GRIFFIN MINING LIMITED

REPORT & ACCOUNTS 2023

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 website: 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.

Registered Office: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda
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Caijiaying Mine operational facilities - Summer 2024

Chairman's Statement

Understanding full well that I am breaking one of the paramount 7 deadly sins, it gives me an enormous sense of pride and satisfaction to present to you, the shareholders and owners of Griffin Mining Limited ("Griffin" or the "Company"), the Annual Report and Accounts of the Company for the 2023 calendar and financial year (the "Annual Report"). 2023 proves, beyond any reasonable doubt, that the founding directors of the Company have been proven correct. Contrary to all the naysayers throughout the long years, the Company has established a world class, environmentally friendly mining operation, developed and operated in the People's Republic of China ("PRC" or "China"), on a self-generating cash flow basis, without seeking continual capital from shareholders or incurring debt. Put simply, in the words of Helen Keller, "While they were saying it couldn't be done, it was done."

It is hard to know where to start, the news is so overwhelmingly positive and we are just at the start of the Year of the Dragon!

Financially, record revenues were generated in 2023. The Company and its subsidiaries (together the "Group") recorded;

- Revenues up 54.7% at $146,023,000;
- Gross profit up 35.5% at $51,842,000;
- EBIT up 47.3% at $51,863,000;
- Operating profit up 52.5% at $23,837,000;
- Profit before tax up 60.3% at $24,486,000;
- Profit after tax up 97.8% at $15,236,000; and
- Basic earnings per share up 82.1% at 8.03 cents.

Operationally, a record amount of ore was mined, hauled and processed, with throughput reaching mill design capacity of 1.5 million tonnes per annum. This led, inter alia, to record zinc metal production:

- Ore mined was up 76.6% to 1,505,642 tonnes (all from Zone III):
- Ore processed was up 82.1% to 1,513,977 tonnes:
- Zinc metal in concentrate produced was up 79.1% to 56,933 tonnes;
- Gold in concentrate produced was up 68.2% to 17,052 ounces;
- Silver in concentrate produced was up 40.1% to 314,677 ounces; and
- Lead in concentrate produced was up 64.5% to 1,546 tonnes.

These results are all the more impressive in light of the fact that no ore is yet being delivered from Zone II, which remains under full speed development. Underground workings, services and the 3rd Portal all remain under construction and near completion. Grade control drilling continues unabated and the South Ventilation Shaft has been sunk almost 250 metres. Ore extraction from Zone II remains on schedule for the 1st Quarter of 2025.

Drilling continues in both Zones II and III with a record 7 diamond drill rigs in continual operation. This number of operating rigs is yet another record for the Caijiaying Mine. With the volume and quality of the drilling information being produced, it is our expectation that a new JORC resource will be announced in 2024.

With continuing operational and financial success, it is easy to become complacent and fail to deal with non-financial issues which impact the future viability of the Company. As such, the Company strives to be a fully responsible corporate citizen to all our relevant stakeholders, including our shareholders, employees, contractors, the people of China and the global environment. As such, the Company has committed itself to the generation and use of 100% renewable energy in the next 12 months, one third of which is already generated via the solar farm at the Caijiaying Mine. A further two 6.3MW wind turbines generating a total of 12.6MW of wind power will be constructed within 2.5km of the Caijiaying Mine. Once completed, the Caijiaying Mine will have 18.6MW of renewable electrical capacity at peak generation which exceeds the current 18.1MW peak usage. The Company is currently examining the installation of large-scale battery storage capacity and the purchase of wind or solar energy directly from state owned renewable energy projects in close proximity to the Caijiaying Mine to achieve 100% renewable power at all times regardless of light or wind conditions. I know of no other active mine or operations that can claim to have fully committed to the switch to 100% renewable energy and already be generating a third of its energy from its solar farm.

Inevitably the question then arises how to deal with the excess cash being generated by operations. It was decided by the directors of the Company not only to continue with the on-market share buy-back scheme operated by the Company's Nominated Advisor, Panmure Gordon, but to also undertake an offer for larger blocks of stock held by institutional shareholders through the Company's joint broker, Berenbergs. As such, well over 10 million shares were acquired and then cancelled by the 26 February 2024 at a substantially lower share price than currently quoted. It is expected both methods of buying back the Company's stock will continue in 2024, reducing the Company's shares outstanding and improving the Company's earnings per share. To this end, and although I rarely comment on the Company's share price, it has been pleasing to see the market finally seemingly begin to understand the inherent value of the Company and even perhaps the parlous state of the world mining environment.

In that vein, I believe it appropriate to mention the very recent indicative proposal announcement by BHP in relation to Anglo-American, an attempt by BHP to acquire scarce copper assets. Although this may be a surprise to the market, it is a logical progression of the failure of the capital markets to support the mining industry, and in particular the junior miners, who overwhelmingly discover the orebodies needed to supply the world with the raw products needed for human existence. We have just begun to feel the effects of having rare resources and its expression in rising commodity prices. As Mark Burton at Bloomberg wrote recently, "A successful takeover would make BHP the biggest copper producer with about 10% of the market, but it won't make any difference toward meeting the world's supply needs. Production from existing mines is set to fall sharply in the coming years, and miners would need to spend more than $150 billion between 2025 and 2032 in order to fulfill the industry's supply needs, according to CRU Group. One key challenge is that new mines take years and often decades to build, 'There is a clear and compelling need for additional mine capacity to be brought online,' said William Tankard, principal analyst for base metals at CRU. 'The gauntlet is being laid down at the feet of the miners, and it's going to be exceptionally challenging to deliver."

I should mention that this year marks the 30th anniversary of Hebei Hua Ao Mining Industry Co Ltd ("Hebei Hua Ao"), the foreign joint venture stock company formed in 1994 to hold the interest in the Caijiaying Mine, the majority interest of which was acquired by Griffin almost 4 years later in 1997/8. Nevertheless, celebrations marking the occasion will be held in China later this year. It is my absolute hope that at these celebrations there will also be an announcement of Hebei Hua Ao converting its legal status to a limited liability company, as mandated in the PRC Foreign Investment Law (Article 42), bringing all the benefits of that legal structure to the parties involved.

All that remains for me to conclude is that the old adage remains as true today as when it was written so long ago by Tacitus and re-imagined by John F Kennedy, "Success has many fathers, but failure is an orphan." An operation of the size, complexity and in the location of the Caijiaying Mine, has depended on, and will continue to depend on, the intelligence, expertise, dedication, discipline and sacrifice of a large number of individuals. I can't and won't name them as to do so would inevitably exclude someone who has deserved to be in that pantheon of champions. Suffice it to say I regularly refer to some current success which rests either on our founding directors' feet, our current operational staff and/or our relatively new directors. All have played or continue to play their vital part and we owe them our sincerest thanks. It needs to be understood by all involved that what they all do is beyond the responsibilities of ordinary corporate employment and it deserves our acknowledgment.

Lastly, and always most importantly, thank you to you, the shareholders and owners of the Company. Everyone can "talk the talk" but few can "walk the walk." It is your capital, patience and continued support which allows the Company to have the stability and confidence to continue to move forward at an ever quicker pace. We will continue to honour the commitment you have all made by moving heaven and earth to give you the returns you so richly deserve.

Mladen Ninkov
Chairman
14 May 2024

Hebei Hua Ao morning Management Meeting at the Caijiaying Mine

Overview

Griffin Mining Limited ("Griffin" or "the Company") is a mining and investment company, incorporated in Bermuda in 1988. Its shares have been trading on the Alternative Investment Market of the London Stock Exchange ("AIM") since 1997.

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"). Hebei Hua Ao holds all the necessary licences, the operating mine and processing facilities (the "Caijiaying Mine") located near Zhangjiakou City in the People's Republic of China ("PRC" or "China").

The Company has held its interest in Hebei Hua Ao since 1997 having financed, explored and managed the development of the Caijiaying Mine from the discovery of economic mineralisation to the current extraction and processing of circa 1.5 million tonnes of ore per annum.

The Caijiaying Mine currently produces zinc, gold, silver and lead in concentrate.

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. These tenements are currently held by Hebei Anglo's joint venture partner, Zhangjiakou Yuanrun Enterprise Management Consulting Service Co., Limited ("Yuanrun"), thereby allowing their retention under PRC law within the Hebei Anglo Group. Hebei Anglo has a contractual option to have these exploration licences transferred at any time back to Hebei Anglo.

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, of being brought into production to meet the Company's historically pre-set, economic returns to shareholders.

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 the Hebei Province of the PRC. The Caijiaying Mine is easily accessible by freeway from Beijing. The site has significant water supplies, an on site solar farm together with 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 closest station on the high speed train link with Beijing.

There are a number of zones of mineralisation within the tenements held by Hebei Hua Ao at the Caijiaying Mine including Zone III, which is currently being mined, and Zone II, being developed for production in 2025.

Climatic conditions are relatively mild with warm summers and cold 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. This interest is 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.

Geographic location of the Caijiaying Mine, People's Republic of China

Caijiaying *(continued)*

On 1 January 2020 a new PRC Foreign Investment Law was enabled which repealed the Sino Foreign Joint Venture Law. Pursuant to Article 42, all Joint Ventures established under the previous law must be converted into limited liability companies by 1 January 2025 with a new business licence. This will require, inter alia, the adoption of new Articles of Association which will have significant benefits for the Company including the inevitable exclusion of the termination of the current joint venture in 2037 as a limited liability company, and a new business licence.

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 mill throughput capacity of 1.5 million tonnes of ore per annum. Mining rates solely from Zone III have now reached the equivalent of 1.5 million tonnes of ore per annum. The development of Zone II at the Caijiaying Mine, now being undertaken, will enable current and possibly higher production rates in the future.

To date Griffin has invested some $400 million on acquiring its interest in the Caijiaying Mine and in the development and construction of the workings and processing facilities, financed mainly from internally generated funds.

With the grant of a new mining licence in December 2020 over the combined Zone II and Zone III areas, and consequent approval of a mine design for the new Zone II area, the development of Zone II is well underway. Production from Zone II is expected in 2025. This will allow sustained production of at least 1.5 million tonnes of ore per annum to be extracted from the Caijiaying Mine for the extent of its current resource base, if not longer.

MINERAL RESOURCE ESTIMATES

Mining operations at Caijiaying have embarked on an exciting phase of expansion with ongoing mine development efforts focusing on accessing the Zone II resource while maintaining mine production at Zone III.

Mineral resources at the Caijiaying Mine are organized into four zones. From south to north, the main line of lodes comprise mineral resources from Zones II, III and VIII, while Zone V sits just 1km west of Zone II. Underground mine production began at Zone III in 2005, consistently delivering robust production levels and achieving record production in 2023.

The Global Mineral Resource that encompasses the entire area totals, 83.1 million tonnes at 3.9% Zn, 0.6% Pb, 29.4g/t Ag and 0.4g/t Au resulting in total contained metal of approximately 3.24 million tonnes of Zn, 0.5 million tonnes of Pb, 78.4 million ounces of Ag and 1.13 million ounces of Au. This applies a zinc cut-off grade of 1% and is amended for mining depletion at Zone III as of 31 December 2023.

In 2023, an extensive underground diamond drill program covering Zone II and III achieved a total amount drilled of 50,915 metres. The primary aim of this ongoing campaign is to reduce operational risks and enhance resource confidence during the transition to Zone II. Simultaneously, it seeks to uncover new opportunities in areas adjacent to the mined zones in Zone III and evaluate potential targets inferred to the east of the mine.

Zone III

The updated 2023 Mineral Resource Estimate at Zone III at a zinc cut-off grade of 1% using actual drilling as of July 2023 and amended for mining depletion up to 31 December 2023 totals 32.1 million tonnes at 4.6% Zn, 0.2% Pb, 24.9g/t Ag and 0.6g/t Au. This results in total metal of approximately 1.5 million tonnes of Zn, 0.08 million tonnes of Pb, 25.7 million ounces of Ag and 0.6 million ounces of Au.

The Zone III Mineral Resource Estimate is defined by a total of 189 surface diamond drill holes, 32 reverse circulation surface drill holes and 4,801 underground diamond drill holes with an average spacing of approximately 20 metre x 20 metre, for a combined total of 633,940 metres of drilling.

Underground mining operations at Zone III have achieved full development from 1,420mRL down to the lower mine licence boundary at the 1,000mRL. Production activities persist across all levels of operation, employing integrated primary, secondary and remnant production fronts.

Concurrently, exploration and resource diamond drilling efforts focus on delineating near-mine mineralisation beneath and eastward of mine development. In total, 198 underground drill holes, spanning 25,981 meters, were drilled to facilitate both grade control and resource definition objectives throughout 2023.

Zone II

The updated 2023 Zone II Mineral Resource Estimate at a zinc cut-off grade of 1% using actual drilling as of July 2023 totals 38.2 million tonnes at 3.4% Zn, 0.9% Pb, 27.5g/t Ag and 0.2g/t Au. This results in total metal of approximately 1.3 million tonnes of Zn, 0.3 million tonnes of Pb, 33.8 million ounces of Ag and 0.26 million ounces of Au.

A total of 109 surface diamond drillholes, 91 reverse circulation surface drillholes and 261 underground diamond drillholes, define the Zone II deposit at an average spacing of approximately 40 metre x 40 metre for a combined total of 116,317 metres of drilling.

Five primary levels of capital development are under construction and, once completed, will provide comprehensive drill access to the entire 1.3 kilometre strike length of the Zone II Mineral Resource, extending to the lower designed level of 1030RL. Furthermore, extensive diamond drilling from the historic Zone II 1453 RL drill drive continues to delineate and define mineral resources with 98 underground diamond drill holes for 24,934 meters completed in 2023.

Zone V

There has been no on ground activity at Zone V throughout 2023 and therefore the Mineral Resource Estimate remains unchanged at 6.0 million tonnes at 3.2% Zn, 1.4% Pb, 56.0g/t Ag and 0.6g/t Au. This estimation yields approximately 0.2 million tonnes of Zn, 0.08 million tonnes of Pb, 10.8 million ounces of Ag and 0.12 million ounces of Au. The deposit at Zone V is defined by a total of 34 surface diamond drillholes, 3 reverse circulation surface drillholes with an average spacing of approximately 25 metre x 100 metres for a combined total of 15,242 metres of historical drilling.

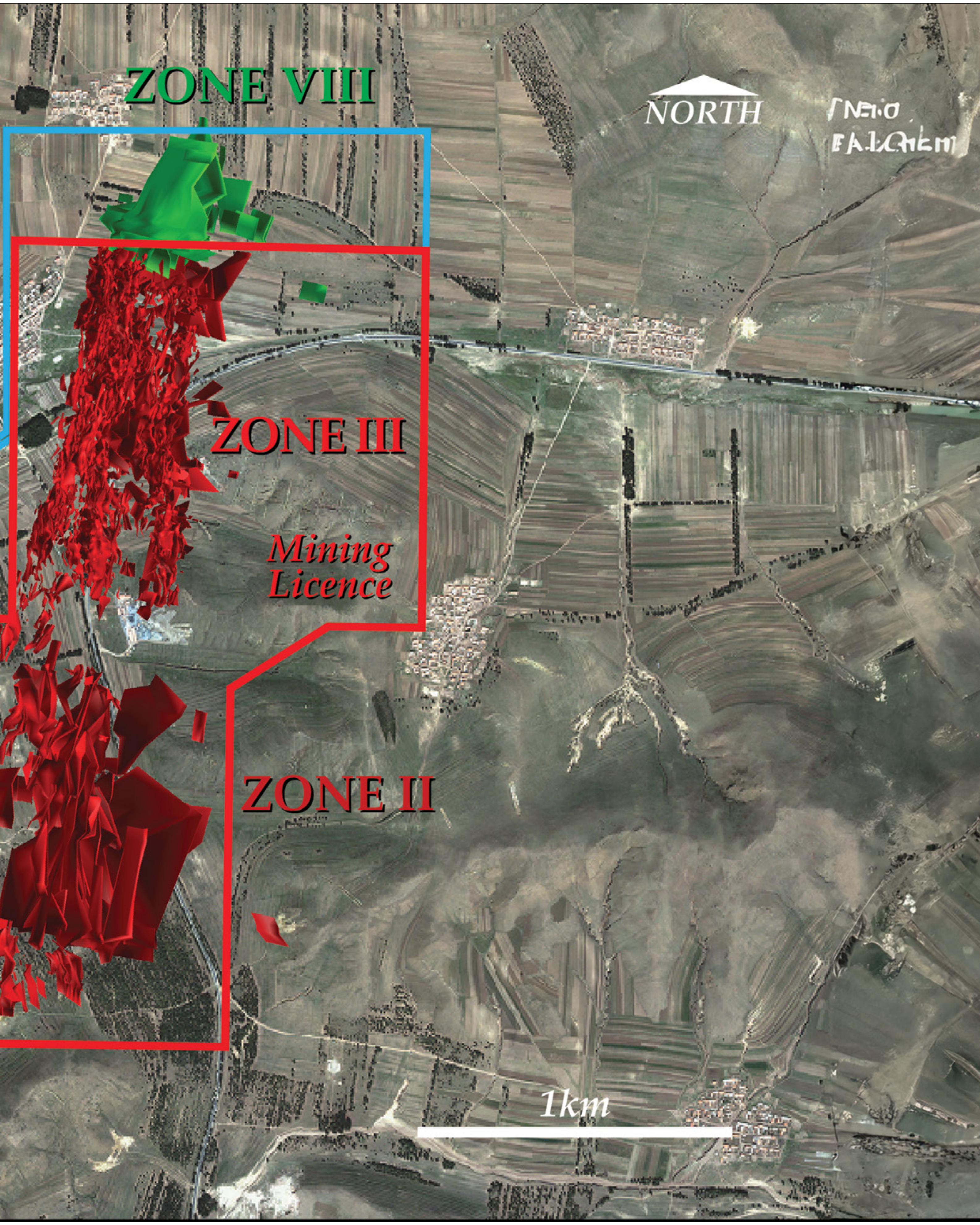
Zone VIII

There was no on-ground activity at Zone VIII in 2023, and, therefore, the mineral resource remains unchanged at 6.8 million tonnes at 4.0% Zn, 0.7% Pb, 37.0g/t Ag and 0.7g/t Au. This estimation translates to approximately 0.3 million tonnes of Zn, 0.05 million tonnes of Pb, 8.1 million ounces of Ag and 0.16 million ounces of Au. The Zone VIII deposit is defined by a total of 44 diamond drillholes spaced at intervals of 50 to 100 metres amounting to a combined total of 32,193 metres. Zone V and VIII are situated within a mining retention licence adjacent to Zone II and III, covering a total area of 2.23 square kilometres and valid until the 16 July 2024. The Company is currently seeking to convert the retention licence to a mining licence.

Mineral Resource Estimate

The Global Mineral Resource that encompasses Zones III, II, V and VIII at a zinc cut-off grade of 1% and as amended for mining depletion at Zone III as of 31 December 2023 is summarised as follows.


Caijiaying
Village
Mine Site
ZONE V
Tailings
Facility
HuaAo Retention Licence
Mine Camp



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

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	22.1	5.0	0.3	25.2	0.6	1,104	56	17,902	455
Indicated	5.8	3.7	0.2	21.4	0.4	216	11	3,951	67
Inferred	3.5	4.2	0.3	30.6	0.3	149	9	3,494	34
Sub-Total	**31.4**	**4.7**	**0.2**	**25.1**	**0.5**	**1,469**	**76**	**25,346**	**556**

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)*
Measured	0.6	0.5	0.1	17.2	2.2	3	0.5	323	42
Indicated	0.1	0.7	0.0	9.6	0.9	1	0.04	32	3
Inferred	0.0	0.8	0.1	7.7	0.7	0.1	0.01	2	0.2
Sub-Total	**0.7**	**0.5**	**0.1**	**15.9**	**2.0**	**4**	**1**	**357**	**46**

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	22.7	4.9	0.2	25.0	0.7	1,107	57	18,225	497
Indicated	5.9	3.7	0.2	21.2	0.4	216	11	3,983	70
Inferred	3.6	4	0.3	30.6	0.3	150	9	3,496	35
Total	**32.1**	**4.6**	**0.2**	**24.9**	**0.6**	**1,472**	**76**	**25,704**	**601**

Caijiaying Zone II 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	1.6	2.5	0.5	20.2	0.2	39	8	1,025	12
Inferred	1.2	2.0	0.2	9.4	0.1	24	3	360	4
Sub-Total	**2.8**	**2.3**	**0.4**	**15.6**	**0.2**	**63**	**11**	**1,386**	**17**

Zone II Fresh: Zn Resources > 1% Zn

Measured	4.3	3.9	1.4	32.9	0.3	168	60	4,520	45
Indicated	11.8	3.9	0.7	21.3	0.2	455	84	8,108	72
Inferred	19.3	3.2	0.9	31.9	0.2	611	170	19,779	123
Sub-Total	**35.4**	**3.5**	**0.9**	**28.5**	**0.2**	**1,234**	**313**	**32,407**	**240**

Zone II Total

Measured	4.3	3.9	1.4	32.9	0.3	168	60	4,520	45
Indicated	13.4	3.7	0.7	21.2	0.2	494	92	9,134	84
Inferred	20.5	3.1	0.8	30.6	0.2	635	173	20,139	127
Total	**38.2**	**3.4**	**0.9**	**27.5**	**0.2**	**1,297**	**325**	**33,793**	**256**

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
Sub-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	2.4	5	5	1,012	54
Sub-Total	**0.7**	**0.7**	**0.7**	**45**	**2.4**	**5**	**5**	**1,012**	**54**

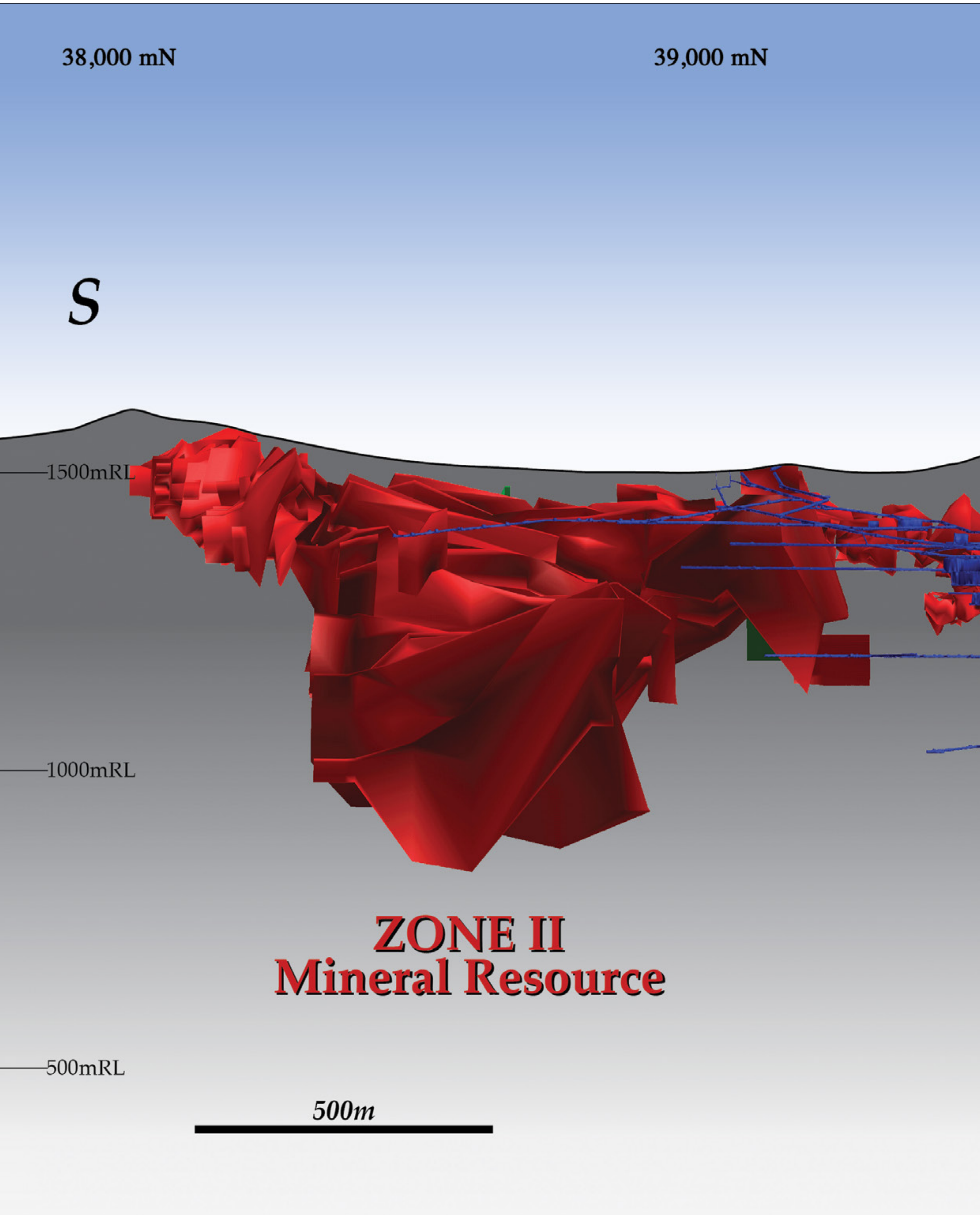
Zone VIII Total

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	0.7	277	46	8,124	160
Total	**6.8**	**4.0**	**0.7**	**37**	**0.7**	**277**	**46**	**8,124**	**160**

Caijiaying Combined Global Mineral Resources 31 December 2023

Category	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn Metal (kt)	Pb Metal (kt)	Ag Metal (kOz)	Au Metal (kOz)
Measured	27.0	4.7	0.4	26.2	0.6	1,274	117	22,745	542
Indicated	19.3	3.7	0.5	21.2	0.2	711	103	13,116	154
Inferred	36.8	3.4	0.8	35.9	0.4	1,252	312	42,578	438
Total	**83.1**	**3.9**	**0.6**	**29.4**	**0.4**	**3,237**	**531**	**78,440**	**1,134**

Notes: The Caijiaying Mineral Resources are based on resource modelling work completed by ERM Australia Consultants Pty Limited (previously CSA Global) and reported in 2023 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 Dr. Maxim Seredkin a Competent Person, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Dr. Maxim Seredkin is a full-time employee of ERM Australia Consultants Pty Limited. Dr. Maxim Seredkin 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). Dr. Maxim Seredkin 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.


38,000 mN
39,000 mN
S
1500mRL
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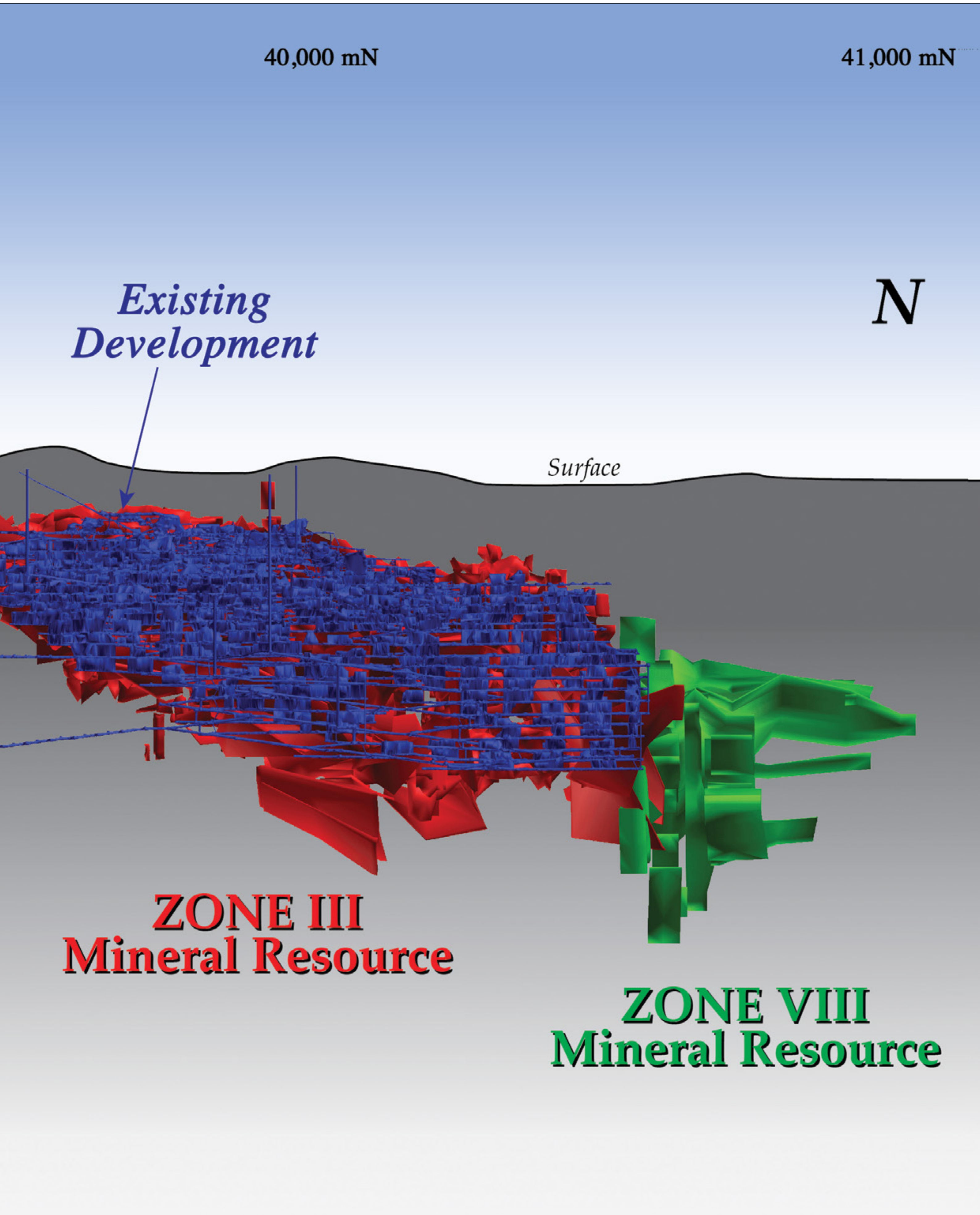
500mRL
ZONE II
Mineral Resource
500m



Long section view orientated west of the Zone III Mineral Resource, Wireframes are indicated in red and underground development and stoping are indicated in blue.

Caijiaying *(continued)*

GEOLOGY

The Caijiaying Mine is located at the northern margin of the North China Craton in the Yanshan Metallogenic Belt within Hebei Province of China. This prolific metallogenic belt stretching east-west for hundreds of kilometres contains numerous large mineral deposits of various types making the Yanshan one of the most economic regions in northern China. The local geology at Caijiaying comprises of early Proterozoic granulite and gneiss with marble lenses, overlain unconformably by the Late Jurassic Baiqi Formation and Zhangjiakou Formation. Porphyry sills and dykes, intruding along faults, subsequently cut across the geological sequence. Mineralisation is believed to be related to a Jurassic igneous event that altered the 2.3-billion-year-old metamorphic basement rocks.

The Caijiaying Mine hosts base metal and gold mineralisation characteristic of a distal skarn replacement mineral system. Lithologies comprise a mixed sequence of amphibolite-grade metavolcanic and metasedimentary rocks intruded by three generations of Jurassic porphyry dykes and sills that crosscut the mineralisation. The mineralisation commonly occurs as sulphide lenses of coarse sphalerite with lesser pyrite and minor galena that preferentially replace calc silicate and iron enriched amphibolite units within the folded basement rocks.

The mineralisation at Zone III is complex and formed within the favourable meta-volcanic units that have undergone structural deformation and hydrothermal alteration. The orebodies occur as upright isoclinal folds in the west of the mine, adjacent the regional north-south Grasshopper Fault. Towards the east, these folds transition to inclined open folds, resulting in narrower and more structurally complex mineralization. Orebodies of Zn-Au-Ag-Pb are up to 20 metres thick at fold closures and narrow to less than 2 metres at depth and to the east where the fold limbs dominate. Generally, mineralisation at Zone III tends to dip steeply to moderately westward and extends along strike with a shallow 20 metre north plunge. Mining activity at Zone II is in its early stages, with geological data primarily sourced from diamond drill core. Unlike Zone III, Zone II features limited underground development for detailed underground geological mapping although this is set to change throughout 2024.

EXPLORATION

Hebei Hua Ao Mining Area

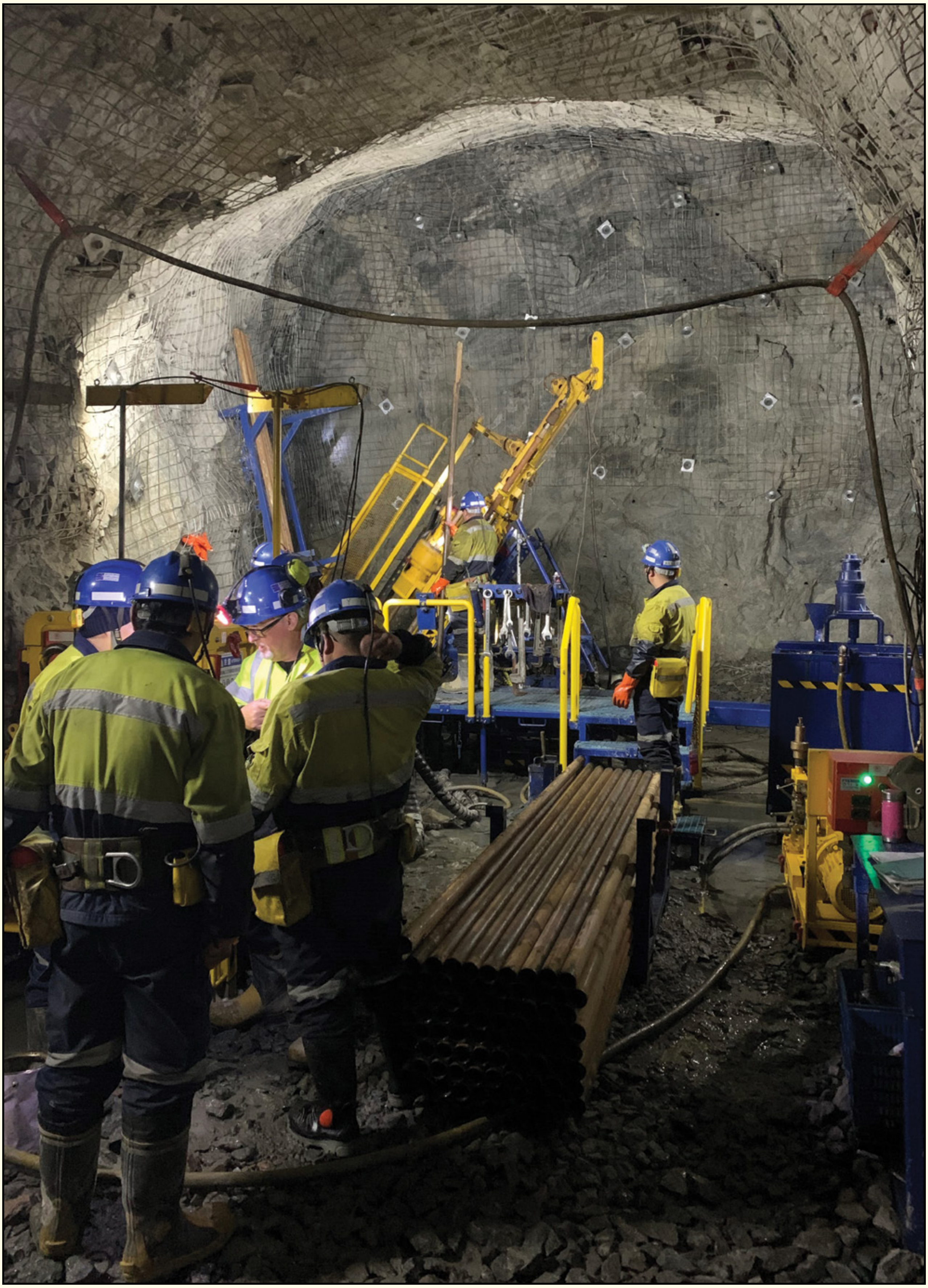
Exploration at Caijiaying continues to be an important part of the overall diamond drilling strategy as production at Zone III plateaus and new mining fronts at Zone II are established. Technical structural lithogeochemical studies have been carried out over many years and have been instrumental in advancing the geological understanding of the Caijiaying Mine. These research studies are ongoing and will continue into 2024 with a focus on advanced geochemical and structural modelling and exploration target generation at Zone II.

At the northern end of Zone III, a dedicated exploration drill drive has been constructed at the lower 1020RL to enable deep exploration drilling to depths below the 500RL. This diamond drilling, which commenced in December 2023, aims to test for extensions to the current resources down to the 500RL and to explore for repetitions at depths near the 0RL. In 2024 pre-collars will be drilled to enable exploration drilling to a down-hole depth of 1400m. This deep exploration drilling is planned to commence in late 2024.

Zone II covers an area of 1,300 metres x 1,100 metres x 500 metres and offers excellent exploration potential outside known resources in all directions. Historic surface IP geophysical surveys and surface drilling has identified several exploration targets in these areas and these remain largely untested due to limited underground access. Zone II mine development currently under construction will enable effective diamond drilling access for exploratory drilling planned for 2024.

Regional Exploration

Continued safe production and mine expansion at the Caijiaying Mine continue to be the core focus for the Company. While there have been no regional exploration activities, the Company continues administrative efforts to unlock the full exploration potential at the adjacent Zone V and Zone VIII project areas. In addition, research and site visits for potential project acquisitions occurred both within and outside Hebei province.



Underground drilling at the Caijiaying Mine

Caijiaying Mine Tailings Storage Facility 4

Caijiaying (*continued*)

OPERATIONS

Production at the Caijiaying Mine in 2023 and 2022 may be summarised as follows:

Year to 31 December		**2023**	2022
Ore mined	Tonnes	**1,505,642**	852,579
Ore processed	Tonnes	**1,513,977**	831,549
Zinc in concentrate Produced	Tonnes	**56,933**	31,787
Gold in concentrate produced	Ozs	**17,052**	10,137
Silver in concentrate produced	Ozs	**314,667**	224,587
Lead in concentrate produced	Tonnes	**1,546**	940

2023 was, as forecast, the first year in the history of the Caijiaying Mine that sustained production at the enhanced rate of 1.5 million tonnes of ore was achieved. This enabled the existing capacity of the Caijiaying Mine to be realised for both mining and processing.

The throughput achievement of 1.5 million tonnes per annum ("mpta") was the result of 3 years of planning and work following restrictions of Covid-19.

The increased production rates generated record amounts of metal in concentrate, propelling the Caijiaying Mine into the top six zinc metal in concentrate producers in China and a reliable source of high quality concentrate on a scale that can compete with imported products.

Both mining and milling will transition into a sustained phase focused on technology deployment for incremental safety, cost and production improvements in 2024 and beyond. This will be implemented with automation and mechanisation.

Mine automation is focused on the deployment of western technology to eliminate manual tasks. Key targets are paste fill systems, shotcrete, cable bolting and emulsion explosives being deployed with remote loading, all of which represent safe production improvements.

The mill optimisation program is focused on automation and improving the efficient use and consumption of consumables. In 2023 trials began for grinding media and investigations were undertaken to identify the best available automated processes in China for deployment at the Caijiaying Mine, all of which are focused on reducing operating costs and maintaining sustainable production.

Safety, as always, continues to be a key focus for the Company. 2023 was a transition year in improving reporting and identification of hazards, including utilising a unified digital reporting platform deployable on mobile devices.

The digitisation of safety data and high levels of reporting integrated into performance indicators has driven a deeper understanding of key areas of needed improvement focused on the supervision and development of fundamental skills and awareness related to mechanised mining and processing. This has enhanced safety awareness targeting local cultural attitudes and hazardous practices.

Expansion of the Caijiaying Mine into Zone II commenced in 2023 with the development of the Southern Ventilation shaft and underground development from Zone III. Expansion of Zone II is a three year project and by the end of 2023 access from the existing underground workings at Zone III was completed with work commencing on a third portal and internal declines. The development schedule for Zone II will see sustained ore produced from Zone II, as allowed under Chinese regulations, in the last six months of development, as part of the approval process and ramp up to full production.

Regulatory permission to conduct exploration and resource drilling below 1000RL was granted in 2023. Application for the conversion of the retention licence into a mining licence at Zone VIII, which will include work below the 1000RL, is now being prepared.

Whilst the Life of Mine Plan continues to be reviewed, only minor amendments have been made with ongoing resource definition drilling mainly at Zone II. With continued drilling results and positive work in Zone III, the mine life continues to look well supported to 2050 and beyond. Future optimisation of the mine plan is focused on zero waste and renewable energy to reduce total capital spending and maintaining the current world class low operating costs.

The 6MW solar facility was successfully commissioned without incident in August 2023. On a full utilisation day, this facility provides up to 30% of the Caijiaying Mine's energy requirements. Future renewable energy deployment will be focused on expanding the solar, wind and battery systems utilising the same end user model that has proven successful with the solar project to utilise domestic green energy programs.

The new dry stack Tailings Facility 4 ("TSF4"), phase 1 uplift, was completed in April 2024 and the full safety facility design approval is expected imminently.

The fourth TSF4 provides for a minimum of 3 lifts and minimum life span of 7.5 years. However, ongoing work to achieve zero waste is progressing with the objective of eliminating the need to construct any additional tailings facilities. The utilisation of mine tailings for bricks and construction material is being optimised with western technology and support by the Hebei Provincial Government which is funding a separate project into tailings utilisation.

A primary objective for 2024 and beyond is to focus on sustainability. Continued development of the already strong local relationships will continue, including the deployment of next step trainee programs for non-university graduates in the form of skilled labour and supervision to create a sustainable local workforce with value-add potential.

Commitment to operational improvements and the continual problem-solving approach required for world class technological deployment remains in place. The ability of the Caijiaying Mine to continually develop and improve is a testament to the success of the Company.


中宇实业

Construction of the Caijiaying Mine's new southern ventilation shaft

Financial Results

SUMMARY

In 2023 the Company and its subsidiaries (together the “Group”) recorded;

- Revenues of $146,023,000 (2022: $94,397,000);
- Gross profit of $51,842,000 (2022: $38,252,000);
- Earnings before depreciation, interest and tax of $51,863,000 (2022: $35,215,000)
- Operating profit of $23,837,000 (2022: $15,625,000);
- Profit before tax of $24,486,000 (2022: $15,272,000);
- Profit after tax of $15,236,000 (2022: $7,704,000); and
- Basic earnings per share of 8.03 cents (2022: 4.41 cents).

Record amounts of ore were mined, hauled and processed in 2023, with throughput reaching mill name plate capacity of 1.5 million tonnes per annum, resulting in record zinc metal in concentrate production.

Ore mined was up 76.6% to 1,505,642 tonnes on that in 2022, all of which was extracted from Zone III at Caijiaying, and ore processed up 82.1% to 1,513,977 tonnes on that in 2022, resulting in:

- Zinc metal concentrate production was up 25,146 tonnes (79.1%) on that achieved in 2022;
- Gold in concentrate production up 6,915 ozs (68.2%) on that achieved in 2022;
- Silver in concentrate production up 90,080 ozs (40.1%) on that achieved in 2022; and
- Lead in concentrate production up 606 tonnes (64.5%) on that achieved in 2022.

Whilst market prices for zinc fell in 2023, smelter treatment charges and transport costs fell from 27.9% of LME in 2022 to 27.0% in 2023 with significant falls in the last quarter of 2023 to 21.8% and to 15.3% in March 2024. Gold prices have increased throughout 2023 as have silver and lead prices with Hebei Hua Ao receiving a premium price on lead and gold in concentrate sales.

With increased ore mined, hauled and processed, production (mining, haulage, and processing) costs increased by $38,036,000 (67.7%) from that in 2022 with production costs per tonne of ore processed falling from $65.8 per tonne in 2022 to $62.6 per tonne in 2023.

Operating (administration) expenses, excluding the Chinese partners profit share and share incentive scheme charges, rose by $854,000 (4.2%) from that in 2022. The Chinese partners share of Hebei Hua Ao’s profits increased by $1,505,000 (62.7%) from that in 2022, which was subject to force majeure provisions. The results for 2023 include a charge of $3,019,000 (2022: nil) relating to a share incentive plan.

The Group benefited from interest receipts on bank deposits of $1,394,000 in 2023 compared with $369,000 in 2022. As a result, Group profits before tax increased from $15,272,000 in 2022 to $24,486,000 in 2023.

TURNOVER

Turnover in 2023 of $146,023,000 was up $51,626,000 (54.7%) on that achieved in 2022 of $94,397,000. This reflects zinc in concentrate sales up $35,552,000 (46.5%) with 57,998 tonnes of zinc metal in concentrate sold in 2023 compared with 30,422 tonnes in 2022, an increase of 90.6% reflecting higher production whilst the average zinc metal in concentrate prices received fell from $2,513 in 2022 to $1,931 in 2023, a fall of 23.2%. This reflects a fall in the average LME price from $3,488 in 2022 to $2,647 in 2023, whilst smelter treatment charges and transport costs have fallen from 27.9% of LME in 2022 to 27.0% in 2023 with significant falls in the last quarter of 2023 to 21.8%.

Lead and precious metal in concentrate sales in 2023 of $42,428,000 were up $18,875,000 (80.1%) on that achieved in 2022 of $23,553,000. This reflects increased lead and precious metals sold, with higher production and higher metal prices received.

Sales may be summarised as follows:

	2023	*2022*
Zinc metal in concentrate revenue before royalties ($000s)	**112,008**	76,456
Lead metal in concentrate revenue before royalties ($000s)	**3,949**	2,052
Silver metal in concentrate revenue before royalties ($000s)	**6,172**	3,829
Gold metal in concentrate revenue before royalties ($000s)	**32,306**	17,672
Royalties	**(8,413)**	(5,612)
Zinc metal in concentrate sold (tonnes)	**57,998**	30,422
Lead metal in concentrate sold (tonnes)	**1,557**	926
Silver in concentrate sold (ozs)	**317,348**	221,506
Gold in concentrate sold (ozs)	**17,107**	10,649
Average price received per tonne (zinc) ($)	**1,931**	2,513
Average price received per tonne (lead) ($)	**2,535**	2,216
Average price received per ounce (silver) ($)	**20.1**	17.9
Average price received per ounce (gold) ($)	**1,952**	1,814

COST OF SALES

Total cost of sales (mining, haulage, and processing) costs increased by $38,036,000 (67.7%) from $56,145,000 in 2022 to $94,181,000 in 2023 with production costs per tonne of ore processed falling from $65.8 per tonne in 2022 to $62.6 per tonne in 2023. This in the main reflects the impact of the suspension of operations in 2022.

Costs of sales may be summarised as follows:

	2023	**Per tonne ore**	2022	Per tonne ore
	$000	**$**	$000	$
Mining costs	**25,579**	**17.0**	16,782	19.7
Haulage costs	**18,098**	**12.0**	10,377	12.2
Processing costs	**23,197**	**15.4**	14,390	16.9
Depreciation depletion and amort’	**25,385**		17,757	
Stock and WIP movements	**1,922**		(3,161)	
	94,181	**62.6**	56,145	65.8

MINING

1,505,642 tonnes of ore were mined in 2023, up 76.5% on that mined in 2022 of 852,579 tonnes, reflecting near continuous production in 2023. Mining costs in 2023 were up $8,797,000 (52.4%) on that in 2022, resulting in a reduction in unit costs from $19.7 per tonne mined in 2022 to $17.0 per tonne in 2023, reflecting economies of scale with fixed mine service costs.

HAULAGE

1,509,098 tonnes of ore were hauled in 2023, up 79.7% on that hauled in 2022 of 839,685 tonnes, tracking ore mined. Haulage costs in 2023 were up $7,721,000 (74.4%) on that in 2022, resulting in a reduction in unit costs from $12.2 per tonne hauled in 2022 to $12.0 per tonne in 2023.

Financial Results (continued)

PROCESSING

1,513,977 tonnes of ore were processed in 2023, up 82.1% on that processed in 2022 of 831,549 tonnes, tracking ore mined and hauled. Processing costs in 2023 were up $8,807,000 (61.2%) on that in 2022, resulting in a reduction in unit costs from $16.9 per tonne processed in 2022 to $15.4 per tonne in 2023.

DEPRECIATION

Depreciation charges in 2023 were up $7,628,000 (42.9%) on that incurred in 2022 reflecting increased ore mined with depreciation calculated on a unit of production basis.

OPERATING EXPENSES

Operating (administration) costs (excluding the minority interest charges and share incentive scheme charges) in 2023 of $21,083,000 were up $854,000 (4.2%) on that incurred in 2022 of $20,229,000.

Hebei Hua Ao's operating costs in 2023 of $14,393,000 were up $1,161,000 (8.7%) on that incurred in 2022 of $13,232,000. Renminbi impacted administration costs increased by 14.5%, primarily on increased personnel costs and ongoing increased environmental and safety regulatory compliance costs.

Griffin and Griffin Mining (UK Services) Limited company corporate costs of $5,880,000 (excluding share incentive scheme charges) were down $536,000 (8.4%) on that incurred in 2022 of $6,416,000 with the termination of investor relations services, lower directors' bonuses, lower travel costs and reduced directors' and officers' liability insurance premiums.

China Zinc's operating costs in Hong Kong of $723,000 were up $244,000 (50.8%) on that in 2022 of $479,000, with the engagement of additional personnel to investigate potential projects.

$3,903,000 has been charged to profit and loss in respect of service fees based upon the profits of Hebei Hua Ao in 2023 compared with $2,399,000 in 2022, which was adjusted for force majeure days when operations were suspended.

A charge of $3,019,000 has been made in respect of the share incentive scheme instigated in March 2023 which allocates the value of the shares granted at date of grant over the period of return in the event of personnel leaving.

PROFITS BEFORE TAX

After interest, foreign exchange adjustments and other income, a profit before tax of $24,486,000 was recorded for 2023 compared to $15,272,000 in 2022. The profit before tax in 2023 was after charging / crediting;

- FX losses of $136,000 (2022: losses $387,000);
- Bank interest charges of $24,000 (2022: $nil);
- Lease interest $43,000 (2022: $48,000);
- Interest in respect of rehabilitation provisions $110,000 (2022: $87,000);
- Interest receipts of $1,394,000 (2022: $369,000);
- Losses on the disposal of fixed assets of $784,000 (2022: $404,000); and
- Other income of $352,000 (2022: $204,000).

TAXATION

Taxation of $9,250,000 was provided for in 2023 (2022: $7,568,000) being; 25% of Hebei Hua Ao's profits under Chinese GAAP amounting to $10,881,000; withholding taxes of $897,000, primarily of 5% on inter company dividends received; UK corporation tax of $179,000 on Griffin Mining (UK Services) Limited profits; and a deferred tax credit of $2,694,000.

EARNINGS PER SHARE

Basic earnings per share increased from 4.41 cents per share in 2022 to 8.03 cents per share and diluted earnings per share from 4.11 cents in 2022 to 7.98 cents in 2023.

CASH FLOW

In the year ended 31 December 2023 cash and cash equivalents increased by $25,869,000.

$48,377,000 (2022: $15,734,000) was generated from operations in 2023. Capital expenditure, net of disposals, of $23,279,000 (2022: $21,301,000), was incurred in 2023. Interest on bank deposits of $1,394,000 (2022: $369,000) was received in 2023 and interest incurred on bank loans, bank loans and lease payments of $182,000 (2022: $167,000) were incurred in 2023. $373,000 (2022: $nil) was incurred buying back the Company's shares.

NET ASSETS

Attributable net assets per share at 31 December 2023 was $1.40 (2022: $1.40).

Sustainability, Environment And Local Community

SUSTAINABILITY OVERVIEW

The directors and management are focused on ensuring the long-term sustainability of the Group and its business to benefit its shareholders and other stakeholders. Sustainability is supported by the Group's values; operating in an environmentally responsible manner by continually improving circular and low-carbon operations including engagement in green partnerships, targeting zero waste, prioritising the health and safety and development of employees, conducting business with integrity throughout the Group and supply chain as well as actively engaging and contributing to the local community around the Caijiaying Mine.

CARING FOR THE ENVIRONMENT

The Caijiaying Mine is a PRC certified Green Mine and has obtained ISO14001 environmental management systems (EMS) certification. The strategy adopted by Hebei Hua Ao's Green Mine Leading Group (led by the Chief Operating Officer) is to improve mining sustainability through its commitment to collaboration and innovative technology.

Griffin Mining is committed to sustainable production and strict adherence to the County, Municipal, Provincial and National objectives of the Green Mine Initiative.

In the last 2.5 years Hebei Hua Ao has invested over Rmb150m in emission reduction, regenerative and sustainability projects.

Sustainability is embedded throughout Hebei Hua Ao from the Board to the employees on site. Low environmental impact mining techniques are preferred using eco-friendly equipment; when mining waste cannot be reused, its harmful effects are mitigated as far as possible. Rehabilitation of tailings facilities is a key environmental project for Hebei Hua Ao.

Hebei Hua Ao aims to achieve net zero through collaboration in local partnerships to produce green energy.

In April 2024 Hebei Hua Ao entered into an agreement with Zhangjiakou Guoao New Energy Co Ltd ("ZGNE"), for the Caijiaying Mine to be the sole consumer of energy generated from two 6.3MW wind turbines generating a total of 12.6MW of wind power. The wind turbines will be constructed within 2.5km of the Caijiaying Mine and connected to the current 36,000 volt mains electrical power lines. ZGNE is Hebei Hua Ao's current partner for the fully operational 6MW Solar Farm facility located on the rehabilitated Tailings Facilities 1 and 2 at the Caijiaying Mine. This new wind turbine agreement is a natural extension of the already successful local partnership between Hebei Hua Ao and ZGNE.

Once completed, the Caijiaying Mine will have 18.6MW of renewable electrical capacity at peak generation which exceeds the current 18.1MW peak usage. In accordance with current People's Republic of China regulations, this is the maximum electrical capacity an independent private enterprise may develop. The project is expected to be completed within 12 months, including all approvals and construction.

Hebei Hua Ao remains committed to 100% renewable energy. In addition to this renewable energy generation, Hebei Hua Ao is examining the installation of large-scale battery storage capacity and the purchase of wind or solar energy directly from state owned renewable energy projects in close proximity to the Caijiaying Mine to achieve 100% renewable power at all times regardless of light or wind conditions.

GREEN MINING AND EXPLORATION

Safety is Hebei Hua Ao's core value with the objective of zero harm for employees, contractors and visitors. Further information can be found in the social responsibility section of this review.

Hebei Hua Ao's current reported mineral resources are in excess of 80 million tonnes. The life of mine plan shows the mine to be profitable at a production rate of 1.5 million tonnes until at least 2050. Zone III is in production and Zone II is in development following the grant of a mining licence and approval of the safety facility design. Applications for mining licences for Zones V and VIII are underway.

Underground mining is used to extract the resource which minimises the impact on the environment. Advanced ground control management techniques eliminate subsidence. The stability of the ore is assessed using Unwedge rock mechanics software and increased by using long anchor cable supports. The extraction of ore

Sustainability, Environment and Local Community *(continued)*

is effected by using advanced geological and diamond drilling technology so controlling grades, waste and cost.

The mine waste is backfilled and up to 70% of tailings are returned to the workings underground as cemented paste fill. This provides additional stability to enable further extraction and reduces the need for surface storage in tailings facilities and stockpiles.

Hebei Hua Ao is actively seeking to agree partnerships with equipment suppliers who are at the forefront of developing battery electric technology to replace existing diesel powered equipment. Advanced automation will improve the safety of working conditions underground as well as reducing costs.

Hebei Hua Ao has adopted a sustainable ecologically responsible exploration strategy and engages with local communities to minimise disruption on the land where exploration is planned. A baseline study of vegetation is undertaken so that where indicators of potential geological anomalies are identified there is a bench mark for restoration of habitat.

Exploration targets are pinpointed using non invasive airborne or satellite surveys. The choice of sampling technology and equipment minimises the exploration footprint as does the use of green drilling programmes.

PROCESSING

In 2023, Hebei Hua Ao obtained ISO9001 quality management systems (QMS) certification, thus demonstrating the systematic management of product quality.

Hebei Hua Ao consistently meets product quality standards and requirements, optimises production process configurations, enhances digital construction and innovation, and monitors the concentrate grade and moisture content to meet customer expectations.

The main production processes of Hebei Hua Ao include ore crushing, milling, lead flotation, zinc flotation, lead concentrate dewatering, zinc concentrate dewatering, and other processes.

In the ore crushing process, Hebei Hua Ao adopts a three-stage and one closed-circuit process to improve the ore crushing rate. Ore is screened and crushed again until it meets the required granularity. In 2023, a new 8-tonne loader delivered ore to the crusher. A bar screen feeder and moving jaw body assembly of the jaw crusher provides protection for the key components of the crushing system.

The closed-circuit grinding system ensures the correct granularity of the ore for flotation to maintain the recovery rate of metals. An automatic slurry sampler in the grinding process samples the slurry every half hour to assay moisture, granularity and grade.

Automatic sampling in the three stage flotation process maintains the rate and quality of the concentrate. Ceramic filters adjust any problems identified with moisture. The chemicals used in the flotation process are regularly checked by independent laboratories.

A two-stage dewatering process consisting of thickener and ceramic filters keeps the moisture of the concentrate product at about 10%. The dewatered zinc concentrate is stored in bulk while the dewatered lead concentrate is packed in concentrate bags.

Equipment and devices are checked and repaired regularly to maintain normal operations and stable processing and to further improve the product quality. In addition, Hebei Hua Ao has formulated an annual training plan to cover requirements for product quality and other special training for employees and regular meetings take place to deliver training to all employees.

In 2023, Société Générale de Surveillance SA (SGS), an internationally recognised testing, inspection and certification organisation, conducted an audit of the laboratory's sample collection and analysis processes and all the problems identified in the audit were rectified.

WASTE

A key element of the Green Mine Strategy is a commitment to zero waste. Operations are planned to reduce waste by deploying technology at all stages of the mining and processing operations. For example, advanced processing techniques enable circa 96% of contained zinc metal, circa 65% of contained gold, circa 50% of contained silver and circa 70% of contained lead to be recovered in concentrate for sale. Sulphide minerals are eliminated allowing the tailings to be used safely in construction materials. If waste is reduced so will the requirement for remediation.

Having minimised waste, Hebei Hua Ao is mindful of its duty to manage the waste produced responsibly to protect the environment and local communities with safety always the priority.

REPURPOSE OF TAILINGS

Tailings not used in backfilling the mine are provided to local brick manufacturers for the production of bricks and other materials for construction, thus providing a low cost and low energy source of material for local industry removing the need to deplete sand and clay reserves.

EXHAUST GAS

Hebei Hua Ao complies fully with all emission standards. An ultra-low emission 40 tonne steam boiler is used at Caijiaying to provide heat to the mine and surface facilities. Bag filter, lime gypsum process, SNCR + SCR combined denitrification process, respectively, are used for the treatment of soot, sulfur dioxide, and nitrogen oxides from the boiler. This has enabled Hebei Hua Ao to meet Hebei Provincial local standard, the Emission Standard of Air Pollutants for Boiler (DB13/5161-2020). During the reporting period, Hebei Hua Ao achieved full compliance with PRC emission standards for both "organised" and "unorganised" exhaust gases.

Coal consumption is targeted to reduce to less than 10,000 tonnes per annum.

In the mine, online Total Suspended Particulate (TSP) monitors have been installed to ensure the concentration of particulate emissions meets emission standards. Advanced ventilation systems reduce dust and emissions.

The main air pollutant from the production process is dust. Covers and bag filters ensure dust collection efficiency of 98.5%. At the mine site, dry sweepers and water trucks are used with regular cleaning and water spraying to reduce the dust. Ore dumps are protected with windproof dust suppression nets.

WASTE DISPOSAL

Hazardous wastes are managed and stored before being removed by suitably qualified third parties for disposal.

Noise management

Blasting, mine machinery, the crushing, screening and grinding of aggregates as well as boiler room fans and mine ventilation fans all generate noise. As mining activity takes place below underground there is less impact than above ground. Absorption eliminates the noise associated with production as far as possible.

Roads are maintained to prevent unnecessary noise and trees planted to create barriers for unavoidable noise.

WATER USAGE

Water is a precious resource and conservation is prioritised throughout Hebei Hua Ao and all its processes. Waste water is generated from domestic sewage, production and mine dewatering, however, it is not wasted but recycled as explained below.

Domestic sewage is treated and used in the production process and sprayed on the ground to suppress dust in summer. The water used in production is filtered before being reused in processing. Zero water is discharged from the mine by utilising the water during processing after filtration.

Tailings are dewatered and the water is reused thus achieving full recycling of all domestic and production wastewater.

REHABILITATION

Hebei Hua Ao has engaged in a continuous project of rehabilitation whilst the mine is in operation.

Two tailings facilities have already been fully rehabilitated. The social licence to operate is fulfilled by ensuring the mine and surrounding environment are safeguarded using all available technology with a commitment to ecological restoration and effective environmental management. The benefits of this approach are numerous, including:

- Safer working conditions for employees
- Improved relationships and contribution to the community
- More profitable business
- Less disruption and therefore more reliable production
- The active support of local green energy investment
- A reduction in future mine closure costs for Hebei Hua Ao and the local government
- A reduction in environmental liability and risk
- The potential identification and realisation of unforeseen opportunities
- Improved reputation and shareholder value

In Green Energy partnerships, Hebei Hua Ao provides secure end user offtake agreements to enable the financing of local energy developments such as wind and solar.

Sustainability, Environment and Local Community *(continued)*

The rehabilitated tailings have provided land for the installation of solar panels. In October 2023, in partnership with Zhang Jia Kou GuoAO, Hebei Hua Ao successfully commissioned a 6MW solar energy generating facility at the Caijiaying Mine. The facility was constructed and commissioned within 12 months on Hebei Hua Ao's rehabilitated Mine Tailings Facilities Numbers 1 & 2. The facility contains 25,753 square metres of solar panel surface area. With a battery energy saving system, under normal weather conditions, the facility is expected to be able to supply up to 30% of the Caijiaying Mine's total electrical energy consumption. During periods of shutdown, the system also has the capacity to direct excess capacity back into the local grid for extra revenue generation.

Hebei Hua Ao provided all the land, approval support and an exclusive 20 year off-take agreement for the renewable energy to a local energy company, which will operate the system throughout its life. This facility demonstrates, yet again, Hebei Hua Ao's long term, industry leading, environmental and community leadership for sustainability and the benefits of socially responsible mining.

Both companies are currently assessing the utilisation of this successful partnership model on the soon to be decommissioned Tailings Facility Number 3 which has the potential to utilise both wind and solar power (subject to a pending study) to make the Caijiaying Mine as close to 100% renewable energy usage as possible.

Energy conservation and reductions in consumption are enforced in the office. Energy efficient inverter air compressors have replaced industrial frequency air compressors and LED energy saving bulbs have been installed. Leaving equipment on standby is discouraged as is printing of documents, except when absolutely necessary.

INNOVATIVE TECHNOLOGY

Collaboration between the government and the developing green sector fosters ongoing technological development which lowers operating costs.

Hebei Hua Ao is working with the University of Science and Technology in Beijing using a Mineral Dissociation Analyser (MDA) to improve recoveries of gold and silver as well as processing the ore with new chemicals developed in the PRC.

Hebei Hua Ao continuously enhances mining process capabilities, advances the implementation of digital mine construction solutions, and upgrades the application of digital systems such as automated centralised control systems, mine automation systems, unmanned working faces, 3D modelling of resource reserves, and reserve management software.

The management of detonators and explosives has been digitized and Programmable Logic Controller (PLC) control systems are used in crushing, grinding, power supply, and heating. In addition Hebei Hua Ao has embraced technology by:

- Adopting advanced Micromine 3D mining engineering software and digital technologies such as rapid circling of multi-pointer geological body boundaries for ore body circling, reserving calculation and 3D modelling, so as to effectively enhance the efficiency of mineral resources exploration and strive to maximise the environmental and economic benefits of mineral resources development;
- Adopting the frequency conversion control system, timely remote operation is carried out to adjust the operating frequency of the main fan engine and air compressor in accordance with the underground production changes and demands, effectively reducing the operating energy consumption of the equipment, and lowering the manpower cost while improving energy efficiency;
- Applying Ventsim mine ventilation software for ventilation simulation and improvement based on actual measurements, providing safer and more efficient ventilation for the mine;
- Using "Teams" software and the "Eblog" dual-control software for coordinated office work, refining project assignments, adjusting collaboration in real-time, and improving work efficiency.

Hebei Hua Ao actively engages in collaborative research between industry, academia, and research institutions. In 2023, the Beijing University of Science and Technology completed flotation test research on ore from the main ore zone of Hebei Hua Ao, providing technical support for the optimal and better utilisation of ore from the main ore zone. Additionally, there is a history of long-term cooperation with the China ENFI Engineering Technology Co., Limited. Professional personnel from ENFI visit the site monthly to understand the technical challenges encountered during construction and provide suggestions. With the support of digital mine construction solutions and collaborative research between industry, academia, and research institutions, Hebei Hua Ao completed 26 shafts in 2023, with a success rate of over 80%.

BIODIVERSITY CONSERVATION

Hebei Hua Ao's environmental management systems aim to avoid negative environmental impacts where possible and to substantially reduce those that remain. Protection of the surrounding ecological environment is a priority and various ecological conservation measures minimise the potential negative impact on the surrounding ecosystems during mineral resource development activities.

Hebei Hua Ao conducts environmental quality monitoring of the soil around the vicinity of the mine and processing facilities and performs water quality testing on groundwater in the surrounding upstream and downstream areas, continuously monitoring changes in the surrounding environment.

Climate change is one of the most important global challenges. Hebei Hua Ao's risk review is explained in the Strategic Review.

As well as putting measures in place to mitigate these risks, the Board is aware of the opportunities related to the global energy transformation as demonstrated by the photovoltaic power generation project already in operation.

Key Environmental Performance Indicators - Emissions:

	2023	*2022*
Total GHG emissions (Scope 1 and Scope 2) (tonnes CO_2 equivalent)	**71,179.75**	45,044.79
Direct GHG emissions (Scope 1) (tonnes CO_2 equivalent) including:		
Diesel	**1,544.13**	925.61
Coal	**12,526.29**	7,812.28
Indirect GHG emissions (Scope 2) (tonnes CO_2 equivalent) including:		
Purchased electricity	**57,109.3**	36,306.90
NOx (tonnes)	**1.77**	2.21
SO_2 (tonnes)	**0.32**	0.90
Dust (tonnes)	**0.35**	0.19
Wastewater discharge (10,000 tonnes)	**0**	0
Wastewater discharge intensity (tonnes/RMB million)	**0**	0
Hazardous waste (tonnes)	**63.55**	35.43
General solid waste generation (10,000 tons)	**141.22**	79.12

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 Hebei Hua Ao; Scope 2 GHG covers "indirect energy" GHG emissions from Hebei Hua Ao's internal consumption (purchased or obtained).*
- *Nitrogen oxides, sulphur dioxide and dust mainly emanate from heating boilers.*
- *During the reporting period, the new low emissions coal-fired boiler has been put into use, so the exhaust emissions and greenhouse gas emissions, the comprehensive energy consumption data have increased overall compared with the previous year.*
- *Operations were suspended at the Caijiaying Mine for five months in 2022.*

Sustainability, Environment and Local Community *(continued)*

Key Environmental Performance Indicators - Energy and Resources Consumption:

	2023	*2022*
Total energy consumption (MWh)	**119,196.89**	75,308.12
Direct energy consumption (MWh) Including:		
Diesel	**0.006**	0.003
Coal	**38,975.89**	24,308.12
Indirect energy consumption (MWh) Including: Purchased electricity	**80,221.00**	51,000.00
Total water consumption (10,000 tonnes)	**46.97**	38.56

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).*
- *Operations were suspended at the Caijiaying Mine for five months in 2022.*

SOCIAL RESPONSIBILITY

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SAFETY MANAGEMENT

As a mining company, safety is our core value and integrated into all aspects of Hebei Hua Ao's operations.

Emphasis is placed on the prevention of accidents, maintaining standards of safety management, and ensuring that "safe production is everyone's responsibility, and everyone knows their responsibility."

The Safety Committee is responsible for conducting production safety inspections. The Chief Operating Officer is in charge of the Safety Committee, the Deputy Operations Manager and Safety Director serve as deputies and department heads as committee members. A dedicated Safety Department is responsible for safety production management, staffed with a sufficient number of qualified safety production management personnel trained by government authorities.

In 2023, to strengthen on-site safety inspection requirements, Hebei Hua Ao has established a "Safety Production Responsibility System" with key performance indicators and a penalty mechanism for the Caijiaying Mine employee bonus system, clearly defining safety responsibilities, behaviours, and duties for all positions including Department Managers, Department Supervisors, Safety Officers, Technical Personnel, Shift Leaders, and Section Leaders. All employees are required to sign safety production target responsibility agreements.

The Annual Work Safety Plan sets out Hebei Hua Ao's annual work safety objectives. In 2023, Hebei Hua Ao's work safety objectives were as follows:

- Work-related fatalities and serious injuries 1, and occupational illness 0;
- 3% reduction in minor injuries from 2022;
- 100% safety training rate;
- "Three positions" personnel (the main person in charge, safety management personnel, special operators) with a certificate on duty rate of 100%;
- Special equipment inspection pass rate at 100%.

Employees conduct a "Job Safety Analysis" (JSA) before starting work, identifying hazards and conducting safety risk assessments before commencing work. In 2023, Hebei Hua Ao organised a total of four quarterly safety production major inspections, 12 comprehensive leadership safety major inspections, and conducted safety production inspections throughout the mine site more than 120 times. Hebei Hua Ao organised more than 30 professional and special safety inspections. All identified hazards during safety inspections were rectified. During the reporting period, we did not have any work-related fatalities and achieved the established production safety targets.

Health and Safety of Employees

Indicators	***2023***	*2022*	*2021*
Total number of work-related fatalities	**0**	0	0
Lost days due to work injury	**340**	86	180

Note: The increase in lost days due to work injury in 2023 related to one employee involved in a single incident.

EMERGENCY PLAN FOR SAFETY ACCIDENTS

Hebei Hua Ao continues to improve its emergency management of production safety accidents, enhance the rapid and effective handling of accidents at the initial stage, and prevent the expansion of accidents and the occurrence of secondary accidents. The "six systems for underground safety" utilises the underground wireless intercom system and underground video monitoring system to help management personnel monitor the underground working environment, changes in personnel position and the working status of equipment to ensure the safe evacuation of operators in the event of underground emergencies. An "Emergency Rescue Squad" will reduce the impact of the accident, safeguard employees and reduce the loss of property.

SAFETY TRAINING AND EMERGENCY DRILL

In 2023, in accordance with the annual safety production work and training plan, Hebei Hua Ao conducted comprehensive safety training for all employees and specialised training for new employees. Employees take exams to test their understanding and practical skills. In addition, Hebei Hua Ao regularly carries out emergency drills for the sudden failure of ventilators, emergency escape from explosives storage or power failure accidents, as well as fire drills. These activities aim to enhance the risk prevention awareness of all operational staff and their abilities to overcome hazards and escape safely during the early stages of an accident.

In 2023, Hebei Hua Ao conducted safety training as follows:

Training Type	*Number of Participants (Person-time)*
Training for management personnel	33
Training for special operation	25
Training for special equipment	49
Safety regulations for confined space operations	805
Safety training	491
Emergency rescue team training	779
New employee training	74
Specialised training	69

The total safety training hours in 2023 was 20,203 hours.

CONTRACTOR SAFETY MANAGEMENT

Contractors are incorporated into Hebei Hua Ao's safety management system. The Work Safety Management Agreement signed by all contractors clearly defines both parties' responsibilities for the management of accident hazards identification, governance, and prevention, so as to strengthen Hebei Hua Ao's supervision and control over the entire process of the business of the contractors, and to reduce the risk of potential accidents. The qualifications of contractors and certifications of relevant operating personnel are audited. Contractors complete annual safety training with Hebei Hua Ao and their injuries are included in production safety targets.

DEVELOPMENT OF EMPLOYEES

A diverse and inclusive corporate culture at Hebei Hua Ao which focuses on the long-term development of employees, care of their physical and mental health and fostering a harmonious and safe working environment underpins the success of the Group.

EMPLOYEE MANAGEMENT POLICY

The development of a talented diversified workforce is encouraged by ensuring employee rights and interests are protected in accordance with all PRC labour laws. Education to promote diversity and recruitment though a variety of channels will continue to ensure the most talented employees are attracted and retained at Hebei Hua Ao.

Caijiaying Mine Camp - Winter 2024

Sustainability, Environment and Local Community *(continued)*

At 31 December 2023, Hebei Hua Ao had 501 employees.

Employment

Category		*As of 31 December 2023*
By gender	Male	434
	Female	67
By management level	Management personnel	29
	General personnel	472
By age	Aged 30 and below	37
	Aged 31 to 50	299
	Aged 50 and above	165
By employment type	Full-time	501
	Part-time	0
By region	China	497
	Overseas	4

Employee Turnover Rate

Category		*As of 31 December 2023*
Employee turnover rate		5.6%
By gender	Male	5.4%
	Female	0.2%
By management level	Management personnel	0.2%
	General personnel	5.4%
By age	Aged 30 and below	0.2%
	Aged 31 to 50	2.6%
	Aged 50 and above	2.8%
By employment type	Full-time	5.6%
	Part-time	0%
By region	Domestic	5.6%
	Overseas	0%

SALARY AND WELFARE MANAGEMENT

Employees receive a competitive base salary and allowances according to their job title, years of experience and responsibilities, as well as additional rewards for outstanding performance, behaviour and attitude to motivate and inspire them.

Hebei Hua Ao monitors the welfare of employees to ensure all legal entitlements to holidays and other leave are taken. To help create a harmonious workplace environment, Hebei Hua Ao regularly organises holiday dinners, departmental reunions and other activities and has set up activity rooms, gymnasiums and other venues for employees to rest and interact with each other to enhance their cohesion and sense of belonging. During the Chinese New Year and Mid-Autumn Festival each year, employees receive shopping cards for traditional holiday greetings.

Women comprise 13.4% of the workforce. However, Chinese regulations prohibit women from working in operational roles underground so only 178 roles are available to them which increases the participation rate to 37%. New mothers are allowed to bring their families and children to stay at the base during working hours, until the child reaches the age of one at no extra charge for accommodation or food. During holidays such as International Women's Day, Hebei Hua Ao provide female employees with a half-day vacation.

HUMAN RIGHTS

A comprehensive human rights protection policy is in place to respect and protect human rights and establish legal and stable labour relations with employees. In addition, Hebei Hua Aoprovides employees with training on human rights and makes every effort to promote the protection of human rights.

Hebei Hua Ao complies with the PRC national working hours system, setting reasonable workloads for employees, continuously optimising the working hours management policy, encouraging employees to work efficiently during normal working hours and take their full entitlement to holidays. Hebei Hua Ao operates on a working system of 8 hours a day and an average working week of no more than 40 hours. Any arrangement requiring a variation to these hours will only be implemented after obtaining the consent of the employees and relevant responsible departments. If employees need to work overtime or exceed normal working hours, Hebei Hua Ao will pay overtime or arrange rest periods in accordance with the relevant national and Company regulations.

Hebei Hua Ao strives to create a safe and harmonious work environment, strictly prohibiting the employment or use of child labour, opposes any form of forced labour and requires suppliers and vendors to implement the same employment standards. Hebei Hua Ao strictly enforces the national minimum working age regulations and verifies the identity and age of candidates at the time of recruitment.

Employees are encouraged to participate in the democratic management of Hebei Hua Ao, elect employee representatives and hold regular employee representative meetings. A transparent employee communication mechanism has been established including employee suggestion boxes to encourage contributions to the development of the Group.

Hebei Hua Ao set up a trade union many years ago, which is used to safeguard the legitimate rights and interests of the employees. Representatives negotiate regarding labour remuneration, working hours, labour quotas, rest and leave, labour safety and hygiene, insurance and welfare and supervise the implementation of labour contracts and mediate any labour disputes. Activity rooms and sports facilities, regular festive gatherings, and team-building activities enhance employee cohesion.

WHISTLEBLOWING

Hebei Hua Ao encourages all employees to participate in the supervision of integrity and honesty, and has established a two-way reporting channel. Whistleblowers can report anonymously, and Hebei Hua Ao keeps the content of whistleblowers' reports strictly confidential and prohibits any form of retaliation against whistleblowers to protect them from threats, suspension, transfer or dismissal and other discriminatory punishments.

In 2023, Hebei Hua Ao had no major labour disputes or human rights complaints from employees.

EMPLOYEE DEVELOPMENT AND TRAINING

Employee development is a crucial aspect of Hebei Hua Ao's sustainability agenda.

Employees are the key resource for the Group. Hebei Hua Ao develops annual training plans in collaboration with employees, designing diversified training courses, providing induction training, on the job training and continuing education and training to optimise the potential of employees.

New employees complete a 9-day induction training programme, which includes detailed communication and guidance on corporate culture, rules and regulations of Hebei Hua Ao, and occupational health and safety, on the basis of clear job responsibilities. New employees integrate into the workplace more quickly under the guidance of their mentors and with the help of their co-workers.

The "Special Trades Commissioned Trainee Program" has established links with training schools to cultivate specialist trades skilled workers with strong professional skills to provide succession in key skilled roles such as processing and mining maintenance departments.

In 2023, Hebei Hua Ao organised a 12-day vocational skills training program for 72 employees specialising in welding, electrical work, and mechanical repairs, conducted by professional teachers from universities and training schools. Hebei Hua Ao also carried out relevant online training and practical exercises. The employees successfully completed the state-organised technician skills test in December, and some of them obtained the certificate of qualification for junior workers and the certificate of qualification for intermediate workers, with a pass rate of 96.5%.

In 2023 the training coverage rate at Caijiaying reached 100%, with a total of 20,203 training hours.

The total number of trainees was 491, and the per capita participation in training was 41 hours. Hebei Hua Ao's various types of training were carried out as follows:

- **Management personnel training:** 33 management personnel received safe production knowledge and management ability training;
- **Special operation training:** 25 operators received training on getting Certificates for Special Operations;
- **Special equipment training:** 49 operators and management personnel received special equipment management and operation training;
- **New Employee Training:** 74 new employees received conducted employee orientation level 3 training;
- **Safety training:** Internal safety training for 491 employees.

OCCUPATIONAL HEALTH

Hebei Hua Ao places great emphasis on the safety and health of employees and conducts occupational disease risk assessments to better prevent, control, and eliminate occupational hazards in the workplace.

Hebei Hua Ao outstanding employees award ceremony

Sustainability, Environment and Local Community *(continued)*

Monthly inspections of occupational hazards are conducted by third parties. Based on the results effective preventative measures are introduced.

Social medical insurance and supplemental medical insurance are provided for employees. Pre-employment, on-the-job and post-employment health checkups for occupational diseases are undertaken at Caijiaying, as well as education on occupational hygiene. Psychological counselling is available.

All individuals enter the plant area with safety helmets, protective eyewear, earplugs, and other personal protective equipment. Special protective equipment such as water boots, felt socks, and mining lamps is provided. Production managers and operators are required to be proficient in using and maintaining occupational health protection facilities and personal occupational health protective equipment. Regular fire drills and emergency exercises are carried out.

RESPONSIBILITY TO OTHER STAKEHOLDERS

Hebei Hua Ao has zero tolerance for any unethical practices such as bribery, extortion, fraud and money laundering, and has implemented a series of initiatives to strengthen anti-corruption management. It adheres to the business values of fairness, transparency, integrity and honesty, and has formulated employee codes of conduct, set requirements for business ethics and commits to ongoing improvements in its compliance management system. These include:

- Anti-corruption policies and employee code of conduct, supervision of the business activities of employees and third-party contractors, and prohibition of directors and employees from engaging in illegal or unethical economic practices;
- Clearly stated prohibition against taking and offering bribes and a requirement for all employees to declare in advance when offered gifts and entertainment;
- Regular review and update of the code of conduct of employees by the Head of Human Resources and the Operation Manager at Caijiaying to identify the possible risks in the business and operational links;
- Daily supervision and regular management review to optimise the anti-corruption and anti-fraud reporting process and ensure compliance requirements are implemented;
- Regular training to strengthen the ideological education of anti-corruption and further improve compliance with Hebei Hua Ao's policies; and
- Formulation of anti-corruption provisions in supplier agreements and goods and services contracts, adhering to transparent procurement.

PROTECTION OF RIGHTS AND INTERESTS OF CUSTOMERS

Hebei Hua Ao aims to establish a harmonious and stable cooperative relationship with customers, by constantly improving customer service and helping customers solve problems. Hebei Hua Ao has established a complaint and supervision mechanism to identify any problems with product quality. Concentrate samples are taken to check metal and moisture content internally and externally. Hebei Hua Ao takes responsibility for any quality problems arising in accordance with relevant contracts and laws and compensates the customers where appropriate.

Hebei Hua Ao respects the privacy and interests of its customers. Hebei Hua Ao provides regular training to employees on the confidential management of customer information and conducts regular inspections to enforce the requirements of its policy.

During the reporting period, Hebei Hua Ao did not receive any complaints or returns regarding product quality, did not recall products sold due to any safety or health concerns and did not experience any breaches of customer privacy or business information.

BUILDING A SUSTAINABLE SUPPLY CHAIN

Hebei Hua Ao commits to working with suppliers as responsible procurement is essential for Hebei Hua Ao to achieve sustainable development. Accordingly, Hebei Hua Ao seeks to continuously improve supplier management systems and procurement processes in accordance with established company policies.

Hebei Hua Ao regularly evaluates and assesses suppliers to ensure they are fulfilling their environmental and social responsibilities and strives to build a transparent and honest supply chain by the establishment of a strict and standardised supplier access process and evaluation system.

Suppliers are assessed against a strict set of criteria including environmental protection, safety management, technology application. Priority is given to suppliers with professional qualification certificates for quality management, environmental management, occupational health and safety management and other special product safety marks. Hebei Hua Ao also evaluates the reasonableness of suppliers' product prices through multiple quotations and price comparisons. To ensure that product quality meets Hebei Hua Ao's requirements, product samples are collected from suppliers, and where appropriate sent to third-party independent institutions for testing and analysis, following which the results are evaluated to select the most appropriate supplier.

In order to reduce greenhouse gas emissions, Hebei Hua Ao selects suppliers who provide environmentally friendly products or services. For example, when selecting dust removal equipment, boiler desulphurisation and denitration equipment, minerals, geomorphous fabrics, electromagnetic flowmeters and other materials, suppliers with professional qualification certifications are chosen. In addition, priority is given to local suppliers to reduce logistics costs and environmental pollution.

Annual evaluations are carried out on qualified suppliers to ensure standards are being maintained by carrying out onsite inspections, testing product quality, assessing production, delivery and transportation capacities. Any suppliers who have not maintained their standards or who have negatively impacted on the environment are required to undertake timely rectification. Hebei Hua Ao will terminate the supply of goods and services from those suppliers who continue to fail to meet Hebei Hua Ao's requirements, do not deliver on time and cannot provide high quality after-sales service.

Suppliers are required to commit not to employ child labour, to pay reasonable and legal remuneration to all types of employees, to support the legitimate rights and interests of their employees, and to comply with the human rights of employees. If a supplier is found to have directly or indirectly caused serious human rights violations, conflicts, environmental damage, damage to business ethics and other violations, Hebei Hua Ao will immediately terminate its relationship with the supplier.

At 31 December 2023, Hebei Hua Ao had 380 suppliers in total, of which 379 were in Mainland China and 1 was in other countries and regions.

CONTRIBUTING TO SOCIETY

Hebei Hua Ao aims to provide demonstrable improvements to its local communities and host country. It provides economic security by prioritising local hiring. As a good corporate citizen, Hebei Hua Ao's Community Outreach Department participates in the local communities, listening to feedback and suggestions and providing assistance in accordance with the Community Development Plan.

Hebei Hua Ao provides an annual economic contribution of Rmb800m to the PRC through its fixed asset investments and purchases of mining consumables and services. It paid taxes of Rmb195,453,887 ($28m) in 2023.

In 2023, Hebei Hua Ao donated a total of Rmb 3.3m to local communities.

PUBLIC WELFARE DONATIONS

Hebei Hua Ao is committed to creating value for the communities where it operates, fostering sustainable development and promoting shared prosperity and development. Since 2010, flour and rice has been donated annually to Caijiaying Village during the Mid-Autumn Festival. In September 2023, Hebei Hua Ao donated festival gifts of 950 bags of flour and 600 bags of rice to Caijiaying Village in Sanhao Township.

Hebei Hua Ao helps to improve the living conditions of the elderly and teenagers, the most vulnerable members of the community in accordance with human rights commitments. In 2023 Rmb601,900 ($86,000) was provided in residents' pension subsidies to improve living conditions. In order to facilitate socioeconomic progress Rmb72,000 ($10,000) was provided to the Hebei Youth Development Foundation as a scholarship to support college students from Sanhao Township, encouraging the academic development of young students.

Sustainability, Environment and Local Community *(continued)*

COMMUNITY INTERACTION

In August 2023, the local management helped to organise a basketball match with the Zhangbei County Emergency Management Bureau, fostering closer ties between Hebei Hua Ao and the local community.

COMMUNITY CO-PROSPERITY

As well as providing local employment opportunities at the Caijiaying mine, Hebei Hua Ao supports the revitalisation of villages and community prosperity through road construction and the provision of clean water supplies. In 2023, Hebei Hua Ao invested Rmb1,850,700 ($264,000) in home repairs for villagers, subscribed Rmb700,000 ($100,000) to a community fund to support infrastructure development around the mine and donated a farm tractor valued at Rmb80,000 ($11,000) to support the Sanhao Township government in fighting poverty. In addition, Hebei Hua Ao invested approximately Rmb2.4 million ($345,000) to rebuild the roads around the mine area, with the support of the Zhangbei County government, which improved travel for residents around the mine and improved traffic safety.

SLAVERY

Whilst section 54 of the UK Modern Slavery Act 2015 does not apply to Griffin Mining Limited, as it is incorporated in Bermuda and does not do business in the United Kingdom, Griffin seeks to comply with international best practice as well as local legislation with regard, inter alia, human rights and the environment. It will not deal with any customer or supplier involved with slavery.

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 the PRC, 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 the PRC. 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 financial returns provided by the Caijiaying Mine.

CAIJIAYING MINE

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 has enabled production rates 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 effect this strategy, the Company has further expanded the scope and activities of China Zinc Limited 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 do so. As well as recognising the benefits of increased metal prices as the world moves towards EV economies, this has involved identifying risks related to climate change such as extreme weather and sudden natural disasters including rainstorms, snowstorms, drought, 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. 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

The board of directors of Griffin has responsibility for setting the overall strategy of the Group, its performance, management and financial matters including, the approval of budgets, significant capital expenditure and financial reports. Key decisions are based on the regular review of financial performance, capital and operational budgets and regular operational reports.

The directors continue to seek to add value and minimise costs to ensure the long-term sustainability of the Company and its business in order to fulfil their responsibility to benefit shareholders and other stakeholders.

The Company and its directors have identified and keep 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 62 to 64.

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

The Company and its directors have adopted the Corporate Governance Code published by the UK Quoted Company Alliance ("QCA") and are guided by the principles contained therein, so far as the Board of Directors is able and considers practicable.

The Board meets on a quarterly basis, or as required, with all members in attendance in 2023. The executive Chairman leads the Board, and whilst not employed by the Company, he spends a significant part of his time on the Company's business. The Chairman's services are provided by Keynes Capital (see report of the Remuneration Committee on page 54). 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 other executive director is the full-time Finance Director. He is also the Company Secretary and, although not in accordance with best practice, it has not proved practicable to separate these roles. Independent advice is sought where necessary to supplement Mr Goodwin's considerable experience and corporate memory.

Two independent non-executive directors were appointed to the Board in 2022 to join the Senior Independent Director ("SID"), Clive Whiley. Independent directors therefore now constitute 50% of the Board. Dean Moore was appointed Chair of the Remuneration Committee and Linda Naylor is Chair of the Audit Committee. The shareholdings of these three non-executive directors are less than 0.2% of the Company's issued share capital and they are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Adam Usdan is not an independent non-executive director as he is also a major shareholder.

The SID receives additional compensation to reflect his commitment to make 25% of his time available to help the Chairman with strategic support. The Chairman requires this support since he has the operational responsibilities of a Chief Executive Officer and the Board is of the view that the specialist nature of this support could not be sourced from the Company's advisers. Notwithstanding the additional responsibilities and remuneration received by the SID, the Board's judgement is that he remains an independent director as the additional responsibilities represent a minority of his employment and he is demonstrably independent in character and judgement.

The SID supports the Chairman and executive director by regularly communicating with the major shareholders to build a strong relationship with them, other shareholders and potential investors.

The Chairman and the Finance Director maintain regular contact with significant shareholders 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. The SID supports the executive directors by regularly communicating with the major shareholders, other shareholders and potential investors. The Company updated its website during the year to improve communication with stakeholders.

The Board is supported by the Audit Committee and Remuneration Committee. The reports of these Committees are given on pages 51 to 55. A Nomination Committee has not been formally established with, in effect, the whole Board fulfilling this function.

The existing board of directors 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 on page 56. To reflect the Company's commitment to sustainability, Linda Naylor has completed the ICAEW Sustainability Certificate. All directors are subject to re-appointment annually at the annual general meeting of the Company's shareholders.

Dal Brynelsen, a director of the Company's Chinese subsidiary with 40 years' experience in the mining industry, provides additional support to the Board.

The Chairman and Finance Director regularly visit the Group's operations to meet with management and other personnel and communicate with them virtually on a daily basis when not on site. The Board plans to meet at the mine site in October 2024 to mark the 30th anniversary of the Hebei Hua Ao Joint Venture.

A review of Board effectiveness is due to take place in 2024 when the issue of succession plans for the key executives will also be addressed.

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 which are detailed further in the Sustainability Review on page 29. The Group engages personnel regardless of race or gender.

The Company has appointed a Chief Operating Officer who reports directly to the Chairman, who in turn reports directly to the board of directors. The Chief Operating Officer oversees the Group's operations with individual department heads reporting directly to him. The Company has appointed a Chief Financial Officer in China who reports to 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 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 on pages 29 to 46.

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

Stakeholder Engagement

Main Stakeholders	*Key Issues*	*Communication and Feedback Channels*
Government and regulatory agencies	Implementation of laws, regulations and policies.	Compliance with laws and regulations including payment of taxes
	Corporate governance and compliance operation	Daily communication and reporting
	Safety and environment protection	
Shareholders and investors	Profitable operations	Regulatory reporting
	Sustainable development governance	Equal opportunity employer
	Human rights policy disclosure	Anti-slavery policy
	Anti-corruption policies	Bribery and corruption policy
Employees and their families	Salary and benefits	Employee performance reviews
	Training and development	Staff representative conference
	Health and safety	Regular safety reporting, safety inductions and safety meetings
Suppliers and business partners	Customer service	Dedicated procurement department
	Supply chain management	Independent assay and moisture checks of concentrate sold
	Product quality	
Community	Community investment	Involvement in the local community
	Community benefits	Local community support, including infrastructure, poverty alleviation, schooling
	Environmental protection and ecology	Care and protection of the local environment with minimal discharges

Report of the Audit Committee

The Audit Committee assists the main board of directors in its oversight of the Company's financial reporting, internal control and risk management within the corporate governance framework.

The Chair is Linda Naylor, a Chartered Accountant with sector experience. She is joined by Adam Usdan and Clive Whiley, who both bring extensive fund management and capital markets experience to benefit the work of the Committee.

The Committee met three times in 2023 with all members in attendance.

FINANCIAL REPORTING

The Audit Committee monitors the integrity of the financial statements of the Group, 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 before recommending their approval to the Board. 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 Group 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 Group'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).

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 Group and its subsidiaries. The Audit Committee seeks to ensure all reporting is up to date and relevant to shareholders, to aid their understanding of the Company and its performance.

SIGNIFICANT ISSUE CONSIDERED BY THE COMMITTEE IN RELATION TO THE 2023 FINANCIAL STATEMENTS

The value of fixed assets and the need for any impairment provisions based on the mine plan prepared by the COO and FD. The Committee considered the key judgements made by management in relation to commodity prices and production forecasts, operating and discretionary capital expenditure assumptions, discount and exchange rates as well as mineral reserves and resources estimates. The Committee were satisfied with the key judgements made.

INTERNAL CONTROLS

The Audit Committee continued to keep the effectiveness of the Company's systems of internal control under review. The Committee monitors and reviews the budget prepared each year for approval by the Board. Actual performance against budget is presented in the monthly management accounts with explanations for significant variances. There is no internal audit function due to the size of the Group and the current level of internal controls are considered to be adequate. Monitoring of internal controls also takes place through the external audit and any recommendation for improvements are implemented.

RISK MANAGEMENT SYSTEMS

The Audit Committee monitors and reviews management's approach to risk management, including the process of identification of emerging risks and their mitigation. The risks and process of identification is then further scrutinised and approved by the Board as a whole.

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.

Report of the audit committee *(continued)*

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 the auditors resign the Audit Committee shall investigate the issues leading to this and decide whether any action is required;

b) Oversees the relationship with the external auditors 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) Annual assessment of the auditors' independence and objectivity taking into account relevant national, professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;

    (iv) Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditors and the Company (other than in the ordinary course of business);

    (v) Agreeing with the Board a policy on the employment of former employees of the Company's auditors, then monitoring 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) Annual assessment of the auditors' qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditors on their own internal quality procedures;

c) Meets with the external auditors, 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 has the right to meet the external auditors 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 and the materiality is appropriate;

e) Reviews the findings of the audit with the external auditors. 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 auditors before they are signed by management;

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

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

Linda Naylor
Chair of the Audit Committee
14 May 2024

Report of the Remuneration Committee

To comply with Corporate Governance requirements set by AIM, a remuneration committee (the "Remuneration Committee") was formed in 2018 which now comprises the non-executive directors Dean Moore (Chair), Clive Whiley, and Adam Usdan.

THE ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining and agreeing with the Company's board of directors the broad policy for the remuneration and employment terms of the Finance Director, Chairman 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 Renumeration Committee is also responsible for the review of, and making recommendations to, the board of directors 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.

Apart from the Finance Director, all the other 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 PRC.

The remuneration of non-executive directors is a matter for the board of directors. No director may be involved in any decision as to their own remuneration.

This Remuneration Committee report includes a summary of the remuneration policy and the Annual Report on 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 of 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. This has included the services of FIT Remuneration Consultants and Deloittes. No director has been involved in deciding the level and composition of their own remuneration.

The Finance Director receives an amount of fixed pay made up of a base salary, fixed fees from subsidiary companies and pension contributions.

Report of the remuneration committee *(continued)*

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

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

Executive directors' remuneration for 2023

In 2023, Roger Goodwin (Finance Director and Company Secretary) received a basic salary of £350,000 ($433,000) (2022: £341,250 ($422,000)), bonus of £30,000 ($37,000) (2022: £87,873 ($108,000)); and pension contributions of £30,000 (37,000) (2022: £30,000 (37,000)). In addition, he received directors' fees of $209,000 (2022: $219,000) 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

Over the past 25 years, 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 Limited 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 Limited.

Under a consultancy agreement with the Company, Keynes Capital received fees of $2,994,000 (2022: $3,367,000) in 2023, for the provision of advisory and support services including office premises, staff and consultants to Griffin and its subsidiaries.

Having considered relevant data on directors fees, particularly for companies of comparable size and complexity in the mining sector and having considered inflationary factors, currency exchange rates, the state of the mining sector and limited number of suitably qualified individuals, and having further considered the services provided by Keynes under its consultancy agreement with the Company, the Keynes Capital consultancy agreement with the Company was renewed on 1 January 2024 for a further year on the same terms, under which fees of £2,200,000 per annum are payable to Keynes Capital, together with a bonus of one years fees in 2024.

In recognition of the services provided by Keynes Capital and, in particular, increases in production at Caijiaying, a bonus of £220,000 ($272,000) (2022: £600,000 ($742,000)) was awarded to Keynes Capital in 2023.

The consultancy agreement with Keynes Capital is subject to appropriate performance criteria and a minimum one month termination notice. In addition to the above, the Chairman received directors' fees from subsidiary companies of $209,000 in 2023 (2022: $219,000).

Long Term Incentives

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, all of which subsequently vested. Each 40 pence option entitled 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, all of which subsequently vested. Each 30 pence option entitled 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.

An offer was made on 30 December 2022 to all option holders for the purchase and cancellation of outstanding options over 19,520,000 shares in the Company ("the Offer"). Acceptances were received from option holders in respect of options to purchase 17,520,000 shares in the Company, which have subsequently been purchased and cancelled, which based on the mid-market price on the Offer date of 76 pence per share, have resulted in 10,130,526 new ordinary shares being issued pursuant to the Offer for nil consideration.

In March 2023 the Company implemented a Share Incentive Plan (the "Plan"), to retain vital key Company personnel, in particular, Mladen Ninkov. On 4 April 2023 7,805,000 shares were issued under the terms of the Plan, including 6,000,000 new ordinary shares to Mladen Ninkov, Chairman. Following this issue Mladen Ninkov has an interest in 6,033,001 shares in the Company, representing 3.1% of the Company's issued share capital. The new Ordinary Shares issued are subject to certain contractual terms including that the shares issued will not be sold or otherwise transferred or disposed of before 31 December 2024 except in the event of a transaction occurring with the Company, and that the shares issued will be returned in the event of malus and returned pro rata upon leaving the employment of the Company or its subsidiaries before 31 December 2024.

On 31 December 2023, Roger Goodwin exercised options over 1,500,000 new ordinary shares in the Company exercisable at 30 pence per share and over 500,000 new ordinary shares in the Company exercisable at 40 pence per share. These shares were issued and admitted to trading on 8 January 2024. On 12 January 2024, Roger Goodwin completed the sale of 1,350,000 shares in the Company at 88 pence per share to the Company as part of the Company's share buy-back programme.

Following the exercise of options by Roger Goodwin there are no share purchase options outstanding.

NON-EXECUTIVE DIRECTORS.

The non-executive Directors' fees were last reviewed in March 2022 and held at £66,125 ($82,000) per annum.

Since 1 April 2022 Clive Whiley has been engaged to provide 25% of his time for consultancy services to the Company, being in addition to that expected of him as a director of the Company, at a rate of £20,000 ($25,000) per month subject to UK PAYE, in addition to his non-executive fees of £66,125 ($82,000) per annum., on a rolling 90 day termination notice period.

Total Directors' Remuneration

The table below sets out the total remuneration payable to the Directors, in USD000s:

	Fees	***Salary***	***Pension contributions***	***Total 2023***	*Fees*	*Salary*	*Pension Contributions*	*Total 2022*
	$000	***$000***	***$000***	***$000***	*$000*	*$000*	*$000*	*$000*
Mladen Ninkov*	**209**	**-**	**-**	**209**	219	-	-	219
Roger Goodwin	**209**	**470**	**37**	**716**	219	556	37	812
Dal Brynelsen (resigned 5 May 2022)		-	-	-	66	-	-	66
Dean Moore	**82**	**-**	**-**	**82**	53	-	-	53
Linda Naylor	**82**	**-**	**-**	**82**	53	-	-	53
Adam Usdan	**82**	**-**	**-**	**82**	83	-	-	83
Clive Whiley	**378**	**-**	**-**	**378**	295	-	-	295
	1,042	**470**	**37**	**1,549**	988	556	37	1,581
Key personnel	**60**	**2,301**	**18**	**2,379**	70	1,841	-	1,911
Total	**1,102**	**2,771**	**55**	**3,928**	1,058	2,397	37	3,492

* Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of $2,994,000 (2022: $3,367,000), 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 2023.

Dean Moore
Chair of the Remuneration Committee
14 May 2024

Directors, Griffin Mining Ltd

Mladen Ninkov, Chairman, 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, 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.

Dean Moore, Non-executive Director, 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 non-executive director and interim Chief Financial Officer at De La Rue Plc and Chair of the Audit and Remuneration Committees of THG plc.

Linda Naylor, Non-executive Director, 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.

Adam Usdan, Non-executive Director, 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, Non-executive Director, has some forty 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 becoming a member of the London Stock Exchange in 1983. Mr Whiley is currently Chairman of Mothercare Plc, China Venture Capital Management Limited, De La Rue Plc, First China Venture Capital Limited, Y-LEE Limited, and a non-executive Director of Sportech Plc.

Subsidiary Directors and Senior Executives

Directors

Dal Brynelsen, Director, Hebei Hua Ao, 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.

Dr Bo Zhou, Director, Hebei Hua Ao, 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 Limited, an ASX listed company with mineral interests in China. Prior to that he was the General Manager for Guangxi Golden Tiger Mining JV, a Sino-Australian JV gold company focussed on Guangxi, China, controlled by Golden Tiger Mining NL, an ASX listed company. He has also worked as the Senior Geologist for Silk Road Resources (a 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.

Shirley Tsang, Director, China Zinc Limited, is a Chartered Management Accountant (United Kingdom) and a CPA (Hong Kong & Australia). She holds an MBA (Finance) from the City University Business School. She started her career as an auditor with Ernst & Whinney before moving on to the 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.

Senior Executives

John Steel, Chief Operating Officer, 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, holds a Master of Accounting degree from Macquarie University, is a member of the Certified Practising Accountants of Australia and is a qualified member of the Chinese Institute of Certified Public Accountants. 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.

Glenn Sheldon, China Zinc Limited, Business Development Manager, 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 Limited; 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 China; Hunan Pacific Geological Exploration Inc; Site Manager Jinfeng for Sino Gold, Limited and Exploration and Business Development Manager for Newmont China Limited.

Paul Benson, Geology Manager, Hebei Hua Ao, is a graduate of Curtain University of Western Australia with over 30 years' experience covering mining geology, mine management, corporate roles, project development, project evaluation and exploration management. His career has taken him across Australia and Asia to a diverse range of projects across precious, base and specialty metals, agri-minerals and uranium. Prior to joining Griffin in 2016 Paul held a number of senior operational and consultancy roles including CEO of Aragon Resources.

Tailings Storage Facilities 3 and 4 with Caijiaying Mine in background

Directors' Report

The Directors submit their report together with the audited consolidated financial statements of Griffin Mining Limited ("the Company") together with its subsidiaries ("the Group") for the year ended 31 December 2023.

FINANCIAL RESULTS

The Group profit before taxation for 2023 amounted to $24,486,000 (2022: $15,272,000). Taxation of $9,250,000 (2022: $7,568,000) has been provided. No dividends were paid in 2023 (2022: $nil). $15,236,000 has been transferred to reserves (2022: credited $7,704,000).

The basic earnings per share amounted to 8.03 cents (2022: earnings 4.41 cents). The attributable net asset value per share at 31 December 2023 amounted to 140 cents (2022: 140 cents).

Whilst the directors do not recommend the payment of a dividend at this time, all possible alternatives will be considered in 2024 by the board of directors to either return excess cash to shareholders, or increase shareholder value.

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 2023 and the indication of likely future developments are set out on pages 8 to 47.

DIRECTORS

The Directors of the Company during the year were:
Mladen Ninkov – *Australian* – Chairman
Roger Goodwin – *British* – Finance Director
Dean Moore – *British* – Non-executive director
Linda Naylor – *British* – Non-executive director
Adam Usdan – *American (USA)* – Non-executive director
Clive Whiley – *British* – Non-executive director

The beneficial interests of the Directors holding office at 31 December 2023 and their immediate families in the share capital of the Company were as follows:

Name	*At 31 December 2023*			*At 1 January 2023 or on date of appointment*		
	Ordinary shares, number	*Options over ordinary shares, number exercisable at*		*Ordinary shares, number*	*Options over ordinary shares, number exercisable at*	
		30 pence	*40 pence*		*30 pence*	*40 pence*
Mladen Ninkov	6,033,001	-	-	33,001	-	-
Roger Goodwin*	877,830	-	-	877,830	1,500,000	500,000
Dean Moore	100	-	-	100	-	-
Linda Naylor	20,000	-	-	20,000	-	-
Adam Usdan**	29,209,348	-	-	29,209,348	-	-
Clive Whiley	100,100	-	-	100,100	-	-

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

* On 31 December 2023, Roger Goodwin exercised options over 1,500,000 new ordinary shares in the Company exercisable at 30 pence per share and over 500,000 new ordinary shares in the Company exercisable at 40 pence per share. These shares were issued and admitted to trading on 8 January 2024. On 12th January 2024, Roger Goodwin completed the sale of 1,350,000 shares in the Company at 88 pence per share, following which he holds 1,527,830 Ordinary Shares in the Company representing 0.8% of the issued share capital of the Company.

** Mr. Adam Usdan is interested in 28,794,878 shares in Griffin representing 15.6% of the Company's issued share capital, 7,960,221 of which are held directly with the remaining 20,834,657 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.

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. All of which have now vested and have been exercised . Each 40 pence option entitled 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 2023.

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. All of which have vested and have been exercised. Each 30 pence option entitled 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 2023.

As part of a rationalisation of the capital structure of the Company, an offer was made on 30 December 2022 to option holders for the purchase and cancellation of outstanding options over 19,520,000 shares in the Company ("the Offer"). Acceptances were received from option holders in respect of options to purchase 17,520,000 shares in the Company which were subsequently purchased and cancelled, which, based on the mid-market price on the Offer date of 76 pence per share, resulted in 10,130,526 new ordinary shares being issued pursuant to the Offer for nil consideration.

In March 2023 the Company implemented a Share Incentive Plan (the "Plan"), to retain vital key Company personnel, in particular the Chairman, Mladen Ninkov. On 4 April 2023 7,805,000 shares were issued under the terms of the Plan, including 6,000,000 new ordinary shares to Mladen Ninkov. Following this issue Mladen Ninkov has an interest in 6,033,001 shares in the Company, representing 3.1% of the Company's issued share capital. The new Ordinary Shares issued are subject to certain contractual terms including that the shares issued will not be sold or otherwise transferred or disposed of before 31 December 2024 except in the event of a transaction occurring with the Company, and that the shares issued will be returned in the event of malus and returned pro rata upon leaving the employment of the Company or its subsidiaries before 31 December 2024.

SHARE BUYBACK

On 12 September 2023, the Company announced that in light of the severely undervalued nature of the Company's share price, the cash generated by operations in conjunction with the available funds available outside of China to Griffin and the current depressed nature of base metals prices and the share prices of those producers, the Directors resolved to renew efforts to successfully effect the share buy-back programme announced on 25 February 2021 (the "Buy-Back Programme") to return excess monies not required to meet financial and working capital requirements to shareholders. The directors have since extended the buy-back programme to 26 August 2024 to purchase up to 10 million shares and up to a value of $10 million, and provided sufficient funds are available, they may seek to extend the buy-back programme in the same terms again.

In addition to the Buy-Back Programme, the directors reserved the right (subject to compliance with applicable law) to:

1) purchase large blocks of shares from individual shareholders where the large number of such shares offered in the market may cause instability in the Company's share price; and

2) purchase a larger number of shares via a tender offer which would be the subject of further documentation being sent to non-US resident shareholders.

Directors' Report *(continued)*

On 5 January 2024 the Company entered into trades committing to purchase, through its joint broker Joh. Berenberg, Gossler & Co. KG, 8,886,128 of the Company's own ordinary shares ("Ordinary Shares"), representing 4.6% of the Company's issued share capital (excluding shares already held in treasury), at a price of 88 pence per Ordinary Share, for a total consideration of £7,819,792 ($9,672,000), excluding brokers fees, (the "Transaction"). The Transaction was conducted separately from the Company's latest share buyback programme.

On 15 March 2024, 10,297,943 ordinary shares in the Company purchased under share buyback programmes were cancelled. Following the cancellation of these shares, there are now 184,530,477 ordinary shares in issue with no outstanding options or warrants.

SUBSTANTIAL INTERESTS

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

- On 22 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. On 5 January 2024 he sold 112,500 shares in the Company as part of the buyback Transaction; 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 financial instruments equating to 3.34% of the Company's then issued share capital. On 5 January 2024 he sold 7,423,628 shares in the Company as part of the buyback Transaction.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Comment	Business Impact	Mitigation
Economic Risk			
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, Griffin continues to review the appropriateness of hedging and indicative cost of put options.
Exposure to fluctuations in the Renminbi / US dollar exchange rate.	A fall in the value of the Renminbi would reduce the US dollar value of revenues, whilst an increase in the value of Renminbi would increase operating costs.	Moderate	The Renminbi is loosely pegged to the US dollar. Management continually reviews foreign exchange rates and the appropriateness of hedging.
Country Risk			
Exposure to political and social risks in the PRC.	Griffin's primary 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 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 and works with the local PRC authorities and agencies to identify and minimise the impact of changes in PRC regulations.

Principal Risks and Uncertainties continued

Risk	Comment	Business Impact	Mitigation
Operational Risk			
Reliance on Third Party Contractors	Griffin uses a number of unrelated contractors, particularly for its mining, haulage and drilling activities. Each of these activities has inherent risk, including injury or death to the 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 foreman 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 continually monitored by the PRC Safety and environmental 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.
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 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.

Directors' Report *(continued)*

Principal Risks and Uncertainties continued

Risk	Comment	Business Impact	Mitigation
Key management	The management of Caijiaying is reliant on a small number of key executives, notably the Chairman, both inside and outside of the PRC. Their death, retirement or departure may have significant effect on the operations of the Company.	High	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, Western Australia, with ERM formerly CSA Global. It is updated on a daily basis.
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 other 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.
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 develops measures to counter these.

POST BALANCE SHEET EVENTS AND GOING CONCERN

On 15 March 2024, 10,297,943 ordinary shares in Griffin Mining Limited ("the Company") purchased under share buyback programmes were cancelled. Following the cancellation of these shares, there are now 184,530,477 ordinary shares in issue with no outstanding options or warrants. Otherwise there were no significant post balance sheet events requiring adjustment to the financial statements or disclosure.

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 and Life of Mine Plan to adapt to changing situations, including that relating to climate change, 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 restrictions imposed by the Chinese authorities during sensitive periods, such as Chinese Communist Party Congresses, and / or to contain outbreaks of Covid-19 or other pandemics. With this in mind a three month suspension has been built into the cash flow forecasts on a severe case scenario. This is further considered in the notes to the financial statements on page 78.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were re-appointed auditors at the Annual General Meeting of the Company held on 7 July 2023 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 FINANCIAL STATEMENTS

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

The Bermuda Companies Act 1981 requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The directors must not approve the financial statements unless they are satisfied that the 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 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 financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the 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 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

14 May 2024

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 2023 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 2023 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 December 2023; 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 the material accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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: $1.2 million (2022 : $1.1 million), based on 5% of the 3-year average profit before tax. • Performance Group materiality: $0.9 million (2022: $0.8 million).
Audit scope	• We conducted full scope audits of three components out of the Group's ten entities which were selected due to their size and risk characteristics. Seven of the entities within the Group were financially inconsequential to the Group. • This enabled us to obtain 100% coverage of consolidated revenue, 99% coverage of consolidated profit before tax and 99% coverage of total assets for the Group.
Key Audit Matters	• Impairment assessment of property, plant and equipment.

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.

COVID-19 and Extension of the business licence were key audit matters in the prior year, but are now removed on the basis that they are not considered sufficiently significant to this year's audit. Otherwise the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment	
Refer to Note 1 (Significant Judgements and Estimates section) and to Note 12, Property, Plant and Equipment. As at 31 December 2023, the carrying value of the mining assets totalled $250.4 million. As disclosed in Note 12, management assessed the mining assets for impairment indicators and concluded that there were no impairment indicators as at 31 December 2023; accordingly, there is no requirement to perform an impairment test. Notwithstanding this, management has undertaken such an assessment based on the new life of mine plan in line with good practice and governance as well as in line with their established internal policy. As a result, we have reviewed management's assessment. The 2023 life of mine plan, which includes extraction of resources from Zone II and Zone III, extends to 2050. 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. The joint venture agreement will legally convert into a limited liability company by 1 January 2025.	We obtained management's impairment assessment and performed the following audit procedures: - we met with, and obtained written correspondence from, management's external legal advisors to obtain evidence that the conversion of the legal structure of the existing joint venture, and therefore extending the term of the business licence, will be routine in nature and that no additional costs will be incurred; - we understood and evaluated management's processes and controls in respect of the impairment trigger assessment process; - we evaluated and challenged management's assessment and judgements including ensuring that the impact of climate change, and recent commodity price and foreign exchange volatility, were appropriately considered in management's impairment assessment and conclusions. Management prepared a detailed cash flow model on a FVLCD basis to estimate the recoverable amount. Our procedures in respect of the impairment model included: - verifying the integrity of formulae and the mathematical accuracy of management's valuation model;

Independent Auditors' Report to the Members of Griffin Mining Limited

Key audit matter *(continued)*

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.

Management has appointed legal advisors to convert the joint venture agreement to a limited liability company. Based on legal advice management expects to be able to extend the term of the business licence as a matter of routine and at no additional cost, and therefore has concluded it is reasonable to assume the life of mine goes out to 2050.

The determination of recoverable amount, being the higher of value in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires judgement and estimation on the part of management in identifying and then determining the recoverable amounts for the relevant cash generating unit ("CGU"), which is considered to be the Caijiaying Mine. Recoverable amounts are based on management's view of key value driver inputs and external market conditions such as future commodity prices, budgeted operating expenditure, the timing and approval of future capital expenditure, the most appropriate discount rate and foreign exchange rate. Estimation uncertainty is considered to be significant due to the long lives of the assets and uncertainty in the quantum and timing of cash flows, including the uncertain impact of climate change on the Group's operations, as described in Note 12 to the financial statements.

We focused on this area due to the material nature of the balance and the estimates and judgements involved in the impairment indicator assessment.

How our audit addressed the key audit matter *(continued)*

- consideration of the impact of the latest life of mine plan assumptions and ensuring that the impairment model reflected the latest plans;
- assessing the reliability of management's forecast capital and operating expenses with reference to comparing budgeted results with actual performance in prior periods;
- using our independent valuation experts to assist us in evaluating the appropriateness of the discount rate used and whether it fell within a reasonable range taking into account external market data;
- benchmarking management's forecast commodity price and foreign exchange assumptions against our own collated consensus data to assess whether they fell within an external analyst range;
- assessing whether the assumptions had been determined and applied on a consistent basis, where relevant, across the Group;
- assessing the disclosure made over the impairment assessment and the sensitivities within Note 12 of the financial statements and challenging management where any inconsistencies were noted.

We did not identify any significant issues through our work performed.

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 the Alternative Investment Market ("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.

Independent Auditors' Report to the Members of Griffin Mining Limited

Our Group audit scope focused primarily on the Caijiaying zinc mine in China, which was subject to a full-scope audit by the local component auditors. We determined the level of involvement, oversight and direction we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained. 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 99% coverage of total assets for the Group.

To ensure sufficient oversight of the Chinese component audit, the Group team performed a number of procedures throughout the audit to direct and oversee the audit approach. This included travelling to Beijing to visit the mine site with management and our local team, performing in-person file reviews, holding regular dialogue via video conference calls and other forms of communication as considered necessary to satisfy ourselves as to the appropriateness of audit work performed by the component audit team.

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.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. We used our knowledge of the Group to consider the completeness of the risk assessment performed by management, giving consideration to both physical and transition risks, and management's own reporting and announcements.

Whilst the impact is uncertain, we particularly considered the impact of both physical and transition risks arising due to climate change on the recoverable value of the Group's property, plant and equipment. We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

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	$1.2 million (2022: $1.1 million).
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 $200,000 and $1,000,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $60,000 (2022: $55,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the Members of Griffin Mining Limited

Conclusions relating to going concern

Our evaluation of the Directors' assessment of 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 the assumptions used by management and verifying that these were consistent with our existing knowledge and understanding of the business, as well as with the Board-approved budget;
- Obtaining evidence from the Group's external legal advisors that the conversion of the legal structure of the joint venture into a limited liability company by 1 January 2025 will not negatively impact the cash flows of the Group over the going concern period;
- 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.

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

Independent Auditors' Report to the Members of Griffin Mining Limited

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.

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

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

Independent Auditors' Report to the Members of Griffin Mining Limited

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 Company'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 Alex Lazarus.

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 May 2024

Consolidated Income Statement

For the year ended 31 December 2023
(expressed in thousands US dollars)

	Notes	2023 $000	2022 $000
Revenue	2	**146,023**	94,397
Cost of sales	2	**(94,181)**	(56,145)
Gross profit		**51,842**	38,252
Administration expenses	2 & 3	**(28,005)**	(22,627)
Operating Profit		**23,837**	15,625
Losses on disposal of plant and equipment	6	**(784)**	(404)
Foreign exchange (losses)		**(136)**	(387)
Finance income	7	**1,394**	369
Finance costs	8	**(177)**	(135)
Other income	9	**352**	204
Profit before tax		**24,486**	15,272
Income tax expense	10	**(9,250)**	(7,568)
Profit for the year		**15,236**	7,704
Basic earnings per share (cents)	11	**8.03**	4.41
Diluted earnings per share (cents)	11	**7.98**	4.11

The above Consolidated Income Statement should be read in conjunction with the notes on pages 78 to 101.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(expressed in thousands US dollars)

	2023	2022
	$000	$000
Profit for the year	**15,236**	7,704
Other comprehensive income / (expense) that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**(2,912)**	(15,498)
Other comprehensive (expense) for the year, net of tax	**(2,912)**	(15,498)
Total comprehensive income / (expense) for the year	**12,324**	(7,794)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the notes on pages 78 to 101.

Consolidated Statement of Financial Position

As at 31 December 2023
(expressed in thousands US dollars)

	Notes	2023 $000	2022 $000
ASSETS			
Non-current assets			
Property, plant and equipment	**12**	**250,370**	258,041
Intangible assets – exploration interests	**13**	**575**	407
Other non-current assets	**14**	**1,554**	1,494
		252,499	259,942
Current assets			
Inventories	**15**	**5,828**	8,077
Receivables and other current assets	**16**	**2,886**	3,433
Cash and cash equivalents	**17**	**60,007**	34,138
		68,721	45,648
Total assets		**321,220**	305,590
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	**18**	**1,928**	1,749
Share premium		**78,550**	69,334
Contributing surplus		**3,690**	3,690
Share based payments	**19**	**3,109**	168
Shares held in treasury	**21**	**(2,017)**	(1,644)
Chinese statutory re-investment reserve		**3,529**	2,992
Other reserve on acquisition of non-controlling interests		**(29,346)**	(29,346)
Foreign exchange reserve		**(3,480)**	(618)
Profit and loss reserve		**213,789**	199,140
Total equity attributable to equity holders of the parent		**269,752**	245,465
Non-current liabilities			
Other payables	**23**	**3,106**	6,317
Long-term provisions	**24**	**3,929**	2,649
Deferred taxation	**25**	**-**	2,717
Lease Liabilities	**26**	**570**	683
		7,605	12,366
Current liabilities			
Trade and other payables	**27**	**38,308**	44,910
Lease Liabilities	**26**	**169**	169
Business taxation payable		**5,386**	2,680
Total current liabilities		**43,863**	47,759
Total equities and liabilities		**321,220**	305,590
Attributable net asset value per share to equity holders of parent	**28**	**1.40**	1.40

The above Consolidated Statement of Financial Position should be read in conjunction with the notes on pages 78 to 101.

The financial statements on pages 73 to 101 were approved by the Board of Directors and signed on its behalf by:

Mladen Ninkov
Chairman

Roger Goodwin
Finance Director

14 May 2024

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(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 2022	**1,749**	**69,334**	**3,690**	**2,072**	**(1,644)**	**2,896**	**(29,346)**	**14,635**	**199,190**	**262,576**
Regulatory transfer for future investment	-	-	-	-	-	341	-	-	(341)	-
Transfer on surrender of options (note 19)	-	-	-	(1,904)	-	-	-	-	(7,413)	(9,317)
Transaction with owners	-	-	-	(1,904)	-	341	-	-	(7,754)	(9,317)
Profit for the year	-	-	-	-	-	-	-	-	7,704	7,704
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(245)	-	(15,253)	-	(15,498)
Total comprehensive income	-	-	-	-	-	(245)	-	(15,253)	7,704	(7,794)
At 31 December 2022	**1,749**	**69,334**	**3,690**	**168**	**(1,644)**	**2,992**	**(29,346)**	**(618)**	**199,140**	**245,465**
Regulatory transfer for future investment	-	-	-	-	-	587	-	-	(587)	-
Issue of shares on cancellation of share purchase options	101	9,216	-	-	-	-	-	-	-	9,317
Share based payments (note 19)	78	-	-	2,941	-	-	-	-	-	3,019
Purchase of shares for treasury (note 21)	-	-	-	-	(373)	-	-	-	-	(373)
Transaction with owners	179	9,216	-	2,941	(373)	587	-	-	(587)	11,963
Profit for the year	-	-	-	-	-	-	-	-	15,236	15,236
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(50)	-	(2,862)	-	(2,912)
Total comprehensive income	-	-	-	-	-	(50)	-	(2,862)	15,236	12,324
At 31 December 2023	**1,928**	**78,550**	**3,690**	**3,109**	**(2,017)**	**3,529**	**(29,346)**	**(3,480)**	**213,789**	**269,752**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes on pages 78 to 101.

Consolidated Cash Flow Statement

For the year ended 31 December 2023
(expressed in thousands US dollars)

	Notes	2023 $000	2022 $000
Net cash flows from operating activities			
Profit before taxation		**24,486**	15,272
Share based payments		**3,019**	-
Foreign exchange losses		**136**	387
Finance income	**7**	**(1,394)**	(369)
Finance costs	**8**	**177**	135
Depreciation	**12**	**28,026**	19,590
Losses on disposal of equipment		**784**	404
Decrease / (increase) in inventories		**2,249**	(3,561)
Decrease / (increase) in receivables and other assets		**547**	(1,807)
(Decrease) in trade and other payables		**(415)**	(6,284)
Taxation paid		**(9,238)**	(8,033)
Net cash inflow from operating activities		**48,377**	15,734
Cash flows from investing activities			
Interest received	**7**	**1,394**	369
(Costs) on disposal of equipment		**(263)**	(178)
Payments to acquire – mineral interests and mine development	**12**	**(16,792)**	(7,348)
Payments to acquire – property, plant, and equipment	**12**	**(6,056)**	(13,749)
Payments to acquire - office lease, furniture & equipment		**-**	(6)
Payments to acquire - intangible fixed assets – exploration interests	**13**	**(168)**	(20)
Net cash outflow from investing activities		**(21,885)**	(20,932)
Cash flows from financing activities			
Issue of ordinary shares on exercise of options		**-**	-
Interest paid		**(27)**	-
Purchase of shares for treasury		**(373)**	-
Bank loan advances		**4,271**	-
Repayment of bank loans		**(4,271)**	-
Lease repayments including interest		**(155)**	(167)
Net cash outflow from financing activities		**(555)**	(167)
Increase / (decrease) in cash and cash equivalents		**25,937**	(5,365)
Cash and cash equivalents at the beginning of the year		**34,138**	38,159
Effects of foreign exchange rates		**(68)**	1,344
Cash and cash equivalents at the end of the year		**60,007**	34,138

The above Consolidated Cash flow Statement should be read in conjunction with the notes on pages 78 to 101.

Notes to the Financial Statements

1. Basis Of Accounting

The financial statements of Griffin Mining Limited ("the Company") and its subsidiaries, together "the Group", 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 material 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 2023:

- Insurance Contracts IFRS 17;
- Definition of Accounting Estimates - amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12; and
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.

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 ended 31 December 2023, nor have they been early adopted by the Group. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements in the current or future reporting periods.

- International Tax Reform - Pillar Two Model Rules - amendments to IAS 12.

Going Concern

The financial statements have been prepared on a going concern basis. The Group regularly prepares cash flow forecasts and revises its budgets and Life of Mine Plan to adapt to changing situations including that relating to climate change, 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 imposed by the Chinese authorities during politically sensitive periods and to contain outbreaks of Covid-19 or other pandemic. Apart from a suspension in operations during and in the lead up to the winter Olympics at Chongli in the first quarter of 2022, and during the PRC National Party Congress in September and October 2022 there have been no significant interruptions to operations at Caijiaying since the initial outbreak of Covid-19. However, a three month suspension has been built into the cash flow forecasts on a severe case scenario in the second half of 2024.

The directors have considered that Hebei Hua Ao will be converted to a limited liability company with a new business licence by 31 December 2024 enabling Hebei Hua Ao to continue as a going concern. On the aforementioned bases the board of directors consider the Group will be able to meet its liabilities as they fall due for at least 12 months from the date of this report and have prepared the financial statements on a going concern basis.

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

Notes to the Financial Statements

Consolidation Basis *(continued)*

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 is 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 12).

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 - 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 and office equipment - over 5 years on a straight line basis with a 10% residual value.

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 (cash generating unit) 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 or value in use. Management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, resource estimates, and life of mine plan. Estimates and assumptions used in determining whether an asset has become impaired are set out in note 12.

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
- Capital expenditure: Development meterage at mining cost rates plus sustaining plant and equipment
- Commodity prices: Current market and expectations of longer term price estimates and deductions for smelter treatment charges
- 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 (see note 24) 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

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.

Notes to the Financial Statements

Financial Assets *(continued)*

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").

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.

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 16 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.

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 equating to 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 currency of the parent company is US dollars. The functional currency of Hebei Hua Ao is the 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.

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 such as shares issued under a share incentive scheme subject to clawback and share options subject to exercise.
- "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 reserve 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" represents retained profits and losses.
- "Shares held in treasury" represents ordinary shares in the Company Shares bought in at cost of purchase.

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 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 shares or share options awarded. Their value is appraised at the share issue or option 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. In the case of shares issued subject to clawback, the expense is allocated over the period from issue to end of the clawback period with an initial credit to share capital and balancing credit to share based payments. At the end of the clawback period the allocation to share based payments is released to share premium.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates, or if any shares granted under share incentive schemes are to be clawed back. Any cumulative adjustment prior to vesting is recognised in the current period.

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 2023 the total expense recognised in profit or loss arising from share based transactions was $3,019,000 (2022: 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, III, V and VIII 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 required 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 will be renewed without significant cost by 31 December 2024.

Impairment review assumptions, exploration interests (note 13). 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.

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 $3,903,000 (2022 $2,399,000) are included in net operating costs rather than attributable to non-controlling interests. Likewise, the amounts due at 31 December 2023 of $4,697,000 (2022: $3,237,000) are included in other payables rather than due to non-controlling interests within equity within the Consolidated Statement of Financial Position.

Notes to the Financial Statements

Significant Judgements and Estimates *(continued)*

Estimates

Impairment review assumptions, property, plant and equipment (note 12). 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 cash generating 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 forecast production of circa 1.5 million tonnes per annum up to 1.6 million tonnes per annum as set out in the life of mine plan. No alterations to existing processing facilities are required to facilitate the increase in production.
- future zinc treatment costs.
- future operating and capital expenditure.
- discount rates.

Based on these estimates, the directors have determined that the Group requires the market price of zinc to be above $2,475 on an ongoing basis 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.

Mine Closure Costs

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 the 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 ($9,265,000), and "Land Rehabilitation" with an estimated cost of RMB 54,566,100 ($7,704,000). These amounts have been discounted over the deemed Life of Mine at a discount rate of 2.88%, being the PRC 36 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. Money Market deposits are measured at fair value with movements in fair value recognised in the income statement. The fair value of Money Market funds are based on their quoted market price and valued using level 1 methodology.

Dividends

Dividend distributions payable to equity shareholders are recognised and included in "other short term financial liabilities" when the dividends are declared and authorised by the Board meeting prior to the reporting date, but not distributed prior to the end of the reporting period.

Notes to the Financial Statements

Taxation

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

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

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

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

Segment Reporting

In identifying its operating segments in note 2, as determined by the Board (the Chief Operating Decision Maker), 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 years 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

Leased right of use assets are included within property, plant and equipment and on the inception of the lease at the amount of the corresponding lease liability, adjusted for any lease payments prior to the lease commencement date, plus any direct costs incurred and estimated dismantling, disposal or restoration costs, less any lease incentives received. The right to use assets are depreciated over the economic live of the asset on the same basis as other legally owned assets.

Lease Liabilities

Lease liabilities are recognised within non-current and current liabilities. On inception, the lease liability is recognised as the present value of the expected future lease payments, discounted using the Group's cost of borrowing. Lease payments include fixed payments, variable payments dependent on index or other rate, guarantees, and purchase option payments.

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 2023 and 2022 were derived from the Caijiaying zinc gold mine.

	2023	2022
	$000	$000
REVENUE		
China	**146,023**	94,397
Zinc concentrate sales	**112,008**	76,456
Lead and precious metals concentrate sales	**42,428**	23,553
Royalties and resource taxes	**(8,413)**	(5,612)
	146,023	94,397

Whilst Griffin sells zinc concentrate and lead and precious metal concentrate by way of open auction in the PRC, 49.96% ($55,957,000) (2022: 67.4% $51,578,000) of zinc concentrate revenues were to a single customer with the remainder to another five customers (2022: one) and 48% ($20,438,000) (2022: 60.8% $14,330,000) of lead and precious metal concentrate revenues were to a single customer and the remainder to another two customers (2022: one).

	2023	2022
	$000	$000
COST OF SALES: CHINA		
Mining costs	**25,579**	16,782
Haulage costs	**18,098**	10,377
Processing costs	**23,197**	14,390
Depreciation (excluding depreciation in administration expenses)	**25,385**	17,757
Stock movements	**1,922**	(3,161)
	94,181	56,145
ADMINISTRATION EXPENSES		
China / Hong Kong	**19,023**	16,136
Australia	**77**	75
UK / Bermuda	**5,886**	6,416
	24,986	22,627
Fair value of shares issued under share incentive plan (note 4)	**3,019**	-
	28,005	22,627

Administration expenses cover the cost of managing the Group's operations, including: payroll; office costs, including depreciation; fees; travel; and insurance. All revenues, cost of sales and administration expenses charged to profit relate to continuing operations and are allocated by receipt / payment location.

	2023	2022
	$000	$000
TOTAL ASSETS		
China	**299,094**	299,810
Australia	**1,201**	1,044
UK / Bermuda	**20,925**	4,736
	321,220	305,590
CAPITAL EXPENDITURE		
China	**23,016**	21,117
UK / Bermuda	**-**	6
	23,016	21,123

Notes to the Financial Statements

3. Profit From Operations

Profit from operations is stated after charging	**2023**	2022
	\$000	\$000
Fees for the audit of the Company	**235**	203
Fees for the audit of subsidiaries	**189**	112
Fees for non-audit services	**23**	22
Staff costs	**14,091**	12,825
Service fees to Zhangjiakou Yuanrun Enterprise Management Consulting Services Ltd.	**4,274**	2,788

	2023	2022
	No.	No.
Average number of persons employed by the Group in the year	**497**	465

4. Shares Issued Under Executive Incentive Plan

	2023	2022
	\$000	\$000
Fair value of shares issued under share incentive plan (notes 18 & 19)	**3,019**	-

5. Directors' And Key Personnel Remuneration

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

	Fees	***Salary***	***Pension contributions***	***Total 2023***	*Fees*	*Salary*	*Pension Contributions*	*Total 2022*
	\$000	***\$000***	***\$000***	***\$000***	*\$000*	*\$000*	*\$000*	*\$000*
Mladen Ninkov*	**209**	**-**	**-**	**209**	219	-	-	219
Roger Goodwin**	**209**	**470**	**37**	**716**	219	556	37	812
Dal Brynelsen (resigned 5 May 2022)		-	-	-	66	-	-	66
Dean Moore	**82**	**-**	**-**	**82**	53	-	-	53
Linda Naylor	**82**	**-**	**-**	**82**	53	-	-	53
Adam Usdan	**82**	**-**	**-**	**82**	83	-	-	83
Clive Whiley	**378**	**-**	**-**	**378**	295	-	-	295
	1,042	**470**	**37**	**1,549**	988	556	37	1,581
Key personnel	**60**	**2,301**	**18**	**2,379**	70	1,841	-	1,911
Total	**1,102**	**2,771**	**55**	**3,928**	1,058	2,397	37	3,492

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 \$2,994,000 (2022: \$3,367,000), 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.

** Salary includes bonus of \$37,000 (2022: \$108,000)

No share options were granted to the directors in 2023 or 2022.

Notes to the Financial Statements

6. Losses On Disposal Of Plant And Equipment

	2023 $000	2022 $000
Losses on disposal of plant and equipment	**784**	404

7. Finance Income

	2023 $000	2022 $000
Interest on bank deposits	**1,394**	369

8. Finance Costs

	2023 $000	2022 $000
Interest payable on short term bank loans	**24**	-
Interest on rehabilitation provisions	**110**	87
Lease interest	**43**	48
	177	135

9. Other Income

	2023 $000	2022 $000
Scrap and sundry other sales	**352**	204

10. Income Tax Expense

	2023 $000	2022 $000
Profit for the year before tax	**24,486**	15,272
Expected tax expense at a standard rate of PRC income tax of 25% (2022: 25%)	**6,121**	3,818
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**1,985**	1,054
Adjustments for short term timing differences:		
- In respect of accounting differences	**2,851**	1,862
- In respect of other timing differences	**(25)**	-
Adjustments for permanent timing differences other	**129**	291
Withholding tax on intercompany dividends and charges	**897**	803
Prior period tax credit	**(14)**	-
Current taxation expense	**11,944**	7,828
Deferred taxation (credit)		
Origination and reversal of temporary timing differences	**(2,694)**	(260)
	(2,694)	(260)
Total tax expense	**9,250**	7,568

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 2023 (2022: 25%) 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 $127.0m (2022: $128.5m) upon which PRC withholding tax, currently 5%, may be deducted on distribution.

Notes to the Financial Statements

11. 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:

	2023 Earnings $000	**2023** Weighted Average no of shares	**2023** Per share amount (cents)	2022 Earnings $000	2022 Weighted Average no of shares	2022 Per share amount (cents)
Basic earnings per share						
Basic earnings attributable to ordinary shareholders	**15,236**	**189,771,884**	**8.03**	7,704	174,892,894	4.41
Dilutive effect of securities						
Options	**-**	**1,234,740**	**(0.05)**	-	12,384,576	(0.30)
Diluted earnings per share	**15,236**	**191,006,624**	**7.98**	7,704	187,277,470	4.11

12. Property, Plant And Equipment

	Mineral interests $000	**Mill and mobile mine equipment $000**	**Offices, furniture & equipment $000**	**Total $000**
At 1 January 2022	220,832	53,487	977	275,296
Foreign exchange adjustments	(12,832)	(4,836)	8	(17,660)
Transfer re rehabilitation deposit	(1,012)	-	-	(1,012)
Change in estimate of mine closure costs	130	-	-	130
Additions during the year	7,348	13,749	6	21,103
Disposals	-	(226)	-	(226)
Depreciation charge for the year	(13,328)	(6,104)	(158)	(19,590)
At 31 December 2022	201,138	56,070	833	258,041
Foreign exchange adjustments	(2,269)	(929)	-	(3,198)
Change in estimate of mine closure costs	1,226	-	-	1,226
Additions during the year	16,792	6,056	-	22,848
Disposals	-	(521)	-	(521)
Depreciation charge for the year	(21,505)	(6,380)	(141)	(28,026)
At 31 December 2023	195,382	54,296	692	250,370
At 1 January 2022				
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
At 31 December 2022				
Cost	275,250	101,763	1,106	378,119
Accumulated depreciation	(74,112)	(45,693)	(273)	(120,078)
Net carrying amount	201,138	56,070	833	258,041
At 31 December 2023				
Cost	290,077	103,479	1,558	395,114
Accumulated depreciation	(94,695)	(49,183)	(866)	(144,744)
Net carrying amount	195,382	54,296	692	250,370

Notes to the Financial Statements

12. Property, Plant And Equipment *(continued)*

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 $3,416,000 (2022: $14,007,000) 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.

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 Cash Generation Unit. 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 2023 (2022: nil). However, as best practice and in response to an updated Life of Mine Plan, management have updated the impairment model for latest forecast metal prices, smelter treatment charges , and revisions to mine development costs. In determining any indications of impairment in the carrying value of the Caijiaying Mine the directors have reassessed the net carrying value of property plant and equipment at 31 December 2023 by reference to the estimated mineral resources at Caijiaying that may be extracted by 2050 (2022: 2050). While the current business licence of Hebei Hua Ao expires in 2037, Hebei Hua Ao will be converted to an equity joint venture company with an indefinite life in order to comply with new PRC legislation by 31 December 2024. Accordingly, a Life of Mine Plan has been prepared by the Company that indicates the continued extraction of ore until at least 2050.

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 $2,654 (2022: $3,097) per tonne, gold of $2,000 (2022: $1,800) per troy ounce and silver of $23.4 (2022: $22.7) per troy ounce;
- Zinc treatment charges of 25% (2022: 30%) of market prices;
- Extraction of measured and indicated resources of 41.2 million tonnes (2022: 40.4 million tonnes) to 2050 (2022: 2050) with ore mined and processed of circa 1.5 million tonnes (2022: 1.5 million tonnes) of ore per annum;
- Operating costs, recoveries and payables based upon past performance and that budgeted for 2024 and on internal management forecast, for future years;
- Capital costs based upon that initially scheduled with sustaining capital based on future scheduling;
- Discount rate of 10% (2022: 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 7 Rmb to $1 (2022: 7 Rmb to $1)

Having considered the impact of climate change, the directors consider that there will not be any significant adverse impact on future operations from climate change.

Whilst the directors consider the assumptions reasonable, sensitivities have been considered to assess the impact of changes in key assumptions including, forecast metal prices, foreign exchange and discount rates, and have concluded that there were no reasonable possible changes to the key assumptions that could result in an impairment.

Notes to the Financial Statements

13. Intangible Assets - Exploration Interests

China – mineral exploration interests	**$000**
At 1 January 2022	387
Additions during the year	20
At 31 December 2022	**407**
Additions during the year	**168**
At 31 December 2023	**575**

Intangible assets represent cost on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and development work in respect of 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. Upon economically exploitable mineral deposits being established, sufficient finance will be required to bring such discoveries into production.

14. Other Non Current Assets:

China – Rehabilitation Deposits	**2023**	2022
	$000	$000
At 1 January 2023	**1,494**	-
Foreign exchange adjustments	**60**	
Transfer mineral interests	**-**	1,012
Additions in the year	**-**	482
At 31 December 2023	**1,554**	1,494

15. Inventories

	2023	2022
	$000	$000
Underground ore stocks	**1,072**	1,076
Surface ore stocks	**350**	524
Concentrate stocks	**552**	2,345
Spare parts and consumables	**3,854**	4,132
	5,828	8,077

Inventories are in the main 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 2023 (2022: nil) requiring write off to the Income Statement.

16. Receivables And Other Current Assets

	2023	2022
	$000	$000
Other receivables	**490**	374
Prepayments	**2,396**	3,059
	2,886	3,433

Any expected credit losses on the recoverability of receivables are not expected to be material.

Prepayments include $238,000 (2022: $349,000) in respect of supplies and services for non-current assets.

Notes to the Financial Statements

17. Cash and Cash Equivalents

	2023 $000	2022 $000
Interest bearing money market deposits	**35,761**	16,500
Interest bearing bank term deposit, up to 6 months	**2,276**	979
Bank deposit on demand	**21,970**	16,659
	60,007	34,138

18. Share Capital

	2023 Number	2023 $000	2022 Number	2022 $000
AUTHORISED:				
Ordinary shares of $0.01 each	1,000,000,000	10,000	1,000,000,000	10,000
CALLED UP ALLOTTED AND FULLY PAID:				
Ordinary shares of $0.01 each				
At 1 January	**174,892,894**	**1,749**	172,892,894	1,749
Issue of shares on cancellation of share options	**10,130,526**	**101**	-	-
Shares issued under Share Incentive Plan (note 4)	**7,805,000**	**78**	-	-
At 31 December	**192,828,420**	**1,928**	174,892,894	1,749

As part of a rationalisation of the capital structure of the Company, an offer was made on 30 December 2022 to option holders for the purchase and cancellation of outstanding options over 19,520,000 shares in the Company ("the Offer"). Acceptances were received from option holders in respect of options to purchase 17,520,000 shares in the Company which were subsequently purchased and cancelled, which, based on the mid-market price on the Offer date of 76 pence per share, resulted in 10,130,526 new ordinary shares being issued pursuant to the Offer for nil consideration. There were no associated costs with this issue.

On 4 April 2023 7,805,000 shares were issued under the terms of Share Incentive Plan. See note 4. The new Ordinary Shares issued are subject to certain contractual terms including that the shares issued will not be sold or otherwise transferred or disposed of before 31 December 2024 except in the event of a transaction occurring with the Company, and that the shares issued will be returned in the event of malus and returned pro rata upon leaving the employment of the Company or its subsidiaries before 31 December 2024. There were no associated costs with this issue.

On 31 December 2023 share purchase options over 1,500,000 new ordinary shares exercisable at 30 pence per share and 500,000 new ordinary shares exercisable at 40 pence per share were exercised with the new ordinary shares on exercise issued on 8 January 2024. See note 20. There were no associated costs with this issue.

19. Share Based Payments

	2023 $000	2022 $000
At 1 January 2023	**168**	2,072
Transfer on surrender of options	**-**	(1,904)
Provided in period (note 4)	**2,941**	-
	3,109	168

In March 2023 the Company implemented a Share Incentive Plan (the "Plan"), to retain vital key Company personnel. On 4 April 2023 7,805,000 shares were issued under the terms of the Plan. The new Ordinary Shares issued are subject to certain contractual terms including that the shares issued will not be sold or otherwise transferred or disposed of before 31 December 2024 except in the event of a transaction occurring with the Company, and that the shares issued will be returned in the event of malus and returned pro rata upon leaving the employment of the Company or its subsidiaries before 31 December 2024. The fair value of the shares issued are charged to profit and loss over the period from issue to end of claw back period.

Notes to the Financial Statements

20. Share Options

	At 1 January 2023 Number	Exercised Number	Lapsed Number	At 31 December 2023 Number
Options exercisable at 30 pence per share to 31 December 2023	1,662,500	(1,500,000)	(162,500)	-
Options exercisable at 40 pence per share to 31 December 2023	918,333	(500,000)	(418,333)	-
	2,580,833	(2,000,000)	(580,833)	-

Options exercisable at 30 pence per share over 1,500,000 new ordinary shares were exercised and options exercisable at 40 pence per share over 500,000 new ordinary shares were exercised on 31 December 2023. No share purchase options were exercised in 2022. All other remaining options lapsed at midnight 31 December 2023.

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

	2023		2022	
	Number	**Weighted average exercise price Pence**	Number	Weighted average exercise price Pence
Outstanding at 1 January	2,580,833	33.7	20,100,833	32.2
Surrendered / exercised during the year	(2,580,833)	(33.7)	(17,520,000)	32.05
Outstanding at 31 December	-	-	2,580,833	33.7

The estimated value of the options exercisable at 40p up to 31 December 2022, 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 2022, 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 (2022: $nil) during the year ended 31 December 2023 relating to equity settled share option scheme transactions.

Notes to the Financial Statements

21. Shares Held In Treasury

	2023		2022	
	Number	**$000**	Number	$000
At 1 January	**939,799**	**1,644**	939,799	1,644
Bought back in during the year	**332,125**	**373**	-	-
At 31 December	**1,271,924**	**2,017**	939,799	1,644

In 2023 332,125 shares in the Company were purchased at an average price of 91p per ordinary share (2022: none).

On 15 March 2024 10,297,943 ordinary shares in Griffin Mining Limited ("the Company") purchased under share buyback programmes and held in treasury were cancelled. Following the cancellation of these shares, there are 184,530,477 ordinary shares on issue with no outstanding options or warrants.

22. Dividends

No dividends were paid in 2023 (2022: nil).

23. Other Payables

	2023	2022
	$000	$000
PRC licence fees	**3,106**	6,317

24. Long-Term Provisions

PROVISIONS FOR MINE CLOSURE COSTS	2023	2022
	$000	$000
At 1 January	**2,649**	2,667
Change in estimate (note 12)	**1,226**	130
Interest charges	**110**	86
Foreign exchange adjustments	**(56)**	(234)
At 31 December	**3,929**	2,649

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 the 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 ($9,265,000), and "Land Rehabilitation" with an estimated cost of RMB 54,566,100 ($7,704,000). These amounts have been discounted over the deemed Life of Mine at a discount rate of 2.88% (2022: 3.25%), being the PRC 36 year state bond rate.

25. Deferred Taxation

	2023	2022
	$000	$000
At 1 January	**2,717**	3,240
Foreign exchange adjustments	**(23)**	(263)
(Credit) for the year	**(2,694)**	(260)
At 31 December	**-**	2,717

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.

Notes to the Financial Statements

26. Lease Liabilities

	2023	2022
	$000	$000
At 1 January	852	971
Interest charges	42	48
Repayments in the year	(155)	(167)
At 31 December	739	852
Amounts falling due in more than one year	570	683
Amounts falling due within one year	169	169
	739	852

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 asset in respect of this lease. This lease was renewed in October 2021 with a deemed value of $1,581,000 discounted using an incremental borrowing rate of 5% upon which depreciation of $895,000 (2022: $755,000) has been provided.

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

	2023	2022
	$000	$000
Within one year	159	151
Between 1 and 2 years	159	151
Between 2 and 3 year	159	151
Between 3 and 4 years	159	151
Between 4 and 5 years	159	151
Later than 5 years	-	151
	795	906

27. Trade And Other Payables

	2023	2022
	$000	$000
Trade creditors	20,917	17,010
Other creditors	6,457	8,943
Zhangjiakou Yuanrun Enterprise Management Consulting Service Co., Limited (note 34)	4,697	3,237
Accrual for shares to be issued upon surrender of options	-	9,317
Accruals	6,237	6,403
	38,308	44,910

At 31 December 2022 $9,317,000 was accrued for 10,130,526 new ordinary shares in the Company at 76 pence per share being issued as part of a rationalisation of the capital structure of the Company. An offer was made on 30 December 2022 to option holders for the purchase and cancellation of outstanding options over 19,520,000 shares in the Company ("the Offer"). Acceptances have been received from option holders in respect of options to purchase 17,520,000 shares in the Company which have subsequently been purchased and cancelled, which based on the mid-market price on the Offer date of 76 pence per share have resulted in 10,130,526 new ordinary shares being issued pursuant to the Offer for nil consideration.

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

Notes to the Financial Statements

28. 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 2023 of $269,752,000 ($245,465,000 at 31 December 2022) divided by the number of ordinary shares in issue at 31 December 2023 of 192,828,420 (174,892,894 at 31 December 2022).

29. 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 cash flows for the foreseeable future.

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 local expenditure estimates. 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 People's Republic of China.

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

	2023	2022
	$000	$000
Short term bank deposits	**331**	318

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

	2023	2022
	$000	$000
Short term bank deposits	**1,182**	1,037

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

	2023	2022
	$000	$000
Short term bank deposits	**20,790**	13,993

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% (2022: 10%) change in the Renminbi exchange rate for the year ended 31 December 2023. These changes are considered to be reasonable based on observation of current market conditions for the year ended 31 December 2023. 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% (2022: 10%) this would have had the following impact:

	2023	2022
	$000	$000
Net result for the year and on equity	**2,310**	1,555

Notes to the Financial Statements

29. Risk Management *(continued)*

Foreign Currency Risk ***(continued)***

If the Renminbi had weakened against the US Dollar by 10% (2021: 10%) this would have the following impact:

	2023	2022
	$000	$000
Net result for the year and on equity	**(1,890)**	(1,272)

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 Sterling, Australian dollar and Hong Kong exchange rates are not expected to be significant.

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

		2023			2022	
	GBP	**Rmb**	**AusD**	GBP	Rmb	AusD
	$000	**$000**	**$000**	$000	$000	$000
Financial assets	**449**	**21,157**	**1,187**	609	17,128	1,043
Financial liabilities	**(1,030)**	**(36,295)**	**(24)**	(1,254)	(38,193)	(24)
Short term exposure	**(581)**	**(15,138)**	**1,163**	(645)	(21,065)	1,019

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% (2022: + 100% - 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:

	2023		2022	
	Plus 100%	**Minus 100%**	Plus 100%	Minus 100%
	$000	**$000**	$000	$000
Net result for the year	**1,394**	**(1,394)**	369	(369)

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

		2023			2022	
	Fixed interest rate	**Non interest bearing**	**Total**	Fixed interest rate	Non interest bearing	Total
	$000	**$000**	**$000**	$000	$000	$000
Financial assets						
Cash at bank	**35,756**	**24,251**	**60,007**	17,479	16,659	34,138
Rehabilitation deposits	-	**1,554**	**1,554**	-	1,494	1,494
Other receivables	**-**	**490**	**490**	-	374	374
Total Financial Assets	**35,756**	**26,295**	**62,051**	17,479	18,527	36,006
Lease liabilities	**(739)**	**-**	**(739)**	(852)	-	(852)
Trade and other payables	**-**	**(41,414)**	**(41,414)**	-	(41,910)	(41,910)
Total Financial Liabilities	**(739)**	**(41,414)**	**(42,153)**	(852)	(41,910)	(42,762)
Net Financial assets / (liabilities)	**35,017**	**(15,119)**	**19,898**	16,627	(23,383)	(6,756)

Notes to the Financial Statements

29. Risk Management *(continued)*

Commodity risk

The Group is exposed to the risk of changes in commodity prices and in particular that for zinc, gold and to a lesser extent silver and lead. The Group currently sells its metal concentrate production by way of open auctions in China. The Group did not hedge its metal production in 2023 or in 2022.

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 of plus 30% and minus 30%, gold of plus 10% and minus 10% and silver of plus 20% and minus 20% (2022: zinc plus 30% and minus 30%, gold plus 10% and minus 10% and silver plus 20% and minus 20%), with effect from the beginning of the year. These changes are considered reasonable based upon observation of current market conditions within which the Group operates. This sensitivity analysis is based upon the Group's sales in each year:

	2023		2022	
	Plus	**Minus**	Plus	Minus
	$000	**$000**	$000	$000
Net result for the year – zinc	**23,685**	**(23,685)**	16,169	(16,169)
Net result for year – gold	**2,452**	**(2,452)**	1,341	(1,341)
Net result for year – silver	**940**	**(940)**	584	(584)

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. Excess funds are placed on money market with counter party premier banks (note 17).

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 2023 the Group held cash and cash equivalents (bank deposits) with high credit financial institutions of $60,007,000 (2022: $34,138,000) 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. Hebei Hua Ao retains rolling bank loan facilities of Rmb150m ($21.4m) renewable on 14 May 2025 and Rmb100m ($14.3m) renewable on 23 May 2024 that have not been drawn down.

30. 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.

Notes to the Financial Statements

30. Capital Management And Procedures *(continued)*

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 $269,752,000 at 31 December 2023.

31. 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, Australian Dollar 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, Australian Dollar and Sterling deposits with a number of banks to spread currency, interest rate and bank risk. These deposits are kept under regular review to maximise interest receivable and with reference to future expenditure and future currency requirements.

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:

	2023	2022
	$000	$000
FINANCIAL ASSETS		
Cash and cash equivalents	**60,007**	34,138
Other receivables and rehabilitation deposits	**2,044**	1,868
	62,051	36,006
FINANCIAL LIABILITIES		
Lease liabilities at amortised cost	**739**	852
Trade and other payables	**41,414**	41,910
	42,153	42,762

Contractual maturities of financial liabilities:

At 31 December 2022	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 payables	35,592	3,159	3,159	-	41,910	41,910
Lease liabilities	151	151	151	453	906	852
Total non-derivatives	35,743	3,310	3,310	453	42,816	42,762

At 31 December 2023	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 payables	38,308	3,106	-	-	41,414	41,414
Lease liabilities	159	159	159	318	795	739
Total non-derivatives	38,467	3,265	159	318	42,209	42,153
Derivatives	-	-	-	-	-	-

Notes to the Financial Statements

32. Subsidiary Companies

At 31 December 2023, 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 and service 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 Limited, China Zinc Limited, Griffin Mining (UK Services) Limited and Panda Resources Limited are directly owned by the Company. China Zinc Limited has a 100% interest in China Zinc (Resources) Limited and a controlling interest in Hebei Hua' Ao Mining Industry Company Limited, see below, and Panda Resources Limited has a 90% controlling interest in Hebei Sino Anglo Mining Development Company Limited.

** The joint venture contract establishing the Hebei Hua' Ao Mining Industry Company Limited provides that the foreign party (China Zinc Limited) 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 $3,903,000 (2022: $2,399,000) are included in net operating costs rather than attributable to non-controlling interests. Likewise, the amounts due at 31 December 2023 of $4,697,000 (2022: $3,237,000) are included in other payables rather than due to non-controlling interests within equity within the Consolidated Statement of Financial Position.

33. Commitments

At 31 December 2023 the Group had capital commitments of $5,415,000 (31 December 2022: $824,000).

34. 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 $2,994,000 (2022: $3,367,000), 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

Zhangjiakou Yuanrun Enterprise Management Consulting Services Ltd

During the year $4,274,000 was charged (2022: $2,788,000) 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 2023 $4,697,000 (2022: $3,237,000) was due to this company.

Notes to the Financial Statements

35. Post Balance Sheet Events

On 31 December 2023, options over 1,500,000 new ordinary shares in the Company exercisable at 30 pence per share and over 500,000 new ordinary shares in the Company exercisable at 40 pence per share were exercised. These shares were issued and admitted to trading on AIM on 8 January 2024.

On 5 January 2024 the Company entered into trades committing to purchase, through its joint broker Joh. Berenberg, Gossler & Co. KG, 8,886,128 of the Company's own ordinary shares ("Ordinary Shares"), representing 4.6% of the Company's issued share capital (excluding shares already held in treasury), at a price of 88 pence per Ordinary Share, for a total consideration of £7,819,792 ($1,117,000), excluding brokers fees.

On 15 March 2024 10,297,943 ordinary shares in the Company purchased under share buyback programmes and held in treasury were cancelled. Following the cancellation of these shares, there are 184,530,477 ordinary shares on issue with no outstanding options or warrants.

At 31 December 2023 there were no adjusting post balance sheet events (2022: none).

Caijiaying Mine Operational Facilities - Winter 2024

Corporate Information: Griffin Mining Limited

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Hong Kong Office:	18/F, Wai Wah Commercial Centre, 6 Wilmer Street, Sheung Wan, Hong Kong
Directors:	Mladen Ninkov (Chairman) Roger Goodwin (Finance Director) Dean Moore Linda Naylor Adam Usdan Clive Whiley
Company Secretary:	Roger Goodwin
Nominated Adviser and Broker for AIM:	Panmure Gordon (UK) Limited 40 Gracechurch Street, London, EC3V 0BT, UK
Joint Broker:	Joh. Berenberg, Gossler & Co. KG 60 Threadneedle Street, London, EC2R 8HP, UK
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