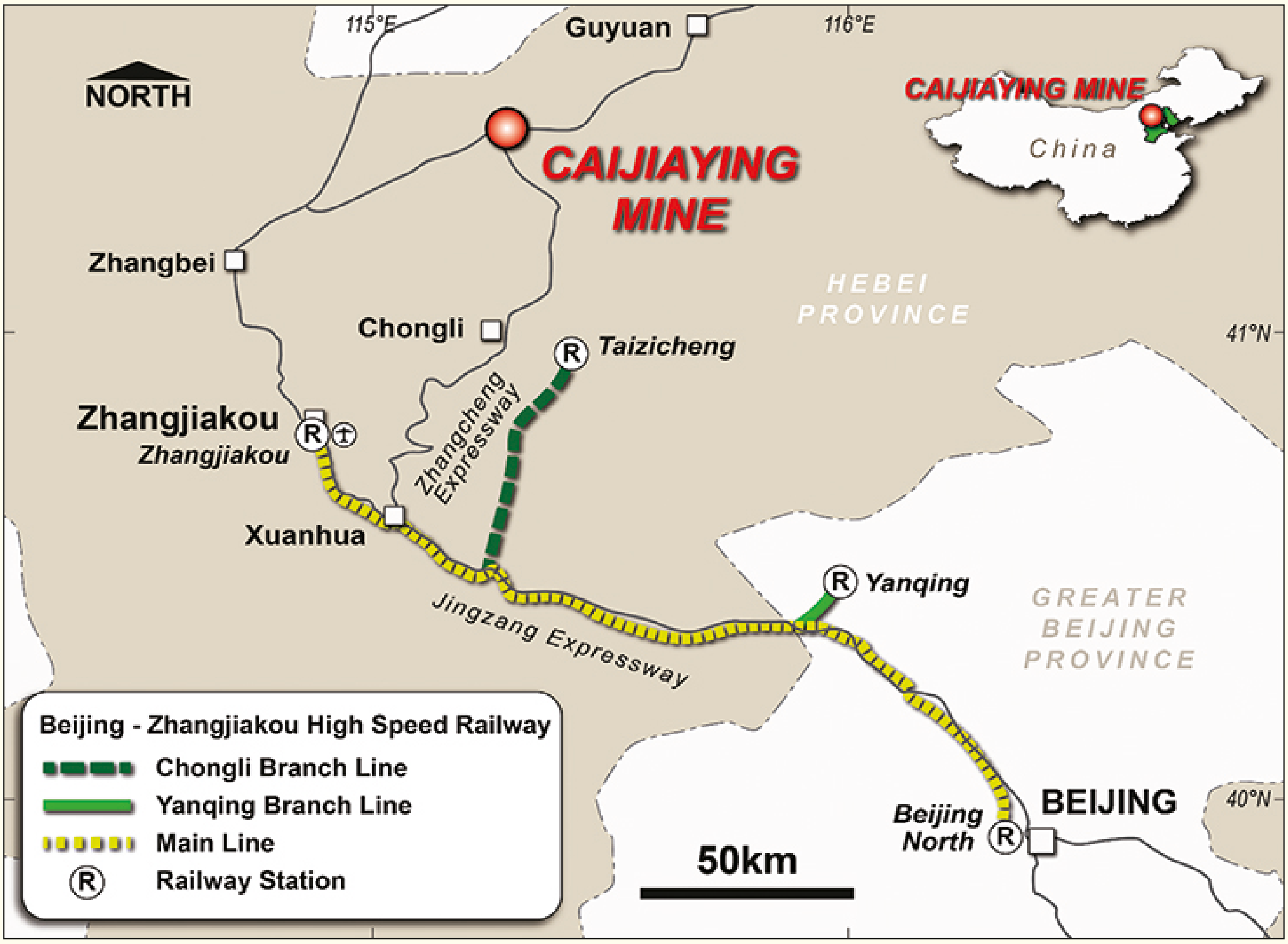
Overview

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") through its wholly-owned Hong Kong subsidiary, China Zinc Limited ("China Zinc"), which holds licences, including the mine and processing facilities near Caijiaying Village (the "Caijiaying Mine") in the People's Republic of China ("PRC" or "China").

The Company also holds a 90% interest in Hebei Sino Anglo Mining Development Company Limited ("Hebei Anglo"), which has interests in exploration licences immediately surrounding the Hebei Hua Ao licence area which are held by the Company's joint venture partner, Zhangjiakou Yuanrun Enterprise Management Consulting Service Co., Ltd ("Yuanrun"), thereby allowing their retention under PRC law within the Hebei Anglo Group. Should a mining licence be granted over this area at any point in the future, this new licence may be contractually transferred back to Hebei Anglo at the Company's option.

The Company continues to aggressively explore, expand and develop the Caijiaying Mine whilst also investigating potential acquisitions of mining projects that are capable, through either advanced exploration or mining expertise held within the company, of being brought into production to meet the Company's historically preset, economic returns to shareholders.



Location of the Caijiaying Mine, People's Republic of China

Caijiaying

INTRODUCTION

The Caijiaying Mine is an operating zinc, gold, silver and lead mine, together with processing plant, camp and supporting facilities, located approximately 250 kilometres by road, north-west of Beijing in Hebei Province in the PRC. The Caijiaying Mine is easily accessible by separate freeways from Beijing. The site has significant water supplies, two 35,000 volt power lines connected to the electricity grid, full connectivity to fixed and mobile telecommunications systems and broadband access for internet services. It is 63 kilometres from Chongli, the location of the outdoor events of the 2022 Winter Olympic and Paralympic Games, connected via a new high speed train link with Beijing. Climatic conditions are not severe with warm summers and cold, dry winters, enabling the Caijiaying Mine to operate throughout the year.

DEVELOPMENT

Hebei Hua Ao is a contractual co-operative joint venture company established in 1994 under PRC law. Initially, Griffin held 60% of Hebei Hua Ao (through its wholly owned subsidiary China Zinc) with the remaining 40% held by Yuanrun, the shareholders of which are the Zhangjiakou City People's Government and the Third Geological Brigade of Hebei Province (the "Third Brigade").

The initial operating 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 China Zinc, purchased an additional 28.8% interest in Hebei Hua Ao from Yuanrun in 2012. Griffin now holds an 88.8% equity interest in Hebei Hua Ao and Yuanrun retains an 11.2% residual interest compensated via a service contract for accounting purposes for services rendered, resulting in Hebei Hua Ao being in the nature of a wholly owned subsidiary of the Company. In addition, and as part of this purchase agreement, the term of the Hebei Hua Ao joint venture was extended to October 2037. In order to comply with the new PRC law on Chinese-Foreign Equity Joint Ventures, Hebei Hua Ao will be required to convert to a limited liability equity company with an indefinite life by 1 January 2025.

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 ("Panda"), has a 90% interest in Hebei Anglo whilst Yuanrun holds 10%. As Griffin investigates other areas of interest and projects in China, Hebei Anglo may be used to invest in any such projects.

The Caijiaying Mine was commissioned on time and on budget in 2005. Numerous upgrades to the Caijiaying Mine have taken place since commissioning leading to the current name plate mill throughput capacity of 1.5 million tonnes of ore per annum. With mining and haulage rates from Zone III limited, this capacity has yet to be fully utilised. It is expected to begin being utilised in 2023 as production from the development of Zone II becomes available.

Since the third quarter of 2021, the underground operations in Zone III have been able to extract at an annualised rate the equivalent of over one million tonnes of Zinc-Gold ore per annum.

With the grant of a new mining licence in December 2020 over the combined Zone II and Zone III areas, application has been made for the approval of the mine design plan for the new Zone II area, approval of which is expected by 1 July 2022. This will allow the development of Zone II to commence which will enable at least 1.5 million tonnes of ore per annum to be extracted from the Caijiaying Mine in the beginning in 2023.

Caijiaying *(continued)*

MINERAL RESOURCE ESTIMATES

Caijiaying Zone III Remaining Mineral Resources

Zone III Domain 1 Zn Resources > 1% Zn

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Measured	18.7	4.5	0.2	23.0	0.6	841	42	13,621	370
Indicated	13.5	4.1	0.2	18.0	0.5	548	23	7,736	217
Inferred	14.2	3.5	0.2	22.0	0.4	502	28	10,089	175
Sub-Total	**46.4**	**4.1**	**0.2**	**21.0**	**0.5**	**1,891**	**93**	**31,446**	**763**

Zone III Domain 2: Au Resources > 0.5 g/t Au

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Inferred	0.6	0.8	0.1	19.0	2.8	5	1	386	57
Sub-Total	**0.6**	**0.8**	**0.1**	**19.0**	**2.8**	**5**	**1**	**386**	**57**

Zone III: Total

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Measured	18.7	4.5	0.2	23.0	0.6	841	42	13,621	370
Indicated	13.5	4.1	0.2	18.0	0.5	548	23	7,736	217
Inferred	14.8	3.4	0.2	22.0	0.5	507	29	10,475	232
Sub-Total	**47.0**	**4.0**	**0.2**	**21.0**	**0.5**	**1,896**	**94**	**31,832**	**819**

Caijiaying Zone II Remaining Mineral Resources

Zone II Oxide: Zn Resources > 1% Zn

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Indicated	1.2	2.9	0.5	19.0	0.3	35	6	751	11
Inferred	1.6	2.5	0.5	17.0	0.1	39	8	830	7
Total	**2.8**	**2.7**	**0.5**	**18.0**	**0.2**	**74**	**14**	**1,581**	**17**

Zone II Fresh: Zn Resources > 1% Zn

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Indicated	11.5	3.8	0.9	27.0	0.3	436	109	10,085	96
Inferred	26.4	3.7	1.0	30.0	0.4	977	253	25,108	350
Sub-Total	**37.9**	**3.7**	**1.0**	**29.0**	**0.4**	**1,413**	**362**	**35,193**	**446**

Zone II Total

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Indicated	12.7	3.7	0.9	27.0	0.3	471	115	10,836	107
Inferred	27.9	3.6	1.0	29.0	0.4	1,015	261	25,938	356
Total	**40.7**	**3.7**	**0.9**	**28.0**	**0.4**	**1,486**	**376**	**36,774**	**463**

Caijiaying Zone V Mineral Resources

Zone V Zn Resources > 1% Zn

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Inferred	6.0	3.2	1.4	56.0	0.6	191	84	10,819	116
Total	**6.0**	**3.2**	**1.4**	**56.0**	**0.6**	**191**	**84**	**10,819**	**116**

Caijiaying Zone VIII Mineral Resources

Zone VIII Domain 1: Zn Resources > 1% Zn

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Inferred	6.1	4.4	0.7	36.0	0.5	272	41	7,112	106
Total	**6.1**	**4.4**	**0.7**	**36.0**	**0.5**	**272**	**41**	**7,112**	**106**

Zone VIII Domain 2: Au Resources > 0.5 g/t Au

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Inferred	0.7	0.7	0.7	45.0	2.4	5	5	1,012	54
Total	**0.7**	**0.7**	**0.7**	**45.0**	**2.4**	**5**	**5**	**1,012**	**54**

Zone VIII Total

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Inferred	6.8	4.0	0.7	37.0	0.7	277	46	8,124	160
Total	**6.8**	**4.0**	**0.7**	**37.0**	**0.7**	**277**	**46**	**8,124**	**160**

Caijiaying Combined Global Mineral Resources February 2021

Category	*Tonnes (Mt)*	*Zn (%)*	*Pb (%)*	*Ag (g/t)*	*Au (g/t)*	*Zn Metal (kt)*	*Pb Metal (kt)*	*Ag Metal (kOz)*	*Au Metal (kOz)*
Measured	18.7	4.5	0.2	23.0	0.6	841	42	13,621	370
Indicated	26.2	3.9	0.5	22.0	0.4	1,019	138	18,572	324
Inferred	55.5	3.6	0.8	31.0	0.5	1,990	421	55,356	864
Total	**100.4**	**3.8**	**0.6**	**27.1**	**0.5**	**3,850**	**600**	**87,549**	**1,558**

Notes:
The Caijiaying Mineral Resources are based on resource modelling work completed by CSA Global Pty Ltd and reported in 2022 in accordance with JORC 2012 guidelines. The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr Serikjan Urbisinov a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr Serikjan Urbisinov is a full-time employee of CSA Global Pty Ltd. Mr Serikjan Urbisinov has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Serikjan Urbisinov consents to the disclosure of the information in this report of the matters based on his information in the form and context in which it appears.

Caijiaying *(continued)*

MINERAL RESOURCE ESTIMATES

Underground mine production continues to be the focus at Zone III while mine development applications at Zone II and extension of retention licence applications at Zone V and VIII progress. The Global Mineral Resource estimate initially reported on 26 January 2021, includes Zones II, III, V and VIII at a zinc cut-off grade of 1% and, amended for mining depletion at Zone III as of 31st December 2021. In summary the Global Measured, Indicated and Inferred Mineral Resource estimate totals 100.4 million tonnes at 3.8% Zn, 0.6% Pb, 27.1g/t Ag and 0.5g/t Au, resulting in total contained metal of approximately 3.85 million tonnes of zinc metal, 0.6 million tonnes of lead, 87.5 million ounces of silver and 1.56 million ounces of gold.

Zone III

The Zone III Mineral Resource estimate is based on geological interpretation and metal grade estimation that utilises all underground mapping and diamond drill data up to 30 September 2021 and depleted for mining activity up to 31 December 2021. The 2021 depleted Measured, Indicated and Inferred Zone III Mineral Resource estimate totals 47.0 million tonnes at 4.0% Zn, 0.2% Pb, 21.0g/t Ag and 0.5g/t Au, resulting in total metal of approximately 1.9 million tonnes of zinc, 0.1 million tonnes of lead, 31.8 million ounces of silver and 0.82 million ounces of gold. Underground diamond drilling continues to focus on resource definition and grade control drilling within the main mine corridor above the 1,000mRL ("RL" refers to mean sea level) mine licence boundary. In addition, secondary inferred drill targets have been tested to the east of Zone III. Further drilling of these inferred drill targets is required and will continue in 2022. During 2022 it is anticipated that the underground diamond drilling activity will incrementally transition from Zone III to Zone II.

A total of 189 surface diamond drillholes, 32 reverse circulation surface drillholes and 4,603 underground diamond drillholes with an average spacing of approximately 40 metres x 40 metres, define the Zone III deposit for a combined total of 607,959 metres of drilling.

Zone II

Underground resource definition diamond drilling commenced in October 2021 and will continue to intensify throughout 2022. The Indicated and Inferred Zone II Mineral Resource estimate as announced on 26 January 2021 remains unchanged at 40.7 million tonnes at 3.7% Zn, 0.9% Pb, 28.0g/t Ag and 0.4g/t Au, resulting in total metal of approximately 1.5 million tonnes of zinc, 0.4 million tonnes of lead, 36.8 million ounces of silver and 0.46 million ounces of gold.

A total of 109 surface diamond drillholes, 91 reverse circulation surface drillholes and 163 underground diamond drillholes define the Zone II deposit at an average spacings of approximately 40 metres x 40 metres for a combined total of 91,383 metres of drilling.

Zone V

The Inferred Zone V Mineral Resource estimate as announced on 26 January 2021 totals 6.0 million tonnes at 3.2% Zn, 1.4% Pb, 56.0g/t Ag and 0.6g/t Au resulting in total metal of approximately 0.2 million tonnes of zinc metal, 0.08 million tonnes of lead, 10.8 million ounces of silver and 0.12 million ounces of gold. Zone V is located within the Company's Retention Licence, see below, just 0.8km west of Zone II. A total of 34 surface diamond drillholes, 3 reverse circulation surface drillholes with an average spacing of approximately 25 metres x 100 metres define the Zone V deposit for a combined total of 15,242 metres of historical drilling.

Zone VIII

The Inferred Zone VIII Mineral Resource estimate totals 6.8 million tonnes at 4.0% Zn, 0.7% Pb, 37.0g/t Ag and 0.7g/t Au resulting in total metal of approximately 0.3 million tonnes of zinc, 0.05 million tonnes of lead, 8.1 million ounces of silver and 0.16 million ounces of gold. A total of 44 diamond drillholes with a spacing of 50 to 100 metres define the Zone VIII deposit for a combined total of 32,193 metres.

The Retention Licence containing Zones V and VIII covers an area of 2.23 square kilometres and is valid from 16 July 2020 to 16 July 2022. Administrative delays to the process of converting the area to a Mining Licence occurred during 2021 due to the 2022 winter Olympic and Paralympic Games. An extension to the term of the Retention Licence will be submitted in 2022 with the relevant authorities.

GEOLOGY

The local geology comprises of Early Proterozoic granulite and gneiss with marble lenses, which is unconformably overlain by the Late Jurassic Baiqi Formation and Zhangjiakou Formation. Porphyry sills and dykes intruding along faults have then cut across the sequence.

The Caijiaying deposits consist of Zn-Au-Ag-Pb orebodies hosted in a Paleoproterozoic inlier comprising a mixed sequence of amphibolite-grade metavolcanic and metasedimentary rocks intruded by three generations of Jurassic porphyry dykes and sills. The mineralisation comprises sulphide lenses of sphalerite with lesser pyrite and minor galena that favourably replace units within the folded 2.3-billion-year-old metamorphic basement rocks. The base metal and gold mineralisation have some similarities with a skarn type of deposit. Mineralisation lenses are up to 15 metres thick, tend to dip steeply to moderately to the west, and extend along strike and down dip tens to hundreds of metres.

EXPLORATION

The strategy of focusing on near-mine exploration and resource definition drilling has delivered substantial rewards culminating in the Global Mineral Resource first published in early 2021 and updated in April 2022 for depletion to 31 December 2021. Exploration drilling activity at the Caijiaying Mine continues to focus on near mine priority targets to the east of the main Zone III mine corridor above the lower 1000mRL mine licence boundary and at Zone II where there are numerous exploration targets within the main line of lodes.

Additional Induce Polarization (IP) geophysical anomalies remain to be tested to the east of Zone II. At Zone V and VIII the current Retention Licence requires an extension of its term to enable a new Mining Licence to be granted. No on ground exploration activity is permitted during this approvals process.

Drill access at Zone II was achieved in October 2021. This significant milestone enabled numerous well defined prioritised exploration drill targets to be unlocked and available for testing. These targets are developed from historical drilling and geophysical surveys combined with advanced geochemical and structural modelling techniques.

Prioritised exploration targets and activities are defined into the following categories:

- In-mine areas between or adjacent to known mineral resources;
- Near-mine targets, within reach of underground drilling from existing or planned drives; and
- Administrative report compilations and licence applications to the relevant Government agencies.

Hebei Hua Ao Mining Area

The Hebei Hua Ao Mining Area covers 3.13 km^2 and includes Zone II and III. The Zone II Mineral Resource is accessible from the existing Zone III decline and underground diamond drilling platforms were established in 2021. Zone II resource definition drilling will continue to increase defineable extractable resources throughout 2022 while mine production applications and preparations progress.

At Zone III, the focus has been on aggressive underground diamond drilling activity to convert Inferred and Indicated Mineral Resources into Measured and Indicated categories. A total of 351 underground diamond drill holes were drilled in 2021 for a total of 37,155 metres utilising 4 underground electric-hydraulic drill rigs. In 2021, diamond drilling has focused on resource definition within the mine corridor while also testing for extensions at depth and to the east of mine development. Structural and geochemical data collection has enabled the development of a robust indicator of favourable host lithology and proximity to mineralisation. These lithogeochemical indices developed for Zone III will continue to be refined and applied in Zone II throughout 2022.

Hebei Hua Ao Retention Licence

The Retention Licence containing Zones V and VIII covers an area of 2.23 square kilometres and is valid until 16 July 2022. An extension to the term of the Retention Licence will be sought in 2022. The Company will continue to work with the relevant authorities to convert the area to a Mining Licence.

Hebei Anglo Area

As previously reported in 2021 after careful consideration, a decision was made to transfer the licence to Griffin's joint venture partner, Yuanrun, to allow its retention under PRC law within the Hebei Hua Ao Group. Should a mining licence be granted over this area at any point in the future, this new licence may be contractually transferred back to Hebei Anglo at the Company's option. Given the depth of cover and existing underground infrastructure, the Company remains in a good position to benefit from any new discovery should it eventuate.

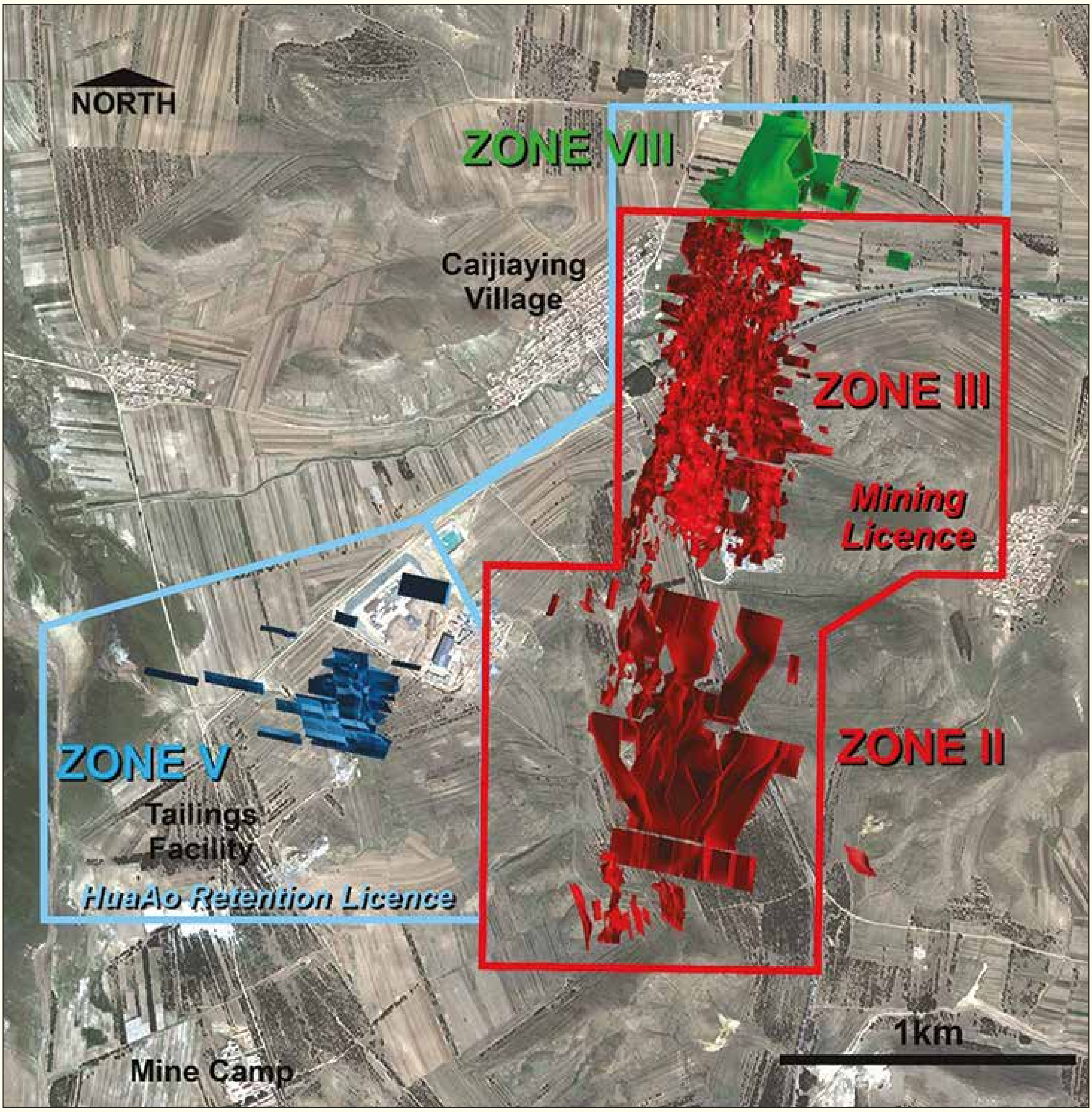
Caijiaying *(continued)*

Shitouhulun and Sangongdi

Due to the halting of consideration of granting of any mining tenements in Hebei Province PRC during the Winter Olympic and Paralympic Games in 2022, work was suspended in obtaining any relevant permits in these areas.

Proposed 2022 Exploration

Exploration and resource development at Zone II will be the primary focus of the Company throughout 2022. At Zone II, diamond drilling will test exploration targets within and adjacent to the resource model and to the east of the main structural corridor. At Zone III, exploration will target Inferred Mineral Resources near mine development to the east of the main lodes.



Plan view of Caijiaying Mine Zones II, III, V & VIII with surrounding licence areas

OPERATIONS

The safety and welfare of Griffin's workforce remains an overwhelming priority of the Company. Underground and surface operations operated safely and consistently in 2021 without any major incidents. Covid-19 pandemic controls continue to be maintained and there have been no outbreaks of Covid-19 at the Caijiaying Mine to date. With assistance from local PRC authorities, all Hebei Hua Ao and contractor personnel have received Chinese manufactured Sinovac and/or Sinopharm Covid-19 vaccinations. As a result, operations at Caijiaying have not been impacted by the Covid-19 pandemic.

A continuing programme of safety and training at the Caijiaying Mine resulted in an improved "Lost Time Frequency Rate" for 2021 of 1.2 (2020: 1.28) per one million hours and a "Total Recordable Injury Frequency Rate" for 2021 of 3.5 (2020: 4.5) per one million hours.

Production at the Caijiaying Mine in 2021 can be summarised as follows:

- Ore mined 971,492 tonnes (2020: 854,566 tonnes);
- Ore hauled 979,783 tonnes (2020: 825,412 tonnes);
- Ore processed 985,404 tonnes (2020: 822,058tonnes).

Whilst mining, hauling and processing rates of the equivalent of over one million tonnes of ore per annum at an annualised rate were achieved in the second and third quarters of 2021, production in the fourth quarter of 2021 was impacted by the PRC authorities restrictions on the supply of explosives, and from 1 January 2022, the suspension of explosive supplies to the Caijiaying Mine due to in the run up, and for, the Winter Olympic and Paralympic Games in February and March 2022. Chong Li, some 63 kilometres from the Caijiaying Mine, was the centre for all outdoor Winter Olympic events. Mining and processing at the Caijiaying mine recommenced at the end of March 2022.

Long hole open stoping continues to be the predominant mining method.

Underground development work was primarily focused on developing future stoping horizons between the 1175 mRL and 1000 mRL levels.

In 2021, 4,657.3 metres (2020: 4,510.5 metres) of capital development and 5,452.8 metres (4,459.3 metres) of operational development were completed.

In order to optimise underground stope scheduling, pillar recovery and economic extraction, the zinc equivalent head grade was reduced from 6.2% in 2020 to 6.1% in 2021.

Zinc and Gold recoveries were broadly maintained in 2021. Lead and silver recoveries declined by 6.4% with lower head grades.

Accordingly, metal in concentrate production at the Caijiaying Mine in 2021 may be summarised as follows:

- Zinc metal in concentrate produced 41,587 tonnes (2020: 32,472 tonnes);
- Gold metal in concentrate produced 14,447 ozs (2020: 11,250 ozs);
- Silver metal in concentrate produced 269,570 ozs (2020: 292,301 ozs); and
- Lead metal in concentrate produced 1,069 tonnes (2020: 1,428 tonnes).

Following the grant of the mining licence over the Zone II area, considerable effort has been expended by the Company's personnel in working with the Beijing Non Ferrous Engineering Institute ("ENFI") on the design and preparation of documentation for the approval of the Mine design of Zone II. Development is expected to commence in the second half of 2022 once the approval process is concluded.

With Tailings Facilities 1 & 2 maximised and fully rehabilitated, and with Tailings Facility 3 near to capacity, land has been acquired for, and access constructed to, a new Tailings Facility 4. Importantly, unlike other tailings facilities around the world, the Caijiaying Mine produces "dry tailings" incapable of breaking or causing flooding. Tailings Dam 4 will be constructed to the highest standards.

The installation and extension of the paste pipe reticulation system continues in order to increase the amount of waste material being backfilled into mined out stopes rather than being sent to the tailings facilities. Backfill includes cemented paste backfill with secondary stopes filled with waste rock material.

The programme to further modernise and increase safety at the Caijiaying Mine continued throughout 2021 with the introduction of specific PRC Kuang Anquan ("KA") (Mine Safety) sealed wet brake vehicles for the transportation of personnel underground. By late August 2021 Hebei Hua Ao

Caijiaying *(continued)*

had 10 such vehicles in operation and the contractors at the Caijiaying Mine had replaced their vehicles to be KA compliant thereby further increasing mine safety, traffic management and the underground environment.

During 2021 non-compliant electrical distribution installations were replaced with PRC "KA" compliant types.

To further comply with PRC safety requirements, "Double Control Safety Applications" for digital management of all safety aspects of the mine were introduced. This application allows for the storage and real time information flow from the 'mine face' directly to department managers.

In 2021, a new environmentally friendly 40 tonne low emission boiler was commissioned, used to heat the Caijiaying Mine site processing, administration and other buildings and the underground workings.

A new environmentally friendly electrical boiler was installed at the Caijiaying Mine Camp and commissioned in November 2021. This reduces the Caijiaying Mine's carbon emissions footprint and negates the necessity of having manual labour operating the boiler. The Camp now has a fully automated modernised heating system.

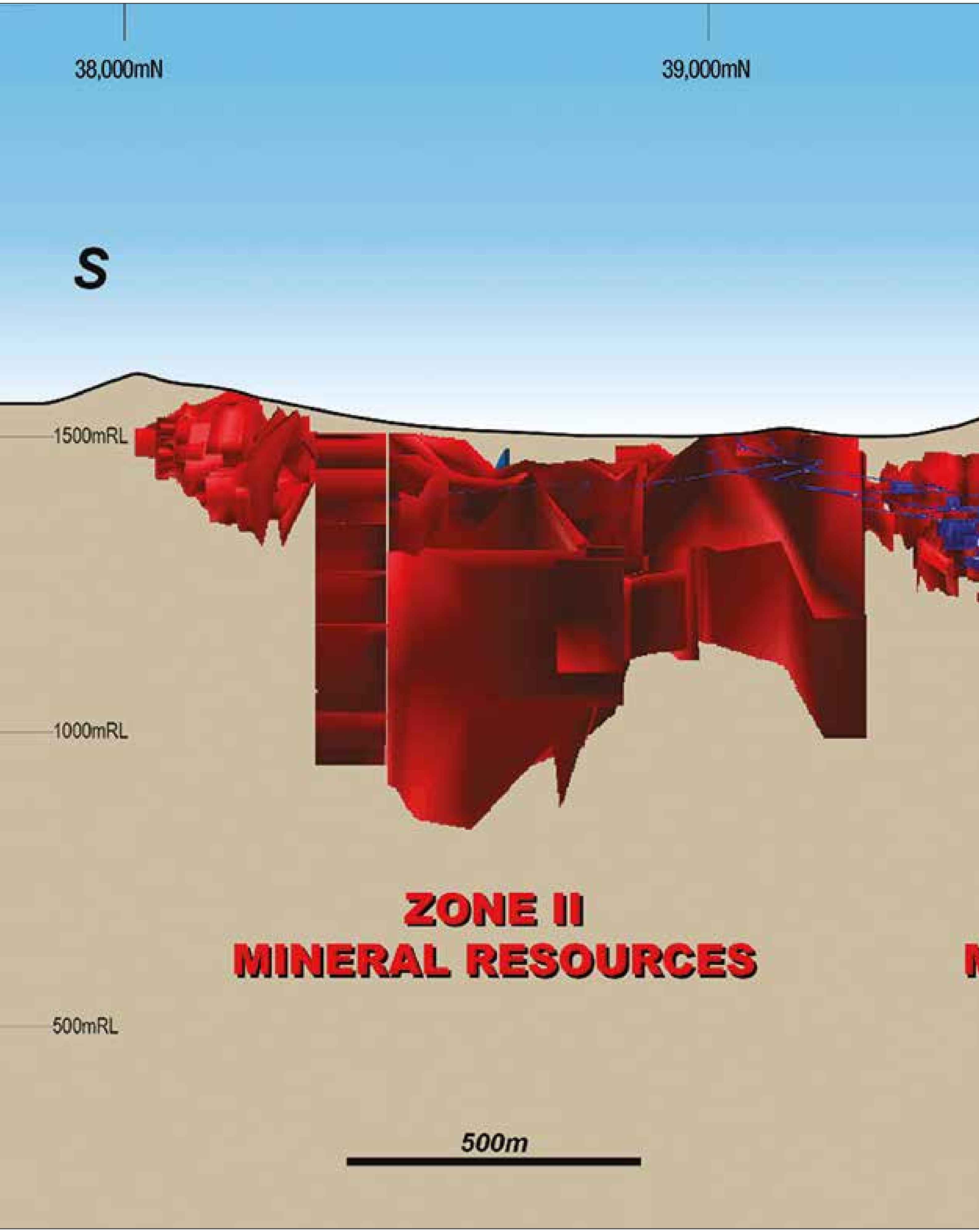
Two new remote operated underground loaders were acquired in 2021 further enhancing Hebei Hua Ao's remote operational capability for the safe extraction of ore from stopes. The main mining contractor at Caijiaying also took delivery of a new fit for purpose lifting device, a new electric over hydraulic production drill rig, a new single boom electric over hydraulic development drill rig and a new electric over hydraulic ground support installation drill rig. The haulage contractor also took delivery of three new 20 tonne trucks to replace three 10 tonne trucks in 2021.

New electronic detonators introduced in 2020 were used for both development and production blasting in 2021. These are considerably more efficient and effective than the non-electric type detonators previously used.

In late September 2021 the first drill platform was constructed to start resource drilling at Zone II with diamond drilling into Zone II commencing in early October.

KA compliant underground vehicles at the Caijiaying Mine Site

New Camp Electric Boiler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ZONE II
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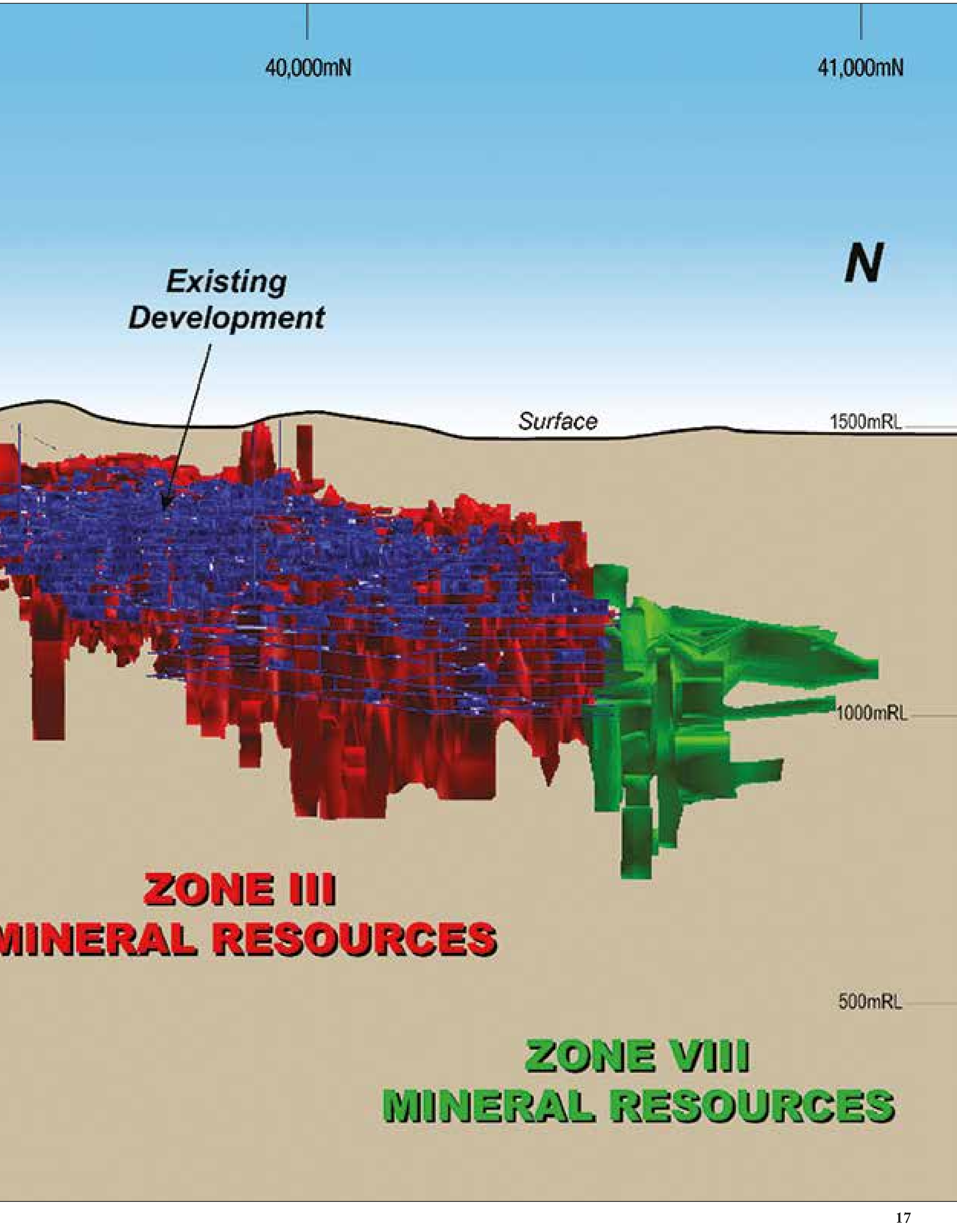
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ZONE III
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ZONE VIII
MINERAL RESOURCES

Sustainability, Environment And Local Community

SUSTAINABLE DEVELOPMENT POLICY

Sustainability, safety and occupational health as well as care for the environment are central to Griffin's values. Griffin endeavours to achieve economic, social and environmental benefits to its stakeholders with environmentally friendly ("green") operations, circular and low-carbon operations whilst striving to realise high-quality sustainable development, respecting human rights, and actively engaging in communication and exchanges with stakeholders.

STAKEHOLDER COMMUNICATION

Griffin believes that establishing a strong and trustworthy relationship with its stakeholders is essential to the Group's sustainable development. Actively understanding and responding to the needs of stakeholders is the cornerstone of Griffin's sustainable development management. The Company and its subsidiaries regularly communicate with their stakeholders to understand their concerns and act accordingly.

Stakeholders	*Key Issues*	*Communication*
Government and regulatory agencies	Compliance with laws, regulations and policies	Cooperation with government agencies
	Corporate governance	(See separate corporate governance report pages 34 & 35)
	Safety and environmental protection	Daily communication and reporting
Shareholders and investors	Sustainable development governance	Regular reporting (see corporate governance report pages 34 & 35)
	Human rights policy disclosure	Anti-slavery policy, equal opportunities employer
	Anti-corruption	Bribery and corruption policy
Employees and their families	Salary and benefits	Employee performance interviews
	Training and development	Staff representative conference
	Health and safety	Regular safety reporting, safety meetings and safety inductions
Suppliers/contractors	Customer service	Dedicated procurement department
	Product quality	Independent assay and moisture checks of concentrate sold
Community	Community investment	Involvement in local community
	Community benefits	Local community support, including infrastructure, poverty alleviation, schooling
	Environmental protection and ecology	Care and protection of local environment with minimal discharges

SUSTAINABLE DEVELOPMENT ACTIONS

Griffin has proactively responded to the Sustainable Development Goals ("SDGs") set by the United Nations. Nine SDG priorities have been identified that have the most relevance to the Group based on Griffin's business characteristics and as a result Griffin has committed to supporting and implementing the SDGs in its corporate development strategy and business operations to achieve a "win-win" of business and social value.

Key Goals	*Actions*	*Corresponding Chapters*
1 NO POVERTY	Participation in community investment, implement rural revitalisation strategy, support for the development of special agriculture in underdeveloped areas, and help in improving the living standards of people	Community Relations and Social Investment , page 30
3 GOOD HEALTH AND WELL-BEING	Care for physical and mental safety of employees, ensuring employees' health and safety during the Covid-19 epidemic, constantly improving the social security and the salary and welfare system to enhance the happiness of employees.	Protection of Employees' Rights, page 27
6 CLEAN WATER AND SANITATION	Promotion of water-saving with the strengthening of water usage management, support for a water-saving society, and elimination of water resources wastage.	Environmental Management Improvement, page 20
8 DECENT WORK AND ECONOMIC GROWTH	Adherence to the people-oriented talent concept. Griffin has established a sound talent management and training mechanism, created an inclusive and harmonious working environment, and effectively protected the legitimate rights and interests of employees.	Protection of Employees' Rights, page 27
10 REDUCED INEQUALITIES	Prohibition of forced labour, child labour, and any form of discrimination such as gender, region, religious belief, or nationality, and adhere to the principle of equal employment to provide equal opportunities to employees.	Protection of Employees' Rights, page 27
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensuring safe production, continuous improvement of the utilisation of mineral resources, vigorous development of a circular economy, strengthening of supplier management, and building a sustainable value chain.	Safety Management System Set Up, page 25 Supplier Management page 29 Customers and Products Responsibilities, page 29
12 CLIMATE ACTION	Actively responding to climate change, implementing energy conservation and emission reduction measures, improving energy use efficiency, strengthening green mine construction, and promotion of low-carbon development.	Environmental Responsibility, page 20
14 LIFE BELOW WATER	"Zero Wastewater Discharge", with the recycling of all production wastewater, resulting in the treatment and utilisation of 100% of mining waste water.	Environmental Responsibility, page 20
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	The establishment of compliance management and reporting systems to monitor the integrity and compliance of regulations and business code, to ensure zero tolerance of corruption and any illegal acts against business ethics.	Anti-corruption Management, page 30

Sustainability, Environment and Local Community *(continued)*

ENVIRONMENTAL RESPONSIBILITY

As a responsible corporate citizen, Griffin not only abides by local regulatory requirements but seeks to apply best worldwide practices regarding the protection of the environment. Hebei Hua Ao strictly abides by the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China and the Cleaner Production Promotion Law of the People's Republic of China and other relevant laws and regulations. In doing so, Griffin is committed to conserving resources and protecting the environment by reducing the impact of operations on the environment and natural resources.

Griffin conducts its operational activities in strict accordance with the requirements of laws and regulations with the establishment of internal environmental monitoring systems and the use of professional testing agencies to strictly monitor air emissions, wastewater, solid waste discharge to enable the timely resolution of any issues that might be encountered.

Griffin continues to improve related management systems and technical standards for energy management, improve resource utilisation rates and maximise the efficiency of resources and energy consumption. Such practices include:

- Controls to prevent the discharge of waste into the environment;
- Sewage treatment plants at the Caijiaying Mine and Camp sites to deal with all effluent produced;
- All water from the Caijiaying Mine and Camp accommodation being recycled;
- Boiler flue gases being treated by a dust and sulphur extraction system to prevent the emission of pollutants into the atmosphere being enhanced with a new 40 tonne low emission boiler at the Caijiaying Mine and electric boiler at the Camp;
- Waste rock and mill tailings used for backfilling underground stope voids. This minimises the mine footprint by reducing the need for larger tailings and waste storage facilities;
- Noise, dust and blasting vibration from operations being strictly controlled;
- Decommissioning and rehabilitation of Tailings Dams 1 & 2. This work included battering the waste dump slope, backfilling, topsoil sheeting and planting of vegetation to international standards and in compliance with PRC environmental regulations;
- Funding the state endorsed China "greening" project including the planting of trees by local villagers in the Caijiaying Mine area;
- China "green mine" certification with the number 1 ranking in Hebei Province;
- Approval from the relevant authorities to increase the capacity of the dry tailing's storage facility without an increase in the footprint of the facility via modern design practices and with a new tailings facility being constructed in 2022. Crucially, these facilities are "dry" compared to those that are "wet" which have failed elsewhere in the world;
- Recycling of dry tailings by transportation to a local brickwork for use as base material in brick manufacturing;
- A dedicated waste collection building to accumulate Caijiaying Mine waste prior to sorting, collection and recycling;
- The planting of landscape trees outside the main gate and some 30,000 elm trees and 3,000m² of grass planting around the Caijiaying Mine as part of local Chinese Environmental Protection Agency greening project;
- Planting of Mongolian scotch pine trees over an area of 3,869m² to suppress dust and prevent surface degradation.
- The construction of a new hazardous waste storage facility;
- Installation of drainage trenches around the ROM pad, waste dump and main access gate area to ensure effective water run-off and protection against soil erosion;
- Timely renewal of environmental permits including water usage permits, radioactive source safety permits and waste discharge permits;
- Installation of a Total Suspended Particles online monitoring system continually monitored by the Municipal Environmental Protection Authority Information Centre;
- Heavy Metal on-line monitoring equipment replaced by more modern systems and monitored on-line by the Municipal Environmental Protection Authority Information Centre;

- Installation of additional fencing and dust cannons on the ROM pad to further control dust and any heavy metal emissions;
- Upgraded dust collection system in the screening house with new dust collectors effectively reducing fine ore loss and dust discharge;
- The completion and acceptance of clean production targets with the targeted reduction in heavy metals confirmed;
- Mist cannon and vacuum trucks for dust suppression;
- The blending of semi-coke coal with common coal for use in boilers to reduce the discharge of smoke, sulphur dioxide and nitric oxide;
- Greening of site and camp accommodation areas including vegetable gardens and flower beds; and
- Ground hardening of main passageways around the Caijiaying surface facilities to suppress dust.

WASTE GAS TREATMENT

Griffin strictly abides by China's air emissions standards and strictly controls air pollutants such as sulphur dioxide and nitrogen oxides generated during mining and processing by installing waste gas treatment devices to ensure that air pollutant emissions meet relevant standards. The smoke and dust generated by heating boilers and hot blast stoves are efficiently treated by a series of desulphurisation and dust removal equipment such as bag filters to ensure that the pollutant emission concentration in the exhausted gas meets the requirements of China's "Boiler Air Pollutant Emission Standard" (GB13271-2014). The main dust generating areas such as crushing and screening at the mill are equipped with a sealed cover and bag filters with a dust removal efficiency of 98.65%. The resulting emissions meets the requirements of China's national standard "Pollutant Emission Standard of Lead and Zinc Industry " (GB25466-2010).

In addition, dust removal devices are set up in Hebei Hua Ao's workshops. Areas affected by uncontained dust emissions are controlled by setting up dust nets, spraying water and regular cleaning. Multiple total suspended particulate matter online monitors have been installed in the mining area to ensure that the total suspended particulate matter and the concentration of unorganised particulate emissions meet the requirements of China's national standard "Comprehensive Discharge Standard of Air Pollutants" (GB162967-1996).

In 2021, Hebei Hua Ao removed the existing coal-fired boiler and hot air furnace at the Caijiaying Mine in accordance with the national PRC environmental protection policy and installed a low-emission coal-fired boiler to be used in 2022 after formal acceptance. The new coal-fired boiler adopts technologies such as wet type dust collection, sodium alkali and denitrification, which can treat pollutants such as smoke, sulphur dioxide and nitric oxide in accordance with national and local emission standards.

In 2021, the Company achieved full compliance with the emission standards for both "organised" and "unorganised" exhaust gases.

WASTEWATER TREATMENT

Wastewater at Caijiaying is mainly domestic sewage, production wastewater and drain water from the Mine. After treatment, sewage and plant wastewater is reused for production, with mine drain water clarified at the mine water purification station and then sent by pressurised pump to the high-level water tank for use in mill operations. In 2021, the Company continued to achieve full recycling of all production wastewater, sewage and mining waste water.

WASTE STORAGE AND DISPOSAL

Non-hazardous waste produced consists primarily of waste rock and tailings. All waste rock produced is backfilled to the underground open stopes resulting in 100% utilisation of mined waste rock. Part of the tailings generated is used for underground paste fill whilst the remainder is used for making bricks or stored in the tailings facility. This results in total utilisation and safe disposal of all wastes.

The Company strictly abides by China's national standard "Hazardous Waste Storage Pollution Control Standard (GB18579-2001)" and has formulated internal documents such as "Hazardous Waste Temporary Storage Management", "Hazardous Waste Ledger Management" and "Hazardous Waste Incident Report". All hazardous waste generated is disposed of by a qualified third party. In accordance with the PRC government's environmental protection requirements, Hebei Hua Ao has installed an online monitoring system for hazardous waste transfer and connected it directly to the National Environmental Protection System to prevent illegal disposal of hazardous waste.

Sustainability, Environment and Local Community *(continued)*

RESOURCE USAGE

Griffin strictly abides by the PRC's rules on Energy Conservation and other laws and regulations. The Company seeks to continuously promote resource conservation by introducing energy-saving equipment, eliminating high-energy consumption equipment, optimising mining methods and processing technology to minimise resource use and create long term sustainable operations.

An energy conservation and emission reduction work team has been established at the Caijiaying Mine to make relevant assessments and promote energy conservation. Consequently, a resource utilisation assessment system has been created to set energy consumption targets for each workshop and team, incorporating the related KPIs into the annual assessment, all with the aim of enhancing the assessment of their energy-saving work and cultivating employees' awareness of responsibility for energy conservation and environmental protection. In this regard, a number of measures have been undertaken to improve energy efficiency and raise personnel awareness including; the use of LED energy-saving lamps to replace traditional lamps; installing inverter air compressors to further reduce the consumption of energy and resource in the production process; and placing "Turn Off Lights" signs to encourage employees to turn off their electronic devices when they leave areas.

Griffin recognises that water shortage is a serious world issue and whilst the Caijiaying area does not suffer significant water shortages, the Company has formulated a "Water Conservation Management System" to record water consumption in all parts of the Caijiaying Mine operations on a real time basis to avoid wasting water resources. Griffin advocates water conservation and the awareness of water-saving amongst employees. All water-using equipment such as reservoirs, faucets, and water pipes are regularly monitored to prevent the water leakage.

NOISE MANAGEMENT

Noise generated underground from the use of explosives and machinery has minimal impact at ground level and underground workers are required to wear ear protectors. To control noise generated from the operation of machinery and equipment on the surface, Griffin strictly abides by the PRC's Prevention and Control of Environmental Noise Pollution and other relevant laws and regulations. This includes the containment of rock crushers, ball mill, fan and other high-noise equipment to minimise noise pollution as much as possible. Noise monitoring stations have also been installed to comply with the PRC Environmental Noise Emission Standards for Industrial Boundaries (GB 12348-2008).

CLIMATE CHANGE

Griffin studies the possible impact of climate change on business operations and actively tackles climate change where it is able to. This has involved identifying risks related to climate change such as extreme weather and sudden natural disasters including rainstorms, snowstorms, typhoons, etc. that may lead to power supply interruptions and production accidents, causing significant economic losses and threatening personal safety. Accordingly, Griffin has developed relevant measures to address these risks including back-up diesel generators and ensuring sufficient supplies of essential goods. In 2021, the Company upgraded the emergency power generation facility from 3,200KW to 4,000KW. The upgraded facilities can ensure the continued operation of underground ventilation, drainage and mill maintenance work in case of an emergency, thereby reducing the risk of underground workers being trapped due to power outages.

ENVIRONMENTAL EMERGENCY RESPONSE PLAN

Griffin recognises the impact of unexpected environmental emergencies on operations and safety. Hebei Hua Ao complies with the Regulations on Safety Management of Hazardous Chemicals, the Regulations on the Management of Chemicals Prone to Producing Narcotic Drugs, the Measures for the Public Security Management of Hazardous Chemicals Prone to Producing Explosives and other relevant laws and regulations and uses special storage facilities for hazardous chemicals. To prevent emergency environmental accidents, environmental risk assessments are regularly carried out and the Company, has developed a "One Plant, One Policy Implementation Plan" for Emergency Response to Heavy Pollution Weather and Environmental Emergencies, set up a specialised emergency leading group to ensure emergency plans can be effected and taken effective measures for rescue and reduction of pollution losses and ecological damage.

Bricks manufactured from recyled tailings from the Caijiaying Mine

Sustainability, Environment and Local Community *(continued)*

Hebei Hua Ao regularly conducts emergency drills. In 2021 emergency drills were undertaken for waste mineral oil leakage emergencies.

HAZARDOUS CHEMICALS MANAGEMENT

Griffin complies with the "*Regulations on the Safety Management of Hazardous Chemicals*", "*Regulations on the Management of Precursor Chemicals*", "*Measures for the Public Security Management of Precursor Explosive Hazardous Chemicals*" and other relevant laws and regulations and realises professional management of hazardous chemicals through dedicated storage facilities for hazardous chemicals.

GREEN MINE CONSTRUCTION

In 2020, Griffin actively enhanced its green mine operation and compiled the "Green Mine Self-Assessment Report" and "Green Mine Building Implementation Plan". In doing so it successfully passed the national green mine review in China and was listed in the PRC National Green Mines list published by the National Ministry of Land and Resources.

As one of the PRC National Green Mines, Griffin proactively implements the national decision and deployment on Green Mining Development and Green Mine Construction, adheres to the policy of "Development in Protection and Protection in Development" and strengthens the construction of green mines. Griffin is committed to environmental protection and sustainable development in the lifecycle of mining exploration, mining, processing, closure and rehabilitation.

Griffin has formulated the Mine Geological Environmental Protection System and established a green mine construction team headed by the Caijiaying General Manager, with the relevant sub-leaders as deputy leaders and all production departments as team members. In 2021, Griffin played an active role in a leading group for green mine construction, established sound corporate management mechanisms and safety regulations, strictly implemented the requirements of relevant systems, and carried out improvement in the areas of operation in accordance with the law, standardized management, environmental protection and safety production by strengthening compliance emission management, optimizing the use of mineral resources, upgrading greening investment and establishing cooperation between enterprises and local communities.

Griffin emphasises environmental monitoring in mining areas and has established a geological disaster monitoring system. Griffin is committed to identifying potential disaster hazards on time by strengthening the management of the geological environment in mining areas and measuring the implementation of environmental standards and the progress of environmental protection work. Griffin has formulated the Green Mine Construction Plan, with the aim of investing 5%-10% of the total enterprise output value in "Mine Environmental Protection and Treatment Funds" from 2019 to 2023 by way of green mine construction projects such as the construction of covered ROM pad, tailings reclamation and boiler renovation. Tailings reclamation and boiler renovation projects have all now been completed. Whilst the covering of the ROM pad cannot be completed due to geological and foundation constraints, Hebei Hua Ao has taken measures such as erecting dust control nets, spraying chemicals, and sprinkling water to suppress dust to achieve the same treatment effect as the construction of a covering. In addition, Hebei Hua Ao is greening exposed land in the mining area to achieve the goal of "As Green as Possible".

In the future, Griffin will continue to strengthen ecological and environmental management, encourage employees to improve the level of development and utilisation, and promote the effective construction of green mines.

TAILING FACILITIES CLOSURE

Hebei Hua Ao has completed the closure and rehabilitation of the Tailings Facilities 1 and 2. Both tailing facilities' closures and rehabilitation included a number of complex works such as a reservoir area treatment, slope greening, and a safety facilities set-up, with a total investment of more than $14.2 million.

ENVIRONMENTAL RECOGNITION

Griffin's environmental best practices have been recognised in the past by Chinese Government authorities with Hebei Hua Ao being presented with the National Environmental Award and the Mine Development Outstanding Achievement Award at successive China Mining Conferences.

Environmental Key Performance Indicators - Emissions:

Indicator	*2021*
Total GHG emissions (Scope 1 and Scope 2) (tonnes)	42,644.31
Direct GHG emissions (Scope 1) (tonnes) including: Diesel	1,166.88
Indirect GHG emissions (Scope 2) (tonnes) including: Purchased electricity	41,477.43
Wastewater discharge (10,000 tonnes)	0
Wastewater discharge intensity (tonnes/RMB million)	0
Hazardous waste safely disposed of (tonnes)	47.60
General solid waste generation (10,000 tonnes)	68.83

Notes:

The greenhouse gas (GHG) inventory includes carbon dioxide, methane, and nitrous oxide. GHG emissions are presented in carbon dioxide equivalents and calculated based on the electricity emission factor in the 2019 Baseline Emission Factors for Regional Power Grids in China issued by the Ministry of Ecology and Environment of the People's Republic of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision) issued by the Intergovernmental Panel on Climate Change (IPCC). Scope 1 GHG covers GHG emissions directly generated from the businesses owned or controlled by the Company; Scope 2 GHG covers "indirect energy" GHG emissions from the Company's internal consumption (purchased or obtained).

Nitric oxide, sulphur dioxide and smoke mainly emanate from heating boilers. During the reporting period, Hebei Hua Ao has removed the original heating boiler and hot air furnace. The new low-emission coal-fired boiler, which has not yet been put into use, does not emit nitric oxide, sulphur dioxide and smoke emissions.

Hazardous waste includes water mineral oil and waste oil drums.

General solid waste is mainly from tailings.

Waste water is recycled.

Environmental Key Performance Indicators - Energy and Resources Consumption:

Indicator	*2021*
Total energy consumption (MWh)	58,263.004
Direct energy consumption (MWh) including: Diesel	0.004
Indirect energy consumption (MWh) including: Purchased electricity	58,263.00
Total water consumption (10,000 tonnes)	40.90

Notes:

Total energy consumption is calculated based on direct and indirect energy consumption according to the conversion factors listed in the National Standards of the People's Republic of China General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

During the reporting period, Hebei Hua Ao has removed the original heating boiler and hot air furnace. A new low-emission coal-fired boiler has been installed but has yet to be put into use.

The Company's business does not involve the use of packaging materials and data disclosure.

SAFETY MANAGEMENT

As mining is inherently dangerous, Hebei Hua Ao strictly complies with laws and regulations of the PRC such as the Law of the PRC on Work Safety and the Law of the PRC on Safety in Mines, implements the "Safety and Prevention First, Comprehensive Governance" work safety policy, provides a safe working environment for employees, and continuously carries out safety management system development. Hebei Hua Ao set up the Safety Production Management Committee and the OHS Department, which is responsible for the work related to the safety production management, and through the establishment of the "Safety Production Responsibility System" and "Double Prevention System for Safety Production" from those in charge to the operators. Hebei Hua Ao clarifies the safety responsibilities of each point, so that the safety responsibilities run through all aspects of production and operation.

Sustainability, Environment and Local Community (continued)

In 2021, Griffin continued to improve safety management systems and established a total of more than 80 production safety rules and regulations and more than 150 safety operation procedures to standardise the safe operation of operators. Hebei Hua Ao effectively ensures safe and compliant production by strengthening various forms of safety management. For higher risk jobs, Griffin requires employees to conduct a Job Safety Analysis (JSA) before starting work to ensure that safety hazard inspections are completed, and potential risks are identified beforehand.

Hebei Hua Ao conducts safety inspections regularly to ensure production activities are safe and compliant, and to reduce the number of safety accidents. In 2021, Hebei Hua Ao conducted 4 quarterly safety inspections, carried out a total of 176 safety inspections in areas such as processing, mining workshops, bases, and warehouses, and organised a total of 62 special safety inspections. Relying on a meticulous safety management system, the incident rate of all types of accidents decreased significantly. The total frequency of recordable injury accidents per million working hours in 2021 was 3.5, which was 14.3% lower than the result in 2020.

In 2021 there were no work-related fatalities.

Health and Safety of Employees

Indicators	*2021*	*2020*	*2019*
Total number of work-related fatalities	0	0	0
Lost days due to work injury	180	570	720

Emergency Plan for Accidents

To implement safety management policies, Griffin constantly improves work health and safety guidelines. In accordance with the requirements of relevant PRC laws and regulations such as Workplace Accident Emergency Plan Management Measures and Enterprises Workplace Accident Emergency Plan Preparation Code (GB/T 29639-2020), combined with risk identification and assessment, Hebei Hua Ao established a Comprehensive Emergency Plan for Production Safety Accidents and a Special Emergency Plan for Tailings Dam, Underground and Processing Plant to strengthen accident emergency management. The purpose is to ensure emergency rescue can be carried out timely and effectively to minimise accident damage, protect employees' safety and reduce property loss.

Safety Training and Emergency Drill

To enhance employees' awareness of safety protection, the Company formulates annual safety education and training plans and invites experts to regularly train employees contractors on occupational health, first aid and safety operations. Employees are equipped with protection devices and personal protective equipment (PPE) in accordance with the requirements of PRC laws and regulations. Through regular emergency drills for flood control in tailing ponds and anti-snatching accidents and firefighting drills, employees improve self-rescue and self-help capabilities to be ready for tackling emergencies.

In 2021, the Company conducted safety training as follows:

Training Type	*Number of Participants (Person-time)*
Annual safety training for all employees	750
Occupational health training	157
On-site first aid training	173
Emergency rescue team training	83
New employee's safety induction	384
Daily safety training	2,135

The total safety training hours in 2021 was 8,247hrs.

Contractors Safety Management

Hebei Hua focuses on improving the safety management level of contractors, based on management measures such as the Non-coal Mine Outsourcing Projects Safety Management Interim Measure and Enhance Metal and the Non-metal UG Mine Outsourcing Project Safety Management Regulations, formulating a safety management and assessment system for contractors into the Company's safety management system.

Hebei Hua Ao has signed a Safety Production Management Agreement with contractors to clarify the management responsibilities of both parties for accident potential hazard investigation, management, prevention, and control. Regular safety meetings are arranged to improve the safety awareness of contractors. For contractor safety management assessment, the OHS Department of Hebei Hua Ao and the contractor's competent department jointly set up an assessment team to review the management structure, the implementation of laws and regulations, and safety training of contractors. Moreover, random checks are conducted on the contractors' "Non-Coal Mining Enterprise Safety

Production License" and other relevant certifications to ensure their employees are qualified.

EMPLOYEES' RIGHTS

Hebei Hua Ao values its employees by adhering to "Talents are the First Resource" policy. This insists on a people-oriented principle and the protection of employees' basic rights and interests as well as mutual development between employees and the Company. This is an important part of Griffin's overall sustainable development by continuing to optimise employee talents, improve the overall quality of employees and committing to building a professional and ethical team with a high sense of responsibility.

EMPLOYEE MANAGEMENT POLICY

Griffin is an equal opportunities employer and Hebei Hua Ao strictly complies with the Labour Law of the PRC, the Labour Contract Law of the PRC, the Law of the PRC on the Protection of Women's and Children's Rights and other relevant laws and regulations. Griffin has established a number of employee management systems and procedures to protect the legitimate rights and interests of employees, including recruitment and dismissal, compensation and promotion, working hours, holidays, equal opportunities, diversification and other employee benefits.

Griffin has contracts with employees in accordance with all laws and regulations to ensure that all employees are given equal opportunities for career development and to build a harmonious labour relationship. Hebei Hua Ao implements an 8-hour working day system in accordance with PRC law and stipulates that the average working hours of employees should not exceed 40 hours per week. Due to the nature of some activities, a special working hours system may be implemented after obtaining approval from the relevant departments.

Griffin offers competitive salary and welfare benefits to its employees according to the nature of the job. An employee whose work exceeds regular working hours will be offered additional compensation or compensatory leave. Hebei Hua Ao implements a system of 20 days of continuous work and 10 days of continuous leave. Hebei Hua Ao reimburses travel expenses between the Caijiaying Mine and the employees' home.

Griffin advocates a diverse workforce and does not discriminate on the grounds of gender, age, nationality, race, religious beliefs, and physical condition in either recruitment, training, selection, salary and promotion. Griffin is against any forms of slavery, forced labour or child labour and will not deal with any party which it believes engages in such practices.

In 2021 there were no reported violations involving child or forced labour and there were no major labour disputes within the Griffin Group. Further, no Griffin Group company received any complaints on human rights issues.

Category	*Employee basic information*	*Number of employees*	*Proportion*
Number of employees in Hebei Hua Ao		443	100%
New employees in 2021		32	7.2%
By gender	Male	379	85.6%
	Female	64	14.4%
By management level	Management Personnel	20	4.5%
	General Personnel	423	95.5%
By employee type	Full-Time	443	100%
	Part-Time	0	0%
By region	Domestic	439	99.1%
	Overseas	4	0.9%

Sustainability, Environment and Local Community *(continued)*

HEALTH AND SAFETY OF EMPLOYEES

The health and safety of the Group's employees is of paramount importance. All Group companies abide by the relevant laws and regulations of their country of incorporation and operation, including the Law on the Prevention and Control of Occupational Diseases of the PRC and the Measures for Supervision and Administration of Employer's Occupational Health Surveillance. In particular, Hebei Hua Ao has established a sound and safe production management system and improved the emergency plans for production safety accidents to reduce the risks of occupational hazards.

As of 31 December 2021, Hebei Hua Ao had a total of 443 employees. The employee composition is shown on page 27.

OCCUPATIONAL HEALTH DISEASES COVID-19 CONTROL AND PREVENTION

Hebei Hua Ao continues to strengthen procedures and controls for the prevention and control of occupational diseases, improve the occupational health protection equipment and facilities, and the production and working environment for employees. Hebei Hua Ao strictly abides by the laws and regulations of the PRC such as the Law of the PRC on Prevention and Control of Occupational Diseases and the Measures for Supervision and Administration of Employer's Occupational Health Surveillance, hires qualified third-parties to actively identify occupational disease hazards and carry out regular testing of occupational hazard factors. Medical insurance and supplemental medical insurance is provided for employees. Pre-employment, on-the-job and post-employment health checkups are undertaken.

With the Covid-19 pandemic ongoing, Hebei Hua Ao strictly implements the epidemic prevention requirements of the PRC national and local governments, temperature checks everyone before entry to the Caijiaying Mine, regularly ventilates and disinfects the office premises, carries out personnel health checks, and strictly checks the health condition of visitors entering and leaving Company premises, so as to protect the health and safety of employees.

Wherever possible, Griffin Group employees were encouraged to work from home in compliance with local regulatory requirements.

Covid-19 Vaccination Centre at the Caijiaying Mine

CAREER DEVELOPMENT AND TRAINING OF EMPLOYEES

Griffin values the training and development of all employees. It has formulated promotion channels and flexible employee training systems to support employees' career development and improve employees' capabilities.

Training conducted in 2021 included:

- 25 management personnel received safe production knowledge and management ability training.
- 27 operators received training on getting special equipment operation certificates.
- 20 operators and management personnel received special equipment management and operation training.
- 32 new employees received three-tier training.
- All employees received safety training.

SUPPLIER MANAGEMENT

Suppliers are an important cornerstone of sustainable development. To ensure that supplier activities comply with the requirements of local regulatory authorities and our selection criteria, a supplier management system has been established that strictly controls the entire process of supplier access, evaluation and subsequent management.

When establishing procurement contracts for equipment, building materials, steel, chemicals and other products, Griffin sets clear environmental and safety management requirements for suppliers, stipulating that they must strictly comply with national and local environmental and safety laws and regulations in production and operating activities. Product packaging must be solid and clearly marked. The supplied goods must be safe and neatly packaged and delivered to the designated place safely. In addition, a commitment letter on "Illegal Employment of Employees" from the suppliers is requested, requiring them to strictly comply with the Constitution of the PRC, the Employment Contract Law of the PRC, the Law of the PRC on the Protection of Minors and the Provisions on Prohibition of Using Child Labour. Griffin prohibits the employment of child labour and late salary payment to their employees so as to prevent social and environmental risks within the supply chain.

Hebei Hua Ao evaluates and assesses the performance of suppliers by carrying out various field inspections, quality tracking and testing analysis on supplier operations, reputation, product quality, production capacity, delivery capacity, transportation capacity, etc. Suppliers performance is monitored to understand and keep track of the risks they may be involved in. Suppliers with unqualified product quality, frequent untimely deliveries, and who fail to provide on-time and high-quality after-sales service, are blacklisted for three years.

CUSTOMERS AND PRODUCT RESPONSIBILITY

Quality Control

With strict production management and quality control, every effort is made to ensure the production of high quality zinc and lead concentrates that satisfy customers' needs. The extraction of all lead from the zinc concentrate produces a separate lead concentrate containing precious metals and ensures that a highly desirable lead free zinc concentrate is produced.

The following measures are undertaken in the efficient production of good quality concentrate:

- Strict maintenance plans to ensure that equipment is always in good and reliable condition;
- Ongoing improvements to the flotation process, including optimisation of system controls, enhancement of process stability resulting in better recovery of zinc, lead, gold and silver;
- PLC control systems to further ensure the stability of processing operations;
- Ongoing technical training to employees to improve their capabilities and their ability to deal promptly and safely with all emergencies;
- Samples taken every two hours during processing to correct variances and ensure the stability of processing; and
- A combination of internal and external inspections for assay analysis to ensure the accuracy of all assay data.

Sustainability, Environment and Local Community (continued)

Protection of Rights and Interests of Customers

Griffin takes a responsible and proactive approach to building long-term, harmonious and stable customer relationships and endeavours to resolve all customer claims promptly. In 2021, Hebei Hua Ao did not receive any complaints or have any returns regarding concentrate quality nor did it recall any concentrate sold due to safety or health issues.

ANTI-CORRUPTION MANAGEMENT

Griffin insists on transparent operation, with systems to fully implement anti-corruption management whilst respecting cultural norms. Hebei Hua Ao strictly abides by the Law of the PRC Against Unfair Competition, the Law of the PRC on Anti-money Laundering and relevant laws and regulations, has zero tolerance for any form of illegal behaviours including bribery, extortion, fraud, and money laundering, and prohibits directors and employees from engaging in illegal or unethical economic activities.

Griffin has carried out the following work to enhance anti-corruption management, including:

- Formulating anti-corruption policies and code of conduct for employees to monitor business operations and business activities of employees and third-party contractors.;
- The employment behaviour code of conduct is reviewed and updated each year by Hebei Hua Ao's Human Resources ("HR") department head and the Caijiaying Mine's Operation Manager to ensure all disciplinary actions are up-to-date and appropriate for any possible risks to the business including anti-bribery and anti-corruption;
- Griffin encourages employees to report anonymously or through established reporting channels any suspicious misdeeds. Information provided by the whistleblower and their identity is kept confidential to protect the personal safety of the whistleblower;
- Griffin regularly reinforces supervision and management, and regularly reviews the reporting procedures for anti-corruption and anti-fraud.;
- Griffin continuously promotes the work of building a culture of integrity and employees' anti-corruption awareness through regular training.

COMMUNITY RELATIONS AND SOCIAL INVESTMENT

Griffin, through Hebei Hua Ao, has invested heavily in the local communities. This includes working with the local communities towards eliminating poverty and improving people's livelihoods. Griffin believes that enterprise and community development are closely related, combining corporate strengths with community needs. Griffin actively carries out community improvements, supports local institutions and provides charitable support where needed. By establishing a "Community Development Plan" and other support, Griffin has formulated community development plans in areas such as poverty alleviation, education, medical care, rural revitalisation, industrial support, infrastructure construction, disaster relief and traditional culture support. These are considered and implemented as a way to promote harmonious economic and social development and to be an excellent corporate citizen of the PRC.

Poverty Alleviation

In order to assist and implement the decisions and directives of the Chinese government to reduce poverty, in accordance with the requirements of the Leading Group of Poverty Alleviation in Hebei Province, Griffin has implemented a poverty alleviation plan in conjunction with the local community. This includes pensions and other financial support as well as non-financial donations to local people.

In 2021, Hebei Hua Ao signed assistance agreements to help villages in Zhangjiakou City, Hebei Province, including No.3 Township, Qigangou Village, Sangongdi Village and Xingshengmao Village. 1,000 bags of white flour were donated to local villagers, and 950 bags of white flour and 600 bags of rice for Xiaobazi Administrative Village to help families in need. 2,675 kilograms of potatoes were purchased from villagers to help increase their incomes and boost local economic development by purchasing agricultural products.

Education

Since the commencement of operations at the Caijiaying Mine, Hebei Hua Ao has been providing financial support to the only elementary school in No.3 Township, Zhangbei County, Zhangjiakou City, Hebei Province. This includes the establishment of the "Hebei Hua Ao Hope Scholarship" to encourage local high school graduates to enter university. The "Hua Ao Hope Scholarship" was established with an annual investment of Rmb 100,000, and is specifically implemented and managed by the Zhangbei County Hope Project Leading Group. By 31 December 2021 a total of Rmb1,020,290 (US$160,00) had been invested in educational support in the local area.

Community Investment

Community communication is seen as an effective way to build trust with local community people and achieve harmony and co-prosperity between Griffin and the community. As well as poverty alleviation and support for local cultural events this has included:

- The construction and maintenance of a new water bore and water supply;
- The construction and maintenance of a sealed road from San Hao township to the Caijiaying Mine area;
- 500 head of cattle to Caijiaying Village to successfully create a dairy and cattle farm.

It is estimated that the Caijiaying Mine currently provides direct and indirect employment to over 1,000 Chinese nationals.

With years of regular practice Hebei Hua Ao has established and formed a set of emergency rescue rapid response processes. The emergency rescue team is not only able to respond to all kinds of emergencies in the mine, but also enable it to participate in community emergency rescue. In 2021, the emergency response team participated in two community fire-fighting operations to protect the lives and property of villagers. In addition, Hebei Hua Ao invested Rmb950,000 in the maintenance of rural roads around mining areas to help build public transportation and infrastructure in the community and fulfill Griffin's social responsibility.

During 2021, Hebei Hua Ao paid Rmb218.5million ($34 million) (2020: Rmb 95million) in taxes, royalties, social security fees and other duties to Chinese Governmental authorities and agencies. It is recognised as the largest tax payer in the local Zhangbei County and one of the largest in the Zhangjiakou City prefecture.

San Hao School Children's day

Financial Results

In 2021, the Company and its subsidiaries (together the "Group") recorded;

- Revenues of $121,648,000 (2020: $75,403,000);
- Operating profits of $36,925,000 (2020: $15,148,000);
- Profit before tax of $36,526,000 (2020: $14,515,000);
- Profit after tax of $25,376,000 (2020: $8,910,000); and
- Basic earnings per share of 14.53 cents (2020: 5.16 cents).

Record amounts of ore were mined and processed in 2021 which, with improved zinc metal market prices and lower smelter treatment charges ("TCs"), resulted in Group profits before tax increasing 152% from that in 2020 of $14,515,000 to $36,526,000 in 2021. Group profits after tax increased by 185% from $8,910,000 in 2020 to $25,376,000 in 2021.

Turnover in 2021 of $121,648,000 was up $46,245,000 (61%) on that achieved in 2020 of $75,403,000. This mainly reflects zinc in concentrate sales up $43,856,000 (83%) with: 41,949 tonnes of zinc metal in concentrate sold in 2021 compared with 32,276 tonnes in 2020, an increase of 30%; and average zinc metal in concentrate prices received in 2021 of $2,311 per tonne compared with $1,645 received in 2020, an increase of 40%. This price increase reflects an increase in market prices with the average LME zinc metal price of $3,007 per tonne in 2021 compared with $2,268 in 2020, but also a reduction in TCs with average TCs equating to 23.1% of the average LME zinc price in 2021 compared with 27.5% in 2020.

Lead and precious metal in concentrate sales in 2021 of $31,915,000 were up 22.7% on that achieved in 2020 of $25,999,000. This reflects increased gold metal in concentrate sold and increased lead and silver in concentrate prices received despite lower gold prices received.

In 2021, metal in concentrate sales were:

- Zinc 41,949 tonnes (2020: 32,276 tonnes);
- Gold 14,417 ozs (2020: 11,218 ozs);
- Silver 269,505 ozs (2020: 291,756 ozs); and
- Lead 1,069 tonnes (2020: 1,425 tonnes).

Average prices achieved in 2021 were:

- Zinc metal per tonne of $2,311 (2020: $1,645);
- Gold metal per oz of $1,691 (2020: $1,759);
- Silver metal per oz of $19.8 (2020: $17.7); and
- Lead metal per tonne of $2,074 (2020: $1,339).

Total cost of sales in 2021 of $63,224,000 was up 47.9% on that incurred in 2020 of $42,737,000. In the main this reflects more tonnes mined, hauled and processed in 2021. Further cost increases occurred with the mine deepening, increasing mine service costs and the distances ore is hauled, whilst processing costs were impacted by tailings disposal issues and increased maintenance costs. Costs were also increased by a 4.5% appreciation of the Renminbi to the US dollar and inflationary pay awards to all staff.

Administration expenses rose $3,981,000 (23%) from $17,518,000 in 2020 to $21,499,000 in 2021. Administration costs include a charge of $3,876,000 (2020: $2,943,000) incurred with Yuanrun based upon the profits of Hebei Hua Ao. Hebei Hua Ao's administration fees increased by 27% in 2021 with a 4.5% appreciation in the Renminbi exchange rate, pay awards to staff and additional environmental and safety regulatory compliance costs. Administration costs outside the PRC were impacted by investor and public relation costs curtailed in previous years and significantly increased insurance premiums.

Foreign exchange losses of $51,000 (2020: gains $22,000) were recorded in 2021, mainly on a weaker GBP sterling.

Interest of $236,000 (2020: $108,000) was received on bank deposits in 2021. Interest of $309,000 (2020: $111,000) was paid on short term bank loans. Finance interest on the lease of the dry tailings facility at Caijiaying and the London office totaling $11,000 (2020: $171,000) was charged in 2021. Deemed interest on discounted rehabilitation provisions of $84,000 (2020: $77,000) was charged in 2021.

Losses on the disposal of equipment of $293,000 (2020: $1,129,000) were recorded with equipment being replaced to meet higher Chinese environmental standards.

Income taxes of $11,150,000 (2020: $5,605,000) have been charged in 2021.

Basic earnings per share in 2021 was 14.53 cents (2020: 5.16 cents) and diluted earnings per share was 13.47 cents (2020: 4.88 cents).

Cash generated from operations of $42,880,000 (2020: $24,398,000) have been used in further developing the mine and facilities and retained pending development of the Zone II area at Caijiaying.

Attributable net assets per share at 31 December 2021 was $1.50 (2020: $1.35).

Whilst the Directors do not recommend the payment of a dividend at this time, the Directors have discussed and will further consider a dividend policy later this year when current political, social and economic circumstances permit enabling such a policy to be instituted and executed over a consistent, long term basis.

Strategic Review

OVERVIEW

The objective of the directors and management is to ensure the long-term sustainability of the Company and its business to benefit its shareholders and other stakeholders. To achieve this objective, the directors and senior executives seek to add value, manage risks and minimise costs whilst pursuing economic returns commensurate to the risk taken pursuing the following strategy.

In view of the significant potential of the Caijiaying Mine and surrounding areas and given the Company's knowledge and expertise in China, the directors and management have focused on the further development of the Caijiaying Mine, investigation of prospective areas near the Caijiaying Mine and other potential projects in other provinces of China. In addition, the directors and senior executives evaluate other mining companies and projects worldwide to ascertain whether any acquisition can be made which has the possibility of matching the returns provided by the Caijiaying Mine.

CAIJIAYING

The Caijiaying Mine's metal production capability has been augmented with continued extensive exploration, expansion of the mill processing facilities (including grinding and flotation circuits) and ongoing underground infrastructure development. Exploration has been focused on identifying geological targets and evaluating the potential for significant additional resources. Whilst the existing Mineral Resource estimate confirms the availability of extensive resources at the Caijiaying Mine for increased production, further resource additions will provide an opportunity to further increase the Caijiaying Mine's production profile. This includes more extensive exploration not only at Zones II and III, but also at Zones V & VIII, which require extensive further drilling to fully understand the size and nature of these orebodies. Whilst the grant of a new mining licence over Zones II and III permits production to be raised to 1.5 million tonnes per annum, further expansion of operations will require further licences and permits from various Chinese authorities which are proving increasingly complex and time consuming to obtain.

ACQUISITIONS AND FURTHER PROJECTS

Whilst the Company continues to develop the Caijiaying Mine and explore the surrounding area, it also continues to search for, and investigate, other potential acquisitions of both gold and base metals projects that may be brought into long term, economic production for a capital cost that provides a substantial and justifiable return on equity to shareholders. Relatively new geological, geophysical and geochemical techniques, aided by new equipment, all sourced or discovered in Australia, Europe and/or the USA, have expanded the Company's search criteria to include virgin, exploration ground. Any found of value may be sold, joint ventured or offered in a separate vehicle to existing Griffin shareholders or retained by the Company and developed for existing shareholders.

To affect this strategy the Company has further expanded the scope and activities of China Zinc to encompass this corporate goal.

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

CLIMATE CHANGE

Griffin studies the possible impact of climate change on business operations and actively tackles climate change where it is able to. This has involved identifying risks related to climate change such as extreme weather and sudden natural disasters including rainstorms, snowstorms, typhoons, etc. that may lead to power supply interruptions and production accidents, causing significant economic losses and threatening personal safety. Accordingly, Griffin has developed relevant measures to address these risks including back-up diesel generators and ensuring sufficient supplies of essential goods. In 2021, the Company upgraded the emergency power generation facility from 3,200KW to 4,000KW. The upgraded facilities can ensure the continued operation of underground ventilation, drainage and mill maintenance work in case of an emergency, thereby reducing the risk of underground workers being trapped due to power outages.

Corporate Governance

Griffin is incorporated in Bermuda, a jurisdiction which does not have a formal overarching corporate governance code. Under common law in Bermuda, shareholders are entitled to have the affairs of the Company conducted in accordance with general law and the Company's memorandum of association and bye-laws.

Bermuda law does not impose an all-embracing code of conduct on directors. The Company's memorandum of association and bye-laws comprise its constitution and together with the Bermuda Companies Act prescribe the ambit of the directors' powers. Accordingly, if the directors act ultra vires the Company's constitution, they are answerable to the Company. The function of the substantive law is to supplement the internal constitutional checks on a director's powers and to deal with areas where the Company's constitution may be silent. Directors generally are authorised to exercise all of the powers of the Company that are not reserved to the shareholders under the Company's constitution or the Bermuda Companies Act. Directors are personally appointed and their appointment may not be generally delegated or assigned, although alternate directors may be appointed pursuant to the Bermuda Companies Act

The Company and its directors have reviewed and considered the various corporate governance codes and have adopted the Corporate Governance Code published by the UK Quoted Company Alliance ("QCA") and the principles contained therein so far as the Board is able and believes it is practicable. In effect, the directors continue to seek to add value, manage risks and minimise costs to ensure the long term sustainability of the Company and its business.

The board of directors (the "Board") includes a number of non-executive directors who, with the exception of Adam Usdan, 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 seeks to meet regularly within the confines of restrictions imposed to contain Covid-19 transmissions, 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.

The Board does not have a formal diversity policy but plans to review the need for such a policy annually, taking into account the size of the Board and skills required.

The Board has formally established an audit committee and a remuneration committee. The audit committee and remuneration committee reports are given on pages 36 to 40.

In view of the size of the Company and stability of the Board and senior executives, a nomination committee has not been established but will be appointed as the need arises.

As required by Bermuda company law, all the directors are shareholders in the Company to align their interests with that of the shareholders.

Various safeguards and checks have been instigated as part of the Company's system of financial controls. 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;
- Preparation and regular review of cash flow forecasts and funding requirements;
- Regular review and assessment of foreign exchange risk and requirements; and
- Regular review of commodity prices and assessment of hedging requirements.

The directors recognise the principles in the QCA code and have applied these where appropriate. In this regard:

- Strategy: In view of the significant potential of the Caijiaying Mine and surrounding areas and given the Company's knowledge and expertise in China, the directors and management are focused on the further development of the Caijiaying Mine, investigation of prospective areas near the Caijiaying Mine and other potential projects in China. In addition, the Company's directors and management continue to evaluate other mining companies and projects worldwide for potential acquisitions.

- Shareholder expectations: The Directors maintain regular contact with significant shareholders through the Chairman, Finance Director and Senior Independent Director and the Company retains an office in London as a point of contact for all shareholders and potential shareholders in order to gauge the needs and expectations of shareholders in the Company.

- Stakeholders: The Company through Hebei Hua Ao has invested heavily in the local community in China and continues to maintain and further implement best practices for the protection of the environment and for the benefit of the local community. Further details are given within the Sustainability, Environment and Local Community report on pages 18 to 31.

To comply with Corporate Governance requirements set by AIM in 2018 an audit committee was formed comprising the non-executive directors Dal Brynelsen, Adam Usdan. and Rupert Crowe, who died on 10 February 2021. Clive Whiley joined this committee on his appointment as director on 13 August 2021.

- Risks: The Company and its directors have identified and keeps under consideration, the risks facing the Company and its subsidiaries ("the Group"). These risks and how they are managed are detailed in the directors' report on pages 44 to 47.

- Board of directors structure: The Board is headed by a Chairman whose services are provided through a service entity Keynes Capital (see report of the remunerations committee on page 39. The Company has no Chief Executive Officer. Accordingly, the roles of Chief Executive Officer and Chairman have not been separated as recommended by the QCA code for the above reason. The Board also includes a full time executive Finance Director as well as four non-executive directors.

- Board of directors, skills: The existing Board with those of Hebei Hua Ao brings a balance of skills and experience to the Company, including legal, financial, mining, geological and market expertise. Details of each director are given in the biographies of each director on page 41.

- Board performance: The independent directors regularly consider the effectiveness and performance of the Chairman and Finance Director and vice-versa. A remuneration committee has been appointed with a brief to set performance criteria.

- Corporate culture: Both the Chairman and Finance Director regularly visit the Group's operations to meet with management and other personnel. These visits have been limited of late because of travel restrictions to contain the Covid-19 pandemic. When able, the Board meets at least once a year at the Caijiaying Mine and elsewhere during the year. The safety of all personnel working at the Group's operations is a priority with formal procedures in place to prevent and report any safety and environmental issues. The Group will not deal with any organisation or individual which it believes to be involved with slavery. The Company has formal procedures regarding the avoidance of bribery and corruption. The Group engages personnel regardless of race or gender.

- Governance structures: The Company has appointed a Chief Operating Officer who reports directly to the Chairman, who in turn reports directly to the Board. The Chief Operating officer oversees the Groups operations with individual department heads reporting directly to him. The Company has appointed a Chief Financial Officer in China who reports to both the Chief Operating Officer and directly to the Finance Director, who in turn reports to the board of directors. Individual department managers are able to communicate directly to the Chairman concerning any issues of concern. The Board has responsibility for setting the overall strategy of the Group, its performance, management and financial matters including, inter alia, the approval of budgets, significant capital expenditure and financial reports.

- Shareholder communications: In addition to the publication of annual and interim reports, regulatory news releases and maintaining a web site, as aforementioned, the Company communicates directly with major shareholders on a regular basis and maintains an office in London, in part, as a point of contact with shareholders.

Further details are provided on the Company's web site www.griffinmining.com.

Report of the Audit Committee

To comply with Corporate Governance requirements set by AIM in 2018 an audit committee was formed comprising the non-executive directors Dal Brynelsen, Adam Usdan. and Rupert Crowe, who died on 10 February 2021. Clive Whiley joined this committee upon his appointment as a director on 13 August 2021. Dal Brynelsen resigned on 5 May 2022 and Linda Naylor was appointed on 10 May 2022.

THE ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight of the Company's financial reporting, internal control and risk management. In this regard, the Audit Committee is charged with carrying out the following:

Financial Reporting

The Audit Committee monitors the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results and any other formal announcement relating to its financial performance whilst reviewing significant financial reporting issues and judgements contained within those announcements. The Audit Committee also reviews summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

The Audit Committee reviews and challenges where necessary:

(a) The consistency of, and any changes to, accounting policies, both on a year on year basis and across the Company and its Group;

(b) The methods used to account for significant or unusual transactions where different approaches are possible;

(c) Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

(d) The clarity of disclosure in the Company's financial reports and the context in which statements are made; and

(e) All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

Internal Controls and Risk Management Systems

The Audit Committee:

(a) Keeps under review the effectiveness of the Company's internal controls and risk management systems; and

(b) Reviews and approve the statements to be included in the Annual Report concerning internal controls and risk management.

(c) Reviews taxation matters of the Group.

In the past year the Audit Committee has focused on the following key areas:

a) The impact of the Covid-19 pandemic on operations and going concern;

b) The value of fixed assets and the need for any impairment provisions;

c) Conversion of Hebei Hua Ao from a Joint Venture to a limited liability company with an indefinite life; and

d) Gift giving, entertaining, and the risk of bribery and corruption.

Whistle blowing

The Audit Committee reviews the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

External Audit

The Audit Committee:

(a) Considers and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Audit Committee oversees the selection process for new auditors and if an auditor resigns the Audit Committee shall investigate the issues leading to this and decide whether any action is required;

(b) Oversees the relationship with the external auditor including (but not limited to):

- (i) Approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- (ii) Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (iii) Assesses annually the auditors' independence and objectivity taking into account relevant national, professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- (iv) Satisfies itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- (v) Agrees with the Board a policy on the employment of former employees of the Company's auditor, then monitors the implementation of this policy;
- (vi) Monitors the auditors' compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- (vii) Assesses annually the auditors' qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;

(c) Meets with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage and at other times when necessary. The Audit Committee is required to meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

(d) reviews and approves the annual audit plan and ensures that it is consistent with the scope of the audit engagement;

(e) Reviews the findings of the audit with the external auditor. This includes but is not limited to, the following:

- (i) Discussion of any major issues which arose during the audit,
- (ii) Any accounting and audit judgements, and
- (iii) Levels of errors identified during the audit.

(f) Reviews the effectiveness of the audit;

(g) Reviews the representation letter(s) requested by the external auditor before they are signed by management;

(h) Reviews the management letter and management's response to the auditor's findings and recommendations; and

(i) Develops and implements a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

In order to fulfil these duties, the Audit Committee receives regular financial and other reports from management and has unfettered access to employees of the Company and its subsidiaries.

Adam Usdan
Chairman of the Audit Committee

12 May 2022

Report of the Remuneration Committee

To comply with Corporate Governance requirements set by AIM in 2018, a remuneration committee (the "Remuneration Committee") was formed comprising the non-executive directors Dal Brynelsen and Adam Usdan. On 13th August 2021 Clive Whiley was appointed a director of the Company and to the Remuneration Committee. Dal Brynelsen resigned on 5 May 2022 and Dean Moore was appointed on 10 May 2022.

THE ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining and agreeing with the Board the broad policy for the remuneration and employment terms of the Directors and other senior executives and, in consultation with the Chairman, for determining the remuneration packages of such other members of the executive management of the Group, as it is designated to consider. The Committee is also responsible for the review of, and making recommendations to, the Board in connection with share option plans and performance related pay and their associated targets and for the oversight of employee benefit structures across the Group.

All the executives engaged by the Griffin Group are either employed by operating subsidiaries or independent contractors (contracting through professional service companies). Almost all of these executives or service companies are employed or retained by Hebei Hua Ao. As such, and as an operating mining company, Hebei Hua Ao has always applied remuneration standards commensurate with local and international mining industry standards and, far more importantly, the legal and cultural traditions of the People's Republic of China.

The main Board of Directors has final approval of all directors' fees. No director may be involved in any decision as to their own remuneration.

Directors' Remuneration Policy

With only one executive director in the Group, the remuneration committee has determined that it would be inflexible, bureaucratically cumbersome and therefore inappropriate to have an extensive and prescriptive formula for determining one employee's total compensation package. Accordingly, the executive director's remuneration is considered by the Remuneration Committee, with the assistance of outside executive compensation consultants, on a year by year basis.

Nevertheless, the Remuneration Committee continues to assess various remuneration policies to attract and retain future high-calibre executives and motivate them to develop and implement the Group's business strategy in order to optimise long-term shareholder value. It is intended that such policy will build on past practice and apply in the future.

The policy is being framed around the following key principles:

- Total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- Total incentive-based rewards will be earned through the achievement of performance conditions consistent with shareholder interests;
- The design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- In considering the market positioning of reward elements, account will be taken for the performance of the Group and of each individual executive director; and
- Reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration, the Remuneration Committee considers a number of different factors including market practice and external market data of the level of remuneration offered to directors of similar type and seniority in other companies of the size and activities of the Company.

In addition, the pay and employment conditions of employees are also considered when determining directors' remuneration. The Remuneration Committee may also seek advice from external consultants where appropriate and the services of FIT Remuneration Consultants have been utilised in previous years. No director has been involved in deciding the level and composition of their own remuneration.

Long-term performance is incentivised by way of the grant of share options.

The Board seeks to strengthen the alignment of director, employee and shareholder interests.

Executive directors' remuneration for 2021

The executive directors' (Finance Director) base salary was last increased with effect from 1 January 2014. Since the year end the Finance Director's salary has been increased from £315,000 per annum to £350,000 per annum with effect from 1 April 2022.

No bonuses were paid to the Finance Director in 2021 or 2020 in view of the challenges facing the Company during the Covid-19 pandemic.

In 2021, Roger Goodwin (Finance Director and Company Secretary) received a basic salary of £315,000 (2020: £315,000) and pension contributions of £30,000 (2020: £30,000). In addition, he received directors' fees of $210,000 (2020: $201,000) from subsidiary companies.

The service contract between the Company and Roger Goodwin provides for three months' notice by either side or six months in the event of a change of control of the Company.

Chairman

The Chairman has dedicated a significant portion of his time to the Group and its operations. His services are provided through a service entity, Keynes Capital, being the registered business name of Keynes Investments Pty Ltd as trustee for the Keynes Trust. In addition to the services of the Chairman, Keynes Capital provides supporting services to the Company in Australia, including support staff and offices. The Chairman, Mladen Ninkov, is a director and employee of Keynes Investments Pty Ltd.

Under a consultancy agreement with the Company, Keynes Capital received fees of $2,737,000 (2020: $2,801,000), for the provision of advisory and support services including office premises, staff and consultants to Griffin and its subsidiaries in 2021.

The consultancy agreement with Keynes Capital expired on 30 June 2021 but was extended on a seven day rolling notice period. Since the year end, the Keynes Capital consultancy agreement has been renewed on similar terms, to 31 December 2023, with no increase in fees.

In addition to the above, the Chairman received directors' fees from subsidiary companies of $210,000 in 2020 (2020: $201,000).

Long Term Incentives

As detailed in the Directors' Report on page 43 and 44, options to purchase shares in the Company at 30 pence and 40 pence per share, exercisable at any time up to 31 December 2023, have been granted to directors and senior employees.

Subsequent to the financial year end, with the unanimous agreement of all the option holders, the exercise period of all the outstanding share purchase options were extended from 31 December 2022, to 31 December 2023, comprising options to purchase shares in the Company as follows:

- 4,518,333 new ordinary shares exercisable at 40 pence per share, all of which have vested: and
- 15,582,500 new ordinary shares exercisable at 30 pence per share, all of which have vested.

Report Of The Remuneration Committee *(continued)*

The following directors and senior executives agreed to the extension of options in which they have an interest:

Name	*Number of options exercisable at 40 pence per new ordinary share. Vested*	*Number of options exercisable at 30 pence per new ordinary share. Vested*
Roger Goodwin *Finance Director*	500,000	1,500,000
Dal Brynelsen *Director*	-	900,000
Rupert Crowe *Director*	-	900,000

Non Executive Directors

The non-executive Directors' fees were last reviewed with effect from 1 July 2019 when they were held at £66,125 per annum. Since the year end, the non-executive directors's fees were reviewed and held at £66,125 per annum.

In view of Mr Dal Brynelsen receiving director fees from Hebei Hua Ao ($186,000 in 2021 and $177,000 in 2020) he has agreed to forgo his fees from the Company.

In addition Mr Rupert Crowe received fees of $30,000 in 2021 for geological services over and above that expected from him as part of his services as a non executive director.

Mr Clive Whiley was appointed a director on 13th August 2021 on an annual fee of £118,000. Since the year end Clive Whiley has been granted further consultancy fees bringing his total fees to £306,125 per annum.

Total Directors' Remuneration

The table below sets out the total remuneration payable to the Directors:

	2021				2020			
	Fees	**Salary**	**Pension Contributions**	**Total**	Fees	Salary	Pension Contributions	Total
	$000	**$000**	**$000**	**$000**	$000	$000	$000	$000
Mladen Ninkov*	**210**	**-**	**-**	**210**	201	-	-	201
Dal Brynelsen	**186**	**-**	**-**	**186**	262	-	-	262
Rupert Crowe	**23**	**-**	**-**	**23**	114	-	-	114
Roger Goodwin	**210**	**431**	**41**	**682**	201	402	38	641
Adam Usdan	**91**	**-**	**-**	**91**	84	-	-	84
Clive Whiley	**61**	**-**	**-**	**61**	-	-	-	-
Total	**781**	**431**	**41**	**1,253**	862	402	38	1,302
Key personnel	**121**	**1,933**	**5**	**2,059**	61	1,831	16	1,908
	902	**2,364**	**46**	**3,312**	923	2,233	54	3,210

*Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of $2,737,000 (2020: $2,801,000), 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.

Key personnel include senior executives engaged by Hebei Hua Ao and China Zinc Pty Limited.

Clive Whiley
Chairman of the Remuneration Committee
12 May 2022

Directors

Mladen Ninkov, Chairman, Australian, 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, is a Fellow of the Institute of Chartered Accountants in England and Wales. 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.

Adam Usdan, **Non-executive Director, USA,** 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 30 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.

Clive Whiley, Independent non-executive Director, British, has over thirty-five years' experience in regulated and listed company governance positions, both as an executive and non-executive director, across a wide range of industries and geographies, including extensive business experience in the People's Republic of China since 1983 becoming a member of the London Stock Exchange in 1983. Mr Whiley is currently Chairman of Mothercare Plc, China Venture Capital Management Ltd, First China Venture Capital Ltd, Y-Lee Ltd, and a non-executive Director of Sportech Plc.

Linda Naylor, Independent non-executive Director, British, is a graduate of the London School of Economics and a Fellow of the Institute of Chartered Accountants in England & Wales. A former partner in Grant Thornton UK LLP, her experience has been gained over more than twenty years working as a Nominated Adviser in the Capital Markets team and as an Audit Partner specialising in the natural resource sector. She was Chair of the Audit Committee whilst a Governor of Portsmouth University. As Finance Director of AIM listed Chaarat Gold Holdings Limited from 2009 to 2018, she worked as part of a small executive team. Her responsibilities encompassed financial reporting, investor relations and fund raising as that company transitioned from gold explorer to developer in the Kyrgyz Republic.

Dean Moore, Independent non-executive Director, British, is a Fellow of the Institute of Chartered Accountants in England & Wales with extensive public company experience having previously been Chief Financial Officer at Cineworld Group plc, N Brown Group plc, T&S Stores plc and Graham Group plc and formerly non-executive Chairman of Tuxedo Money Solutions Limited. He is currently a Director and Interim Chief Financial Officer of Dignity plc and an independent non-executive director and Chairman of the Remuneration Committee at Cineworld Group plc and Audit Committee Chairman and Senior Independent Director of Volex plc.

Dal Brynelsen, Director, Hebei Hua Ao, Canadian, is a graduate of the University of British Columbia in Urban Land Economics. Mr. Brynelsen has been involved in the resource industry for over 40 years. He has been responsible for the discovery, development and operation of several underground gold mines during his career.

Senior Executives

Dr Bo Zhou, General Manager China, Australian, 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 focused 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 TSX 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.

John Steel, Chief Operating Officer, Australian, is a graduate Mining Engineer from the Ballarat School of Mines and holds a Master of Business Administration from Deakin University. He is a member of the Australian Institute of Mining and Metallurgy. John has extensive global mining experience including over a decade of in site operational expertise with tier one companies in Australia, Canada (Xstrata Mining PLC) and the Middle East (Barrick Gold Corporation). John also has extensive supplier side experience holding country Managing Director positions in Norway (EPC Groupe) as well as General Manager positions with several explosive and technology service providers within Australia.

Wendy Zhang, Chief Financial Officer, Hebei Hua Ao, Australian, holds a Master of Accounting degree from Macquarie University, is a member of the Certified Practicing Accountants of Australia and is a qualified member of the Chinese Institute of Certified Public Accountants for 11 years. She spent 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.

Shirley Tsang, Director, China Zinc Limited, British, is a Chartered Management Accountant (United Kingdom) and a CPA (Hong Kong & Australia). She holds an MBA (Finance) from the City University Business School, United Kingdom. She started her career as an auditor with Ernst & Whinney and moved on to business advisory practice for international clients with Arthur Young. She was head of the China and Hong Kong business advisor practice from 2003 to 2017 in the Tricor Group. She has considerable experience in corporate restructuring for international clients and best practice in corporate governance. She is currently Managing Director of SEAJA Consultancy Limited in Hong Kong.

Glenn Sheldon, China Zinc Business Development Manager, Australian, is a geologist holding a BSc from Adelaide University. He is a Fellow of the AusIMM and AIG, Member of SocEcGeol. He is fluent in Mandarin Chinese with special emphasis on geological and mineral industry terms. Prior to joining Griffin he was Principal Geologist for Mining Associates, providing competent person services to inter alia the Hong Kong Stock Exchange; Vice President Exploration for RH Mining Resources Ltd in Hong Kong; Business Development Manager Exploration East Asia for Sandvik Mining and Construction; JV General Manager Dragon Mountain Gold in China; Exploration Manager, Lotus Resources plc in Mongolia; Chief Representative for Centerra Gold Inc in China; President and Exploration Manager for TVI Pacific's China WOFE - Hunan Pacific Geological Exploration Inc; Site Manager Jinfeng for Sino Gold Limited and Exploration and Business Development Manager for Newmont China Limited.

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 2021.

Financial Results

The Group profit before taxation for 2021 amounted to US$36,526,000 (2020: US$14,515,000). Taxation of US$11,150,000 (2020: US$5,605,000) has been provided. No dividends were paid in 2021 (2020: nil). US$25,376,000 has been credited to reserves (2020: credited US$8,910,000).

The basic earnings per share amounted to 14.53 cents (2020: 5.16 cents). The attributable net asset value per share at 31 December 2021 amounted to 150 cents (2020: 135 cents).

Whilst the directors do not recommend the payment of a dividend at this time, in February 2021 the Company implemented a share buy back programme of up to a value of $10 million to acquire up to five million ordinary shares over the next 3 years to return excess monies not required to meet financial commitments and working capital requirements to shareholders, subject to cash balances being available to undertake those purchases. Griffin believes the buybacks will be value accretive and value-enhancing for the shareholders. The Company cannot guarantee that it will be successful in executing this program over the period stated. This arrangement is in accordance with the Company's general authority to repurchase shares.

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 2021 and the indication of likely future developments are set out on page 6 to 33.

Directors

The Directors of the Company during the year were:
Mladen Ninkov – *Australian – Chairman*
Roger Goodwin – *British - Finance Director*
Dal Brynelsen – *Canadian – Non-executive Director – Resigned 5 May 2022*
Rupert Crowe – *Australian / Irish – Non-executive Director – Deceased 10 February 2021*
Adam Usdan – *American (USA) – Non-executive Director*
Clive Whiley – *British – Appointed 13 August 2021 - Senior Non-executive Director*
Linda Naylor – *British – Appointed 5 May 2022 - Non-executive Director*
Dean Moore – *British – Appointed 5 May 2022 - Non-executive Director*

Under the bye laws of the Company, the Directors serve until re-elected at the next Annual General Meeting of the Company. The beneficial interests of the Directors holding office at 31 December 2021 and their immediate families in the share capital of the Company were as follows:

Name	*At 31 December 2021*			*At 1 January 2021 or on date of appointment*		
	Ordinary shares, number	*Options over ordinary shares, number exercisable at 30 pence*	*40 pence*	*Ordinary shares, number*	*Options over ordinary shares, number exercisable at 30 pence*	*40 pence*
Mladen Ninkov	33,001	-	-	33,001	-	-
Dal Brynelsen	397,001	900,000	-	397,001	900,000	-
Roger Goodwin	877,830	1,500,000	500,000	877,830	1,500,000	500,000
Adam Usdan*	29,209,348	-	-	33,242,890	1,166,667	-
Clive Whiley	100,100	-	-	100,100	-	-

* Mr. Adam Usdan is interested in 29,209,348 shares in Griffin representing 16.7% of the Company's issued share capital, 7,960,221 of which are held directly with the remaining 21,249,127 shares being held by Trellus Partners LLP, the General Partner of a Limited Partnership in which Mr. Usdan has a controlling interest. Other than this, all the directors interests disclosed are beneficial.

Directors Report *(continued)*

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.

Each 40 pence option entitles 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, subsequently extended to 31 December 2023. One third of these options vested on 31 December 2014, one third vested on 31 December 2015, and one third vested on 31 December 2016.

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 entitles 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 subsequently extended to 31 December 2023. One third of these options vested immediately upon being granted, one third of these options vested on 31 December 2016, and a further third of each holder's options vested on the granting of a new mining licence over Zone II at the Caijiaying Zinc Gold Mine on 7 January 2021.

SUBSTANTIAL INTERESTS

Apart from Adam Usdan's interests in the share capital of the Company, the Company has been notified that:

On 25 January 2021 Andrew Goffe and controlling undertakings held an interest in 26,513,657 ordinary shares in the Company representing 15.227% of the Company's then issued share capital; and

On 1 March 2021 Richard Griffiths and controlling undertakings held an interest in 24,313,224 ordinary shares in the Company representing 13.93% of the Company's then issued share capital, together with voting rights through third party financial instruments equating to 3.34% of the Company's then issued share capital.

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. Further information on how the Group manages risk is given on pages 76 to 79.

Risk	Comment	Business Impact	Mitigation
Economic Risks			
Exposure to a fall in zinc, gold, 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, management 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 Renminbi would increase operating cost.	Moderate	The Renminbi is loosely pegged to the US dollar. Management continually reviews foreign exchange rates and the appropriations of hedging.

Principal Risks and Uncertainties continued

Risk	Comment	Business Impact	Mitigation
Economic Risks (continued)			
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 over 25 years, in which time the country has been relatively stable, and retains good relationships with PRC authorities.
Exposure to changes in the 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 Risks			
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 contractor's employees. Such events could 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 foremen who constantly oversee all contractors' activities, inter alia, punishing and fining contractors for safety breaches. Griffin keeps under consideration moving to owner operated activities.
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.

Directors' Report *(continued)*

Principal Risks and Uncertainties continued

Risk	Comment	Business Impact	Mitigation
Operational Risks (continued)			
Mine fatality	A fatality in the mine would result in the closure of the mine and suspension of operations for an indefinite time to allow a full investigation by the PRC authorities with subsequent penalties possibly including fines, dismissal of personnel held responsible and loss of licences.	High	As noted above, Griffin's operational teams continually monitor mining and other risks and report to senior management who report to the Board, taking immediate and appropriate measures to minimise any identified risks and hazards. In addition, the Group's operations are monitored and continually inspected by the PRC local, County, City and Provincial Safety Bureaus.
Other Risks			
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 licences 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.
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 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.
Climate Change	Climate change may have an impact on operations and demand for metals.	Low	Griffin studies the possible impact of climate change on operations, identifying risks that may interrupt operations and developing measures to counter these.

Risk	Comment	Business Impact	Mitigation
Other Risks (continued)			
Bribery and Corruption	Whilst strict internal policies and procedures to ensure compliance with applicable laws are applied to prohibit all forms of bribery and corruption the risk remains that employees or contractors have circumvented these policies and procedures which could result in prosecution of the Group and its officers.	Moderate	The Group prohibits bribery and corruption in any form by directors, employees or by those working for and/or connected with the business. With the advice and support of the Group's lawyers the Group has implemented anti bribery and corruption policies and procedures including: anti-bribery instruction to staff and third party contractors; on-going monitoring, including setting up reporting channels; and regular review of antibribery reporting policies and procedures.
Pandemic (Covid-19 / SARS etc)	A further outbreak of Covid-19 or another virus may lead to restrictions on operations being imposed by the PRC authorities including a suspension in operations.	Moderate	China imposed strict controls to control the Covid-19 and SARS outbreaks emerging from these relatively quickly. Griffin works closely with the PRC authorities to minimise the impact of such outbreaks upon personnel and operations.

POST BALANCE SHEET EVENTS

There were no significant post balance sheet events requiring adjustment to the financial statements. From 1 January 2022 to 16 March 2022, operations at Caijiaying were suspended in the run up to and during the Winter and Para Olympic games at Chongli.

At the Annual General Meeting of the Company on 5 May 2022, Linda Naylor and Dean Moore were appointed Directors, and Dal Brynelsen did not seek re-election as a Director of the Company.

GOING CONCERN

Whilst it is difficult to accurately predict future profitability and liquidity, particularly regarding the impact of metal prices, the directors consider that at current metal prices and with the benefit of agreed banking facilities the Group can continue as a going concern for the foreseeable future without the need to curtail operations. The Group regularly prepares cash flow forecasts and revises its budgets to adapt to changing situations as the need arises. These have been extended for more than a year and adapted for a number of plausible scenarios to confirm that in all cases the Group could maintain liquidity cover. Amongst other matters management has taken into account sensitivities for the possible impacts of additional restrictions to contain further outbreaks of Covid-19. Whilst China has experienced localised outbreaks of Covid-19 into 2022, strict travel restrictions, testing and quarantine requirements implemented by the PRC authorities and Griffin have limited the impact and spread of Covid-19, such that no cases of Covid-19 have been reported at Caijiaying. As a result, apart from a suspension in operations in the lead upto and during the Winter Olympics at Chongli in the first quarter of 2022 to date, there have been no interruptions to operations at Caijiaying since the initial outbreak of Covid-19. In the unlikely event of an outbreak of Covid-19 at Caijiaying, every endeavour would be made to continue operations at Caijiaying, but supplies to and collection of concentrate from Caijiaying could be interrupted whilst the Caijiaying site could be quarantined. With this in mind a one month suspension has been built into the cash flow forecasts on a severe case scenario incorporating a reduction in market prices for metals. This is further considered in the notes to the financial statements on page 60.

Directors' Report *(continued)*

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were re-appointed auditors at the Annual General Meeting of the Company held on 5 May 2022 and have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their appointment will be put to the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE GROUP FINANCIAL STATEMENTS

The directors are responsible for preparing the Group financial statements in accordance with applicable law and regulation.

The Bermuda Companies Act 1981 requires the directors to prepare Group financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The directors must not approve the Group financial statements unless they are satisfied that the Group financial statements 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 the Group financial statements, the directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Group financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the Group financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors 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 keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure the Group financial statements comply with applicable law and regulation.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information

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

Roger Goodwin
Finance Director and Company Secretary
12 May 2022

Independent Auditors' Report to the Members of Griffin Mining Limited

Report on the audit of the Group Financial Statements

Opinion

In our opinion, Griffin Mining Limited's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Report and Accounts 2021 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 December 2021; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality	• Overall Group materiality: \$1 million (2020: \$1 million), based on 5% of the 3-year average profit before tax. • Performance Group materiality: \$0.75 million (2020: \$0.75 million)
Audit Scope	• We conducted full scope audits of three components out of the Group's eleven entities which were selected due to their size and risk characteristics. • This enabled us to obtain 100% coverage of consolidated revenue, 99% coverage of consolidated profit before tax and 100% coverage of total assets for the Group. • To ensure sufficient oversight, direction and responsibility of the audit work performed by the component audit team in China, the Group team performed a number of procedures throughout the audit which included directing the audit approach and procedures, conducting remote file reviews and conducting remote face to face meetings with local management and the component team.
Key Audit Matters	• Extension of the business licence. • Impact of Covid-19.

Independent Auditors' Report to the Members of Griffin Mining Limited

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Extension of the business licence Refer to Note 1, the Significant judgements and estimates section and to Note 11, Property, Plant and Equipment. The current life of mine plan, which includes extraction of resources from ZONE II and ZONE III, extends beyond 2037 to 2056. Under the terms of the Group's current joint venture agreement with Zhangjiakou Caijiaying Lead Zinc Mining, the Group's business licence will expire in 2037. Management is currently working to convert their joint venture agreement to a limited liability company. As a result of this conversion management expects to be able to extend the term of the business licence as a matter of routine and at no additional cost. Judgement is needed as to whether this conversion to a limited liability company would enable an extension of the term of the business licence as a matter of routine, and if it would lead to additional cost being incurred. This impacts asset carrying amounts and depreciation rates because a shorter business licence would reduce the amount of resources that could be extracted. We consider this to be a key audit matter due to the level of judgement being exercised and the impact of this judgement on asset carrying values.	In addition to holding discussions with management, we have discussed with, and obtained correspondence from, management's external legal advisors to understand the process for extending the term of the business licence from 2037 to 2056 and confirmed their view that extending the term of the business licence will be routine in nature and that no additional costs will be incurred, once the joint venture agreement is converted to a limited liability company. We also requested management to sensitise their life of mine plan to show the impact of the business licence not being granted and note that, due to the significant headroom, modelling this impact shows no impairment. Based on these enquiries and procedures, we are satisfied with management's judgement that converting the current joint venture agreement to a limited liability company will enable an extension of the term of the business licence as a matter of routine and at no additional cost. Finally, we considered the adequacy of management's disclosure of the key judgements in relation to the extension of the business licence and consider them to be reasonable.

Independent Auditors' Report to the Members of Griffin Mining Limited

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 Refer to the 'Caijiaying' and the 'Sustainability, Environment and Local Community' sections of the Annual Report and to Note 1, the Going Concern section, in the Notes to the financial statements. Covid-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the ongoing response is having an unprecedented impact on the global economy. Management have set out in the Annual Report the impact that Covid-19 has had on the Group and the actions that they have taken, and continue to take, to address the pandemic and its effect on the operations. In the first quarter of 2020, operations at the Caijiaying Mine were suspended for a month to comply with restrictions instigated by the PRC authorities to contain the coronavirus pandemic. However, once operations recommenced, mining and processing operations soon returned to expected levels with minimal further impact. There were no major Covid-19 outbreaks in the Caijiaying Mine. Management has also considered the potential impact of Covid-19 in undertaking their assessment of going concern. Based on this analysis management concluded that there is no material uncertainty in respect of the Group's going concern assessment We determined management's consideration of the impact of Covid-19 to be a key audit matter.	Our procedures and conclusions in respect of going concern are included in the "Conclusions relating to going concern" section below. We considered the appropriateness of disclosures in the Annual Report with regards to the impact and risks related to the pandemic and consider these to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

Griffin Mining Limited is a Bermuda company listed on AIM. The Group's principal operation is the Caijiaying zinc mine in China. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group audit team, or by the component auditors in China.

Our Group audit scope focused primarily on the Caijiaying zinc mine in China, which was subject to a full-scope audit by the component auditors. A full scope audit was also performed over the Parent Company and a service entity by the Group team. The above gave us coverage of 100% of consolidated revenue, 99% coverage of consolidated profit before tax and 100% coverage of total assets for the Group.

Independent Auditors' Report to the Members of Griffin Mining Limited

As Covid-19 prevented travel to China, we were unable to make a site visit as planned; we instead conducted our oversight of the component audit team through regular dialogue via conference calls, video conferencing and other forms of communication as considered necessary as well as remote working paper reviews to satisfy ourselves as to the appropriateness of audit work performed by the component audit team. We also attended key meetings virtually with local management and the component audit team. We reviewed the audit work of the component audit team, which included file reviews, participation in key audit discussions with local management and participation in the audit clearance meeting.

The Group engagement team directly performed the audit of the consolidation. This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$1 million (2020: $1million).
How we determined it	5% of the 3-year average profit before tax.
Rationale for benchmark applied	Profit is the key indicator of the Group's performance and the most appropriate benchmark for materiality. Due to volatility in commodity prices which has impacted profitability, we have used a 3-year average profit before tax as the benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $150,000 and $900,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $50,000 (2020: $50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing the Group's cash flow forecasts for the going concern period, challenging management's assumptions used and verifying that these were consistent with our existing knowledge and understanding of the business, as well as with the Board-approved budget;
- Reviewing the Group's cash flow forecasts under the severe but plausible downside scenario, evaluating the assumptions used, and verifying that the Group is able to maintain liquidity within the going concern period under these scenarios;
- Testing the model for mathematical accuracy; and
- Assessing the adequacy of the disclosure provided in Note 1 of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent Auditors' Report to the Members of Griffin Mining Limited

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Group Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Independent Auditors' Report to the Members of Griffin Mining Limited

Reporting on other information (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group/industry, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices and compliance with the regulations of the Ministry of Land and Resources of the PRC, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 1981 (Bermuda). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results, and management bias in key accounting estimates. The Group engagement team shared this risk assessment with the component audit team so that they could include the appropriate audit procedures in response to such risks in their work. Audit procedures performed included:

- Enquiries of the directors, management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Inspection of supporting documentation, where appropriate;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings of the Board of Directors;
- Challenging assumptions and judgements made by management in relation to their significant accounting judgements and estimates;

Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and

Review of related work performed by the component audit team, including their responses to risks related to management override of controls and to the risk of fraud in revenue recognition.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Group's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Timothy McAllister.

PricewaterhouseCoopers LLP
Chartered Accountants
London

12 May 2022

Consolidated Income Statement

For the year ended 31 December 2021
(expressed in thousands US dollars)

	Notes	2021 $000	2020 $000
Revenue	2	**121,648**	75,403
Cost of sales	2	**(63,224)**	(42,737)
Gross profit		**58,424**	32,666
Administration expenses	2	**(21,499)**	(17,518)
Operating Profit	3	**36,925**	15,148
Losses on disposal of plant and equipment	5	**(293)**	(1,129)
Provisions against intangible assets	12	**(11)**	(10)
Foreign exchange (losses) / gains		**(51)**	22
Finance income	6	**236**	108
Finance costs	7	**(404)**	(359)
Other income	8	**124**	735
Profit before tax		**36,526**	14,515
Income tax expense	9	**(11,150)**	(5,605)
Profit for the year		**25,376**	8,910
Basic earnings per share (cents)	10	**14.53**	5.16
Diluted earnings per share (cents)	10	**13.47**	4.88

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021
(expressed in thousands US dollars)

	2021	2020 Restated
	$000	$000
Profit for the year	**25,376**	8,910
Other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**3,336**	9,837
Other comprehensive income for the year, net of tax	**3,336**	9,837
Total comprehensive income for the year	**28,712**	18,747

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

The 2020 exchange differences on translating foreign operations has been corrected from that reported in 2020 of $9,662,000.

Consolidated Statement of Financial Position

As at 31 December 2021
(expressed in thousands US dollars)

	Notes	2021 $000	2020 $000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**275,296**	266,709
Intangible assets – exploration interests	12	**387**	325
		275,683	267,034
Current assets			
Inventories	13	**4,516**	5,333
Receivables and other current assets	14	**2,174**	6,675
Cash and cash equivalents		**38,159**	16,435
		44,849	28,443
Total assets		**320,532**	295,477
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	15	**1,749**	1,728
Share premium		**69,334**	68,470
Contributing surplus		**3,690**	3,690
Share based payments		**2,072**	2,072
Shares held in treasury	16	**(1,644)**	(917)
Chinese statutory re-investment reserve		**2,896**	2,830
Other reserve on acquisition of non-controlling interests		**(29,346)**	(29,346)
Foreign exchange reserve		**14,635**	11,365
Profit and loss reserve		**199,190**	173,814
Total equity attributable to equity holders of the parent		**262,576**	233,706
Non-current liabilities			
Other Payables	19	**10,352**	13,487
Long-term provisions	20	**2,667**	2,200
Deferred taxation	21	**3,240**	3,359
Finance leases	22	**794**	-
		17,053	19,046
Current liabilities			
Trade and other payables	23	**40,726**	42,342
Finance leases	22	**177**	383
Total current liabilities		**40,903**	42,725
Total equities and liabilities		**320,532**	295,477
Attributable net asset value per share to equity holders of parent	24	**$1.50**	**$1.35**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The financial statements on pages 55 to 81 were approved by the Board of Directors and signed on its behalf by:

Mladen Ninkov	Roger Goodwin
Chairman	*Finance Director*

12 May 2022

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021
(expressed in thousands US dollars)

	Share capital	Share premium	Contributing surplus	Share based payments	Shares held in Treasury	Chinese statutory 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 1 January 2020	**1,728**	**68,455**	**3,690**	**2,072**	**(917)**	**2,500**	**(29,346)**	**1,703**	**165,059**	**214,944**
Regulatory transfer for future investment	-	-	-	-	-	155	-	-	(155)	-
Issue of shares on exercise of options	-	15	-	-	-	-	-	-	-	15
Transaction with owners	-	15	-	-	-	155	-	-	(155)	15
Profit for the year	-	-	-	-	-	-	-	-	8,910	8,910
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	175	-	9,662	-	9,837
Total comprehensive income	-	-	-	-	-	175	-	9,662	8,910	18,747
At 31 December 2020	**1,728**	**68,470**	**3,690**	**2,072**	**(917)**	**2,830**	**(29,346)**	**11,365**	**173,814**	**233,706**
Regulatory transfer for future investment	-	-	-	-	-	-	-	-	-	-
Purchase of shares held in treasury	-	-	-	-	(727)	-	-	-	-	(727)
Issue of shares on exercise of options	21	864	-	-	-	-	-	-	-	885
Transaction with owners	21	864	-	-	(727)	-	-	-	-	158
Profit for the year	-	-	-	-	-	-	-	-	25,376	25,376
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	66	-	3,270	-	3,336
Total comprehensive income	-	-	-	-	-	66	-	3,270	25,376	28,712
At 31 December 2021	**1,749**	**69,334**	**3,690**	**2,072**	**(1,644)**	**2,896**	**(29,346)**	**14,635**	**199,190**	**262,576**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2021
(expressed in thousands US dollars)

	Notes	2021 $000	2020 $000
Net cash flows from operating activities			
Profit before tax		**36,526**	14,515
Foreign exchange losses / (gains)		**51**	(22)
Finance income	**6**	**(236)**	(108)
Finance costs	**7**	**404**	359
Depreciation, depletion and amortisation	**11**	**16,530**	12,801
Provision against intangible assets	**12**	**11**	10
Losses on disposal of equipment		**293**	1,129
Decrease / (increase) in inventories		**817**	(1,494)
Decrease / (increase) in receivables and other current assets		**4,936**	(4,814)
(Decrease) / increase in trade and other payables		**(2,871)**	5,666
Tax paid		**(13,581)**	(3,644)
Net cash inflow from operating activities		**42,880**	24,398
Cash flows from investing activities			
Interest received	**6**	**236**	108
Proceeds / (costs) on disposal of equipment		**1**	(44)
Payments to acquire – mineral interests	**11**	**(13,564)**	(18,691)
Payments to acquire – property, plant and equipment	**11**	**(6,365)**	(5,684)
Payments to acquire office lease, furniture & equipment		**-**	(5)
Payments to acquire – intangible fixed assets – exploration interests	**12**	**(73)**	(11)
Net cash outflow from investing activities		**(19,765)**	(24,327)
Cash flows from financing activities			
Issue of ordinary shares on exercise of options		**885**	15
Interest paid		**(309)**	(112)
Purchase of shares for treasury		**(727)**	-
Bank loan advances		**15,500**	-
Repayment of bank loans		**(15,500)**	-
Finance lease repayments including interest		**(462)**	(2,469)
Net cash (outflow) from financing activities		**(613)**	(2,566)
Increase / (decrease) in cash and cash equivalents		**22,502**	(2,495)
Cash and cash equivalents at the beginning of the year		**16,435**	19,885
Effects of foreign exchange rates		**(778)**	(955)
Cash and cash equivalents at the end of the year		**38,159**	16,435
Cash and cash equivalents comprise bank deposits			
Bank deposits		**38,159**	16,435

Included within net cash flows of $22,502,000 (2020: $2,495,000) are foreign exchange losses of $51,000 (2020: gains $22,000) which have been treated as realised.

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Basis Of Accounting

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and in accordance with the Bermuda Companies Act. The significant accounting policies adopted are detailed below. These policies have been consistently applied to all years unless otherwise stated.

Accounting Convention

The financial statements have been prepared under the historical cost convention.

New And Amended Standards Adopted By The Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Proceeds before Intended Use - Amendments to IAS 16

The amendments listed above did not have any impact on the amounts recognised in the current period and are not expected to significantly affect future periods.

New Standards And Interpretations Not Yet Adopted

At the date of authorisation of these financial statements, certain new and amended accounting standards and interpretations have been published that are not mandatory for the year ending 31 December 2021, nor have they been early adopted by the Group. These standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements in the current or future reporting periods.

Going Concern

The financial statements have been prepared on a going concern basis. The Group regularly prepares cash flow forecasts and revises its budgets to adapt to changing situations as the need arises. These have been extended for more than a year and adapted for a number of severe but plausible scenarios to confirm that in potential adverse cases the Group could maintain liquidity cover. Amongst other matters management has taken into account sensitivities for the possible impacts of additional restrictions to contain further outbreaks of Covid-19. Whilst China has experienced localised outbreaks of Covid-19 into 2022, strict travel restrictions, testing and quarantine requirements implemented by the PRC authorities and Griffin have limited the impact and spread of Covid-19, such that no cases of Covid-19 have been reported at Caijiaying. As a result, apart from a suspension in operations during and on the lead up to the winter Olympics at Chongli in the first quarter of 2022, there have been no interruptions to operations at Caijiaying since the initial outbreak of Covid-19 in the first quarter of 2020. In the unlikely event of an outbreak of Covid-19 at Caijiaying, every endeavour would be made to continue operations at Caijiaying, but supplies to and collection of concentrate from Caijiaying could be interrupted whilst the Caijiaying site could be quarantined. With this in mind a one month suspension has been built into the cash flow forecasts on a severe case scenario incorporating:

- A reduction in market prices to $3,000 per tonne of zinc from July 2022 onwards. Management considers this a reasonable downside; and
- Mitigating actions within management's control, including the deferral of payments to certain creditors for a short period.
- Management has held foreign exchange rates flat as they note that because the zinc price is pegged to the US Dollar and the Group incurs costs in Renminbi there is a natural currency hedge.

On the aforementioned bases and with the existing bank facilities available to the Group, the board of directors consider the Group will be able to meet its liabilities as they fall due and have prepared the financial statements on a going concern basis.

Notes to the Financial Statements

Consolidation Basis

The Group financial statements consolidate the financial statements 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 their activities. The Group obtains and exercises control through voting rights.

Management has assessed its involvement in Hebei Hua Ao and Hebei Sino Anglo in accordance with IFRS 10 and concluded that it has control.

In making its judgement, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings.

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.

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 recognised on a delivery or collection basis as at this point the performance obligations are satisfied. Delivery or collection occur following open auction of metals in concentrate and where delivery is taken and cash received within 30 days of the agreement.

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 resources 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. Until such time intangible assets are not depreciated. 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 11).

Residual values

Material residual value estimates are updated as required, but at least annually and where adjustments are required these are made prospectively.

Depreciation

Depreciation rates reflect the term of operations, extractable resource, and economic lives of the assets as follows:

- Mine acquisition, development, licence, pre production and land use rights (included in mineral interests) - on a unit of production basis.
- Plant and buildings - over 25 years on a straight line basis with a 10% residual value.*
- Dry tailings facility held under finance lease- over 15 years on a straight line basis with no residual value.*
- Mechanical equipment - over 10 years on a straight line basis with a 10% residual value.*
- All other equipment, including vehicles - over 5 years on a straight line basis with a 10% residual value.*

* included in mill and mobile equipment

Notes to the Financial Statements

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 resources 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 estimate 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, resource estimates, and life of mine plan adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Estimates and assumptions used in determining whether an asset has become impaired are set out in note 11.

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

Estimates / Assumptions	Basis
Future production:	Measured and indicated 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 financial statements in accordance with local requirements which is anticipated to be greater than the actual costs of site restoration.

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:

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

Financial Assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through the Statement of Other Comprehensive Income "OCI" or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

Notes to the Financial Statements

Financial Assets (continued)

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Classification of financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 14 for further details.

Assets carried at amortised cost

For loans and receivables, the amount of a loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset will be reduced and the amount of the loss will be recognised in profit or loss.

If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment would be recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss will be recognised in profit or loss.

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".

Notes to the Financial Statements

Foreign Currency Transactions

The financial statements 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, Hong Kong and Australia. The functional and presentation currency of the Group and parent is US dollars. The functional currency of Hebei Hua Ao is Renminbi.

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 financial statements 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:

- “Share capital” represents the nominal value of equity shares.
- “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.
- “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.
- “Share based payments” represents equity-settled share-based remuneration until such share options are exercised.
- “Foreign exchange reserve” represents the differences arising from translation of investments in overseas subsidiaries.
- “Chinese statutory re-investment reserve” represents a statutory retained earnings reserve under PRC law for future investment by Hebei Hua Ao.
- “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.
- “Profit and loss reserve” represent retained profits and losses.

Non-controlling interests are determined by reference to the underlying agreements, with the allocation of the purchase consideration on acquisition of non-controlling interests and extension of the Hebei Hua Ao business licence between that capitalised to mineral interests and that charged to reserves by reference to the impact of future cash flows. 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.

Notes to the Financial Statements

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 2021 the total expense recognised in profit or loss arising from share based transactions was Nil (2020: Nil).

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:

Judgements

In assessing potential impairment adjustments and depreciation on a unit of production basis, management have assumed that indicated as well as measured mineral resources will be recovered from Zones II and III at Caijiaying as good conversion from inferred to indicated and indicated to measured has been achieved historically. It is further assumed that all necessary permits will be obtained. In this regard, and in order to comply with amended PRC corporate law, the Company is seeking to convert Hebei Hua Ao from a limited liability joint venture with a business licence that expires in 2037, to an equity limited liability company with an indefinite term so that its business licence be renewed without significant cost.

Impairment review assumptions, exploration interests (note 12). 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. Non-impairment of assets is conditional upon continued exploration licences and permits which the directors consider will be maintained or obtained as appropriate.

Estimates

Impairment review assumptions, property, plant and equipment (note 11). Impairments are assessed by comparison of the cash generating unit's (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 impacted by estimates of:

- future prices of the commodities extracted. Estimates were made as at the balance sheet date and do not include changes in future price estimates.
- the expected tonnes and grade of ore mined. Management has assumed an increase in forecast production from current levels of circa 1.0 million tonnes per annum to 1.3 million tonnes in 2023 (2020: 1.5 million tonnes estimated from 2022 onwards), 1.4 million tonnes per annum from 2023 and up to 1.6 million tonnes per annum thereafter as set out in the life of mine plan. No alterations to existing processing facilities are required to facilitate the increase in production.

Notes to the Financial Statements

Significant Judgements and Estimates (continued)

- future zinc treatment costs.
- future operating and capital expenditure.
- discount rates calculated using a capital asset pricing model.

Based on these estimates, the directors have determined that the Group requires the market price of zinc to be above $2,600 per tonne with gold, silver and lead prices remaining at current prevailing levels, to avoid an impairment charge. It is also conditional upon mining licences continuing and permits being granted, which the directors consider will be maintained or obtained as appropriate.

Provisions for mine closure and rehabilitation costs have been made in accordance with the laws and regulations of the PRC and as set out in the Hebei Hua Ao Mine Ecological Restoration Treatment and Land Reclamation Scheme ("the Scheme") as approved by Ministry of Natural Resources of the PRC. This Scheme provides for a mine life of 40.11 years from January 2019 to February 2059. The Scheme incorporates a rehabilitation plan for "Mine Geological Environment Recovery" with an estimated cost of RMB 65,619,400 ($10,292,000), and "Land Rehabilitation" with an estimated cost of RMB 54,566,100 ($8,558,000). These amounts have been discounted over the deemed Life of Mine at a discount rate of 3.39%, being the PRC 40 year state bond rate.

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 financial statements.

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 Board 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

Notes to the Financial Statements

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 in note 2, as determined by the Board, management generally follows the Group's service lines, which represent the main products produced by the Group. Management considers 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 director to the Board 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.

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 11 for the depreciation methods and useful lives for assets held under 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

2. Segmental Reporting

The Group has one business segment, the Caijiaying zinc gold mine in the People's Republic of China. All revenues and costs of sales in 2021 and 2020 were derived from the Caijiaying zinc gold mine.

	2021	2020
	$000	$000
REVENUE		
China	**121,648**	75,403
Zinc concentrate sales	**96,951**	53,095
Lead and precious metals concentrate sales	**31,915**	25,999
Royalties and resource taxes	**(7,218)**	(3,691)
	121,648	75,403
COST OF SALES: CHINA		
Mining costs	**19,003**	16,056
Haulage costs	**11,466**	7,282
Processing costs	**16,754**	8,868
Depreciation (excluding depreciation in administration expenses)	**14,481**	11,780
Decrease / (increase) in stocks	**1,520**	(1,249)
	63,224	42,737
ADMINISTRATION EXPENSES		
China	**16,433**	12,939
Australia	**136**	312
UK / Bermuda	**4,930**	4,267
	21,499	17,518

All revenues, cost of sales and operating expenses charged to profit relate to continuing operations and are allocated by receipt / payment location.

	2021	2020
TOTAL ASSETS		
China	**312,026**	290,147
Australia	**1,011**	967
UK / Bermuda	**7,495**	4,363
	320,532	295,477
CAPITAL EXPENDITURE		
China	**19,929**	24,375
Australia	**-**	-
UK / Bermuda	**963**	5
	20,892	24,380

3. Profit from Operations	**2021**	2020
Profit from operations is stated after charging:	**$000**	$000
Fees for the audit of the Company	**190**	165
Fees for the audit of subsidiaries	**98**	82
Staff costs	**10,304**	8,324
Service fees to Zhangjiakou Yuanrun Enterprise Management	**4,279**	3,320

	No.	No.
Average number of persons employed by the Group	**448**	435

Notes to the Financial Statements

4. Directors' And Key Personnel Remuneration

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

	2021				2020			
	Fees	**Salary**	**Pension Contributions**	**Total**	Fees	Salary	Pension Contributions	Total
	$000	**$000**	**$000**	**$000**	$000	$000	$000	$000
Mladen Ninkov*	**210**	**-**	**-**	**210**	201	-	-	201
Dal Brynelsen	**186**	**-**	**-**	**186**	262	-	-	262
Rupert Crowe	**23**	**-**	**-**	**23**	114	-	-	114
Roger Goodwin	**210**	**431**	**41**	**682**	201	402	38	641
Adam Usdan	**91**	**-**	**-**	**91**	84	-	-	84
Clive Whiley	**61**	**-**	**-**	**61**	-	-	-	-
Total	**781**	**431**	**41**	**1,253**	862	402	38	1,302
Key personnel	**121**	**1,933**	**5**	**2,059**	61	1,831	16	1,908
	902	**2,364**	**46**	**3,312**	923	2,233	54	3,210

Key personnel comprise individuals in senior management positions.

*Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of $2,737,000 (2020: $2,801,000), 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 granted to the directors in 2021 or 2020. Trellus Partners LLP in which Adam Usdan has an interest exercised share purchase options over 1,166,666 new ordinary shares in the Company at an exercise price of 30 pence per share.

5. Losses On Disposal Of Plant And Equipment

	2021	2020
	$000	$000
Losses on disposal of plant and equipment	**293**	1,129

6. Finance Income

	2021	2020
	$000	$000
Interest on bank deposits	**236**	108

7. Finance Costs

	2021	2020
	$000	$000
Interest payable on short term bank loans	**309**	111
Interest on rehabilitation provisions	**84**	77
Finance lease interest	**11**	171
	404	359

8. Other Income

	2021	2020
	$000	$000
Scrap and sundry other sales	**124**	735

Notes to the Financial Statements

9. Income Tax Expense

	2021 $000	2020 $000
Profit for the year before tax	**36,526**	14,515
Expected tax expense at a standard rate of PRC income tax of 25% (2020: 25%)	**9,132**	3,629
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**934**	567
Adjustments for short term timing differences:		
- In respect of accounting differences	**890**	(298)
- In respect of other timing differences	**(4)**	-
Adjustments for permanent timing differences other	**372**	1,051
Withholding tax on intercompany dividends and charges	**21**	232
Current taxation expense	**11,345**	5,181
Deferred taxation expense / (credit)		
Origination and reversal of temporary timing differences	**(195)**	424
	(195)	424
Total tax expense	**11,150**	5,605

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 2021 (25% in 2020) based upon the profits calculated under Chinese Generally Accepted Accounting Principles (Chinese “GAAP”).

Withholding tax is recognised as a current tax charge when paid. As the Company can control the timing of payments giving rise to withholding tax, deferred tax liabilities for unpaid withholding taxes on unremitted earnings and undistributed dividend payments are recognised using a ‘probable’ threshold (based on the recognition threshold in IAS 12) , and are reflected at the amount expected to be paid to taxation authorities. Unremitted earnings and undistributed dividend payments from the Group’s Chinese mining operation total US$124.9m (2020: $109.6m).

10. Earnings Per Share

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

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

	2021			2020		
	Earnings $000	**Weighted Average number of shares**	**Per share amount (cents)**	Earnings $000	Weighted Average number of shares	Per share amount (cents)
Basic earnings per share						
Earnings attributable to ordinary shareholders	**25,376**	**174,653,602**	**14.53**	8,910	172,788,420	5.16
Dilutive effect of securities						
Options	**-**	**13,730,107**	**(1.06)**	-	9,861,227	(0.28)
Diluted earnings per share	**25,376**	**188,383,709**	**13.47**	8,910	182,649,647	4.88

Notes to the Financial Statements

11. Property, Plant And Equipment

	Mineral interests	Mill and mobile mine equipment	Offices, furniture & equipment	Total
	$000	$000	$000	$000
At 1 January 2020	**177,583**	**50,373**	**331**	**228,287**
Foreign exchange adjustments	8,292	3,408	5	11,705
Additions during the year	18,691	5,684	5	24,380
Provision for licence transfer fees	16,338	-	-	16,338
Change in estimate of mine closure costs	(115)	-	-	(115)
Adjustment for change in lease accounting estimate	697	(697)	-	-
Disposals	-	(1,085)	-	(1,085)
Depreciation charge for the year	(6,542)	(6,084)	(175)	(12,801)
At 31 December 2020	**214,944**	**51,599**	**166**	**266,709**
Foreign exchange adjustments	3,405	1,224	(2)	4,627
Transfer	(773)	773	-	-
Additions during the year	13,564	6,365	963	20,892
Change in estimate of mine closure costs	327	-	-	327
Release of rehabilitation deposits	(435)	-	-	(435)
Disposals	-	(294)		(294)
Depreciation charge for the year	(10,200)	(6,180)	(150)	(16,530)
At 31 December 2021	**220,832**	**53,487**	**977**	**275,296**
At 1 January 2020				
Cost	222,589	80,935	573	304,097
Accumulated depreciation	(45,006)	(30,562)	(242)	(75,810)
Net carrying amount	**177,583**	**50,373**	**331**	**228,287**
At 31 December 2020				
Cost	267,763	90,173	583	358,519
Accumulated depreciation	(52,819)	(38,574)	(417)	(91,810)
Net carrying amount	**214,944**	**51,599**	**166**	**266,709**
At 31 December 2021				
Cost	285,471	97,910	1,544	384,925
Accumulated depreciation	(64,639)	(44,423)	(567)	(109,629)
Net carrying amount	**220,832**	**53,487**	**977**	**275,296**

Mineral interests comprise the Group's interest in the Caijiaying ore bodies including costs 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.

Mill and mobile mine equipment include $5,795,000 (2020: $3,872,000) of assets under construction yet to be depreciated.

The offices, furniture and equipment disclosed above relates solely to the fixed assets, including leased offices, of Griffin Mining (UK Services) Limited and China Zinc Pty Limited.

Notes to the Financial Statements

11. Property, Plant And Equipment (continued)

During 2013 plant and equipment with a deemed value of $11,381,000, revalued in 2019 to $14,150,000, were acquired under a finance lease, upon which depreciation of $8,132,000 (2020: $6,712,000) has been provided. At 31 December 2021 the net carrying amount of this equipment was $7,351,000 (2020: $8,417,000). In 2019 the London office lease was capitalised, and in November 2021 renewed. At 31 December 2021 the net carrying amount of this office was $963,000 (2020: $124,000).

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. These forecasts are based upon both past and expected future performance, available resources and expectations for future markets. Management determined there were no impairment indicators at 31 December 2021 (2020: nil). However, as best practice management have updated the impairment model.

In determining any indications of impairment in the carrying value of the Caijiaying Mine the directors have reassessed the net carrying value of capitalised costs at 31 December 2021 by reference to the estimated mineral resources at Caijiaying that may be extracted by 2056 and 2037 when the current business licence of Hebei Hua Ao expires. However, it is expected that Hebei Hua Ao will be converted to an equity joint venture company with an indefinite life before then in order to comply with new PRC legislation. Accordingly a Life of Mine plan ("LOM") has been prepared by the Company that indicates the continued extraction of ore until 2056. In estimating the discounted future cash flows from the continuing operations at the Caijiaying mine the following principal assumptions have been made:

- Future market prices for zinc of $3,000 (2020: $2,500) per tonne, gold of $1,800 (2020: $1,800) per troy ounce and silver of $22.5 (2020: $20.0) per troy ounce;
- Zinc treatment charges of 30% (2020: 30%) of market prices;
- Extraction of measured and indicated resources of 23.8 million tonnes (2020: 25.5 million tonnes) to 2037 when the current business licence of Hebei Hua Ao expires, with ore mined and processed rising to a maximum rate of 1.6 million tonnes of ore per annum and the extraction of 50.3 million tonnes by 2056;
- Operating costs, recoveries and payables based upon past performance and that budgeted for 2022;
- Capital costs based upon that initially scheduled with sustaining capital based on future scheduling;
- Discount rate of 10% (2020: 10%);
- Continued maintenance and grant of applicable licences and permits;
- No significant impact as a result of climate change, earthquakes or other natural events; and
- A Renminbi to US dollar exchange rate of Rmb6.5 to $1.

12. Intangible Assets - Exploration Interests

China – mineral exploration interests	**$000**
At 1 January 2020	**322**
Foreign exchange adjustments	2
Additions during the year	11
Impairment during the year	(10)
At 31 December 2020	**325**
Additions during the year	73
Impairment during the year	(11)
At 31 December 2021	**387**

Intangible assets represent costs on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and development work in respect to regional exploration in China. 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.

Notes to the Financial Statements

12. Intangible Assets - Exploration Interests (continued)

Upon economically exploitable mineral deposits being established, sufficient finance will be required to bring such discoveries into production. At 31 December 2021 impairment charges of $11,000 (2020: $10,000) had been provided and charged to the income statement in respect of the above exploration costs previously capitalised by Hebei Sino Anglo.

13. Inventories

	2021 $000	2020 $000
Underground ore stocks	**603**	1,332
Surface ore stocks	**277**	423
Concentrate stocks	**123**	728
Spare parts and consumables	**3,513**	2,850
	4,516	5,333

All inventories are expected to be sold, used or consumed within one year of the balance sheet date.
The Group did not have any significant slow moving or defective inventories at 31 December 2022 (2020: nil) requiring write off to the Income Statement

14. Receivables And Other Current Assets

	2021 $000	2020 $000
Trade receivables	**-**	4,485
Other receivables	**344**	338
Prepayments	**1,830**	1,852
	2,174	6,675

Any expected credit losses on the recoverability of receivables are not expected to be material.
Prepayments include $428,000 (2020: $1,085,000) in respect of supplies and services for non-current assets.

15. Share Capital

	2021		2020	
	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	**172,826,228**	**1,728**	172,786,228	1,728
Shares issued in the year on exercise of share purchase options	**2,066,666**	**21**	40,000	-
At 31 December	**174,892,894**	**1,749**	172,826,228	1,728

Share purchase options were exercised over 1,791,666 new ordinary shares at 30 pence per share and over 275,000 new ordinary shares at 40 pence per share in 2021 (2020: options over 40,000 new ordinary shares were exercised at 30 pence per share.)

16. Shares Held In Treasury

	2021		2020	
	Number	**$000**	Number	$000
At 1 January	**540,000**	**917**	540,000	917
Bought back in during the year	**399,799**	**727**	-	-
At 31 December	**939,799**	**1,644**	540,000	917

In 2021 399,799 of the Company's ordinary shares were purchased at an average price of 132p (2020; none).

Notes to the Financial Statements

17. Share Options

	At 1 January 2021 Number	Granted/ (exercised) Number	At 31 December 2021 Number
Options exercisable at 30 pence per share to 31 December 2023	17,374,166	(1,791,666)	15,582,500
Options exercisable at 40 pence per share to 31 December 2023	4,793,333	(275,000)	4,518,333
	22,167,499	(2,066,666)	20,100,833

Share purchase options were exercised over 1,791,666 new ordinary shares in 2021 at 30 pence per share and over 275,000 new ordinary shares at 40 pence per share (2020: options over 40,000 new ordinary shares were exercised at 30 pence per share.)

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

	2021		2020	
	Number	**Weighted average exercise price Pence**	Number	Weighted average exercise price Pence
Outstanding at 1 January	22,167,499	32.2	22,207,499	32.2
Exercised during the year	(2,066,666)	(31.3)	(40,000)	(40.0)
Outstanding at 31 December	20,100,833	32.2	22,167,499	32.2

The estimated value of the options exercisable at 40p up to 31 December 2023, 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 2023, 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 2023	Options expiring 31 December 2023
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 $nil (2020: $nil) during the year ended 31 December 2021 relating to equity settled share option scheme transactions.

18. Dividends

No dividends were paid in 2021 (2020: nil).

19. Other Payables

	2021 $000	2020 $000
PRC licence fees	**10,352**	13,487

Notes to the Financial Statements

20. Long-Term Provisions

PROVISIONS FOR MINE CLOSURE COSTS	**2021**	2020
	$000	$000
At 1 January	**2,200**	2,150
Change in estimate (note 11)	**327**	(115)
Interest charges	**84**	77
Foreign exchange adjustments	**56**	88
At 31 December	**2,667**	2,200

Provisions for mine closure and rehabilitation costs have been made in accordance with the laws and regulations of the PRC and as set out in the Hebei Hua Ao Mine Ecological Restoration Treatment and Land Reclamation Scheme ("the Scheme") as approved by Ministry of Natural Resources of the PRC. This Scheme provides for a mine life of 40.11 years from January 2019 to February 2059. The Scheme incorporates a rehabilitation plan for "Mine Geological Environment Recovery" with an estimated cost of RMB 65,619,400 ($10,292,000), and "Land Rehabilitation" with an estimated cost of RMB 54,566,100 ($8,558,000). These amounts have been discounted over the deemed Life of Mine at a discount rate of 3.39% (2020: 3.7596%), being the PRC 40 year state bond rate.

21. Deferred Taxation

	2021	2020
	$000	$000
At 1 January	**3,359**	2,731
Foreign exchange adjustments	**76**	204
(Credit) / charge for the year	**(195)**	424
At 31 December	**3,240**	3,359

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 deductible for taxation purposes.

22. Lease Liabilities

	2021	2020
	$000	$000
At 1 January	**383**	2,600
Foreign exchange adjustments	**76**	81
Advance during the period	**963**	-
Interest charges	**11**	171
Repayments in the year	**(462)**	(2,469)
At 31 December	**971**	383
Amounts falling due in more than one year	**794**	-
Amounts falling due within one year	**177**	383
	971	383

Under the terms of an agreement Hebei Hua Ao pays Rmb21.32 per wet tonne treated by the dry tailings facility at Caijiaying. At the end of the agreement term in February 2021, this facility was due to become the property of Hebei Hua Ao with no further payment. This agreement was renewed in 2021 for one year and further extended in 2022 on the same terms, with all charges for ore processed charged to cost of sales. In determining the initial total lease 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.

Notes to the Financial Statements

22. Lease Liabilities (continued)

The Company entered into an agreement in October 2016 to rent offices for 12 years from 1 November 2016 with a five year break. As required under IFRS 16 the Group have recognised a right to use assets in respect of this lease having a value of $371,000 as at 1 January 2019 with a depreciation of $248,000 provided in the year, and a liability of $97,000 all of which is current. This lease was renewed in October 2021 with a deemed value of $1,581,000 upon which depreciation of $618,000 has been provided.

Minimum lease payments on leases entered into by the Group are as follows:

	2021	2020
	$000	$000
Within one year	**177**	490
Between 1 and 2 years	**169**	12
Between 2 and 3 year	**169**	0
Between 3 and 4 years	**169**	0
Between 4 and 5 years	**169**	0
Later than 5 years	**338**	0
	1,191	502

23. Trade And Other Payables

	2021	2020
	$000	$000
Trade creditors	**19,358**	13,821
Other creditors	**6,174**	7,624
Business taxation payable	**2,884**	5,120
Zhangjiakou Yuanrun Enterprise Management Consulting Service Co., Ltd (Note 30)	**5,638**	4,246
Accruals	**6,672**	11,531
	40,726	42,342

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

24. Attributable Net Asset Value Per Share To Total Equity Per Holders Of Parent Shares

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 2021 of $262,576,000 ($233,706,000 at 31 December 2020) divided by the number of ordinary shares in issue at 31 December 2021 of 174,892,894 (172,826,228 at 31 December 2020).

25. 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, Hong Kong dollars, and Australian Dollar bank deposits held to cover future sterling expenditure estimates.

Notes to the Financial Statements

25. Risk Management (continued)

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

The Group currently does not have a formal foreign currency hedging policy but retains foreign currency to meet future requirements. Management monitors foreign exchange exposure and considers hedging significant foreign currency exposure should the need arise. 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:

	2021	2020
	$000	$000
Short term bank deposits	**518**	1,270

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

	2021	2020
	$000	$000
Short term bank deposits	**983**	909

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

	2021	2020
	$000	$000
Short term bank deposits	**30,477**	7,420

The following table illustrates the sensitivity of the net results for the year and equity with regards to the Group's Renminbi deposits and the Renminbi US Dollar exchange rate. It assumes a + / - 10% (2020: 10%) change in the Renminbi exchange rate for the year ended 31 December 2021. These changes are considered to be reasonable based on observation of current market conditions for the year ended 31 December 2021. The sensitivity analysis is based upon the Group's Renminbi deposits at each reporting date.

If the Renminbi had strengthened against the US Dollar by 10% (2020: 10%) this would have had the following impact:

	2021	2020
	$000	$000
Net result for the year and on equity	**3,387**	804

If Renminbi had weakened against the US Dollar by 10% (2019: 10%) this would have the following impact:

	2021	2020
	$000	$000
Net result for the year and on equity	**(2,771)**	(658)

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 relatively small amounts held in Sterling, Australian dollars, and Hong Kong dollars the effect on the net results and equity of changes in Renminbi and Australian dollar exchange rates are not expected to be significant.

As a result of a reduction in Sterling deposits, the impact of changes in the Sterling US Dollar exchange rate are considered minimal. In 2020 a strengthening of Sterling of 10% was reported as increasing the net results for 2020 and an equity of $141,000 and a weakening of $115,000.

Notes to the Financial Statements

25. 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:

	2021			2020		
	GBP	**Rmb**	**AusD**	GBP	Rmb	AusD
	$000	**$000**	**$000**	$000	$000	$000
Financial assets	729	32,804	1,000	1,470	17,945	967
Financial liabilities	(1,300)	(42,189)	(37)	(414)	(46,279)	(152)
Short term exposure	(571)	(9,385)	963	1,056	(28,334)	815

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 + 100% and - 100% (2020: + 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:

	2021		2020	
	Plus 100%	**Minus 100%**	Plus 300%	Minus 100%
	$000	**$000**	$000	$000
Net result for the year	**236**	**(236)**	296	(108)

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

	2021			2020		
	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	**38,159**	**-**	**38,159**	16,435	-	16,435
Other receivables	**-**	**344**	**344**	-	4,823	4,823
Total Financial assets	**38,159**	**344**	**38,503**	16,435	4,823	21,258
Finance lease liabilities	**(971)**	**-**	**(971)**	(383)	-	(383)
Trade and other payables	**-**	**(48,193)**	**(48,193)**	-	(50,709)	(50,709)
Total Financial liabilities	**(971)**	**(48,193)**	**(49,164)**	(383)	(50,709)	(51,092)
Net Financial assets / (liabilities)	**37,188**	**(47,849)**	**(10,661)**	16,052	(45,886)	(29,834)

Other receivables in 2020 have been restated to exclude prepayments, and other payables in 2020 have been restated to exclude tax payable.

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 2021 or in 2020.

Notes to the Financial Statements

25. Risk Management (continued)

Commodity Risk (continued)

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 30% and minus 30% (2020: plus 30% and minus 30%), 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.

	2021		2020	
	Plus	**Minus**	Plus	Minus
	$000	**$000**	$000	$000
Net result for the year – zinc	**20,504**	**(20,504)**	11,077	(11,077)
Net result for year – gold	**1,794**	**(1,794)**	4,440	(4,440)
Net result for year – silver	**786**	**(786)**	1,162	(1,162)

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 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.

Liquidity risk

Prudent liquidity risk management implies maintaining cash, marketable securities and adequate credit facilities to meet financial obligations as they fall due. At 31 December 2021 the Group held cash and cash equivalents (bank deposits) with high credit financial institutions of $38,159,000 (2020: $16,435,000) to meet financial obligations and apart from lease, trade and other payables had no bank loans or similar financial liabilities.

Management monitors rolling cash flow forecasts on a weekly basis and keeps under review bank financing facilities at a local and Group level, to ensure sufficient liquidity is maintained to meet future financial obligations. This also includes regular review of metal market prices and foreign currency requirements.

26. 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 $262,576,000 at 31 December 2021.

Notes to the Financial Statements

27. 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, the United Kingdom, Hong Kong 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:

	2021	2020
	$000	$000
FINANCIAL ASSETS		
Cash and cash equivalents	**38,159**	16,435
	38,159	16,435
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost	**14,774**	17,242
Trade and other payables	**34,391**	33,850
	49,165	51,092

Contractual maturities of financial liabilities:

At 31 December 2020	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total contractual cash flows	Carrying amount (assets)/liabilities
	$000	$000	$000	$000	$000	$000
Non-derivatives						
Trade and other payables	37,222	3,372	3,372	6,744	50,710	50,710
Lease liabilities	490	12	-	-	502	383
Total non-derivatives	37,712	3,384	3,372	6,744	51,212	51,093
Derivatives	-	-	-	-	-	-

At 31 December 2021	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total contractual cash flows	Carrying amount (assets)/liabilities
	$000	$000	$000	$000	$000	$000
Non-derivatives						
Trade and other payables	37,841	3,451	3,451	3,450	48,193	48,193
Lease liabilities	177	169	169	676	1,191	971
Total non-derivatives	38,018	3,620	3,620	4,126	49,384	49,164
Derivatives	-	-	-	-	-	-

Notes to the Financial Statements

28. Subsidiary Companies

At 31 December 2021, 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 Ltd	Ordinary	100%	Holding and service company	Hong Kong
China Zinc (Resources) Ltd	Ordinary	100%	Holding company	Hong Kong
Griffin Mining (UK Services) Limited	Ordinary	100%	Service company	England
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 Pty Ltd, China Zinc Ltd, Griffin Mining (UK Services) Ltd and Panda Resources Ltd are directly owned by the Company. China Zinc Ltd has a 100% interest in China Zinc (Resources) Ltd and 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 provides that the foreign party (China Zinc Ltd) receives 88.8% of the cash flows and profits of Hebei Hua Ao in accordance with its share in the equity interest in the joint venture. The term of the joint venture's business licence expires on 12 October 2037. Under the terms of an 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 payable of $3,876,000 (2020 $2,934,000) are included in net operating costs rather than attributable to non-controlling interests. Likewise, the amounts due at 31 December 2021 of $5,638,000 (2020: $4,246,000) are included in other payables rather than due to non-controlling interests within equity within the Consolidated Statement of Financial Position.

29. Commitments

At 31 December 2021 the Group had capital commitments of $1,144,000 (31 December 2020: $1,395,000).

30. Related Parties

Keynes Capital

Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of $2,737,000 (2020: $2,801,000), for the provision of advisory and support services to Griffin Mining Limited and its subsidiaries during the year including that of the Chairman Mladen Ninkov. Mladen Ninkov is a director and employee of Keynes Investments Pty Limited.

Zhangiakou Yuanrun Enterprise Management and Service Centre

During the year $4,279,000 was charged (2020: $3,320,000) for services paid to Zhangjiakou Yuanrun Enterprise Management and Service Centre, the Group's joint venture partner in Hebei Hua Ao in connection with local PRC licensing and permitting requirements and land acquisitions. At 31 December 2021 $5,638,000 (2020: $4,246,000) was due to this company.

31. Post Balance Sheet Events

At 31 December 2021 there were no adjusting post balance sheet events (2020: none). From 1st January 2022 to March 2022, operations at Caijiaying were suspended in the run up to and during the Winter and Para Olympic games at Chongli.

Tailings Facility Three in the background, with the new access road and bridge to Tailings Facility Four under construction

Corporate Information

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China Zinc Pty Ltd office:	Level 9, BGC Centre, 28 The Esplanade, Perth, WA 6000, Australia. Telephone: + 61(0)8 9321 7143 Facsimile: + 61(0)8 9321 7035
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Company Secretary:	Roger Goodwin
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