Contents

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

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

Registered number: 13667 Bermuda.
Registered Office: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda
United Kingdom Office: 60 St James's Street, London SW1A 1LE


华澳矿业
HUAAO MINING
奋进◦华澳
ADVANCING HUA AO
河北华澳矿业开发有限公司
Commemorating the 20th Anniversa

20th anniversary celebrations at Caijiaying Mine

Chairman's Statement

I present to you, the shareholders and owners of Griffin Mining Limited ("Griffin" or "the Company"), the Annual Report and Accounts of the Company for the 2014 financial and calendar year.

Although the Company remained profitable for its 10th consecutive year, it will come as no surprise that the 2014 production and financial results were substantially below the previous years almost solely due to the 3 month shutdown of the processing facilities at the Caijiaying Mine between the 11th of August and the 17th November to enable those facilities to be expanded from a 750,000 to a 1.5 million tonne per annum throughput. Furthermore, the recommissioning of the plant with low grade ore (so as not to risk higher grade ore on a untried circuit) in addition to continuing softness in all commodity prices, inevitably led to the lower results the Company achieved.

Such results are always heartbreaking and difficult to accept, but in this case they were forced upon the Company to ensure it could become a significant, mid-tier, base and precious metals producer. As stated, ad nauseam, in so many of my past missives, mining is substantially a fixed cost business where profitability rests almost exclusively on the rise and fall in commodity prices. As such, the benefits of the expansion undertaken should be felt most significantly by shareholders when the throughput has doubled and the zinc price cycle turns upwards. With the continuing fall in London Metal Exchange zinc stockpiles and the announced closure of 4 major zinc mines, in particular Century in the 3rd quarter of this year, the long predicted turn in the zinc price is hopefully not far away. The last 2 pieces of the upgrade jigsaw should also be completed in the same timeframe with the commissioning of the new, 750,000 tonne ball mill and the completion of the construction and commissioning of the new upgraded power line in July.

As shareholders are well aware, the processing of the larger throughput remains contingent upon the granting of the new Mining Licence over Zone II and the area between Zones II and III. The Mining Licence process is now at the end of its second year and whilst it would be easy to become cynical and disheartened, I am neither. The process has not stalled, but continues unabated, if slowly, and I have every hope that it will be granted in this calendar year.

The year ahead should not only be seen as an increased production year with a hopefully rising zinc price. The exploration potential of Caijiaying is only now beginning to become apparent and the Company is firmly of the belief that the increase in underground drilling rigs from 2 to 5 with the consequential almost tripling of metres drilled will repay the expenditure spent. It is expected that a new mineral resource will be collated and released by the end of the year.

Although the expanding production profile and surrounding exploration of the Caijiaying Mine remains the primary focus of the Company, suitable acquisitions remain a priority. In the current, savagely depressed, junior mining market, only mining companies operating in the lowest cost quartile will survive severe downturns in commodity prices. Consequently, the Company continues to trawl for any low cost, base or precious metals mining projects that have the potential to be brought into long term, economic production for a capital cost that provides a substantial and justifiable return on equity to shareholders.

Of course, I am not unaware that many shareholders base the success of a mining company solely by its share price and the Company's offices frequently receive calls questioning the falling, stationary or slow rising share price. Unfortunately, most operating mining companies share prices have a direct correlation with the relevant commodity price with little interest in the underlying assets or prospects of the company concerned. Griffin's share price has historically been little different. However it should be noted that the Company has outperformed the FTSE Small Mining Index by 40.8% over the past 6 months and 85.4% over the past 12 months.

As often stated, Griffin, through Hebei Hua Ao, continues to assist and financially support the Caijiaying community. In March 2015, the final 183 of 400 cows were purchased and presented to the Caijaiying village for the dairy herd outlined in last year's report to successfully complete this new, long term industry which will provide a more sustainable annual income for villagers reliant on the seasonality of crops grown in the short summer months. In addition, all of the expatriate staff have volunteered their language abilities in their off-shift time to the regional school to teach English to the local school children.

As you will note from some of the pictures found herein, 2014 marked the 20th anniversary of Hebei Hua Ao. Close to a hundred junior and major mining companies have entered and subsequently left China. Hebei Hua Ao, the first foreign owned mining joint venture formed after China allowed foreign joint ventures in 1994, is the only mining joint venture that remains. It has been a momentous and outstanding achievement. It has succeeded because it has been operated on a legal, cultural and mutually respectful basis by a continuous group of dedicated and able visionaries. I would like to thank each and every one of those who have been involved and contributed to the success of the Caijaiying Mine and the Company. This multitude of people includes the past and present directors of both Hebei Hua Ao and Griffin, Chinese government officials at all levels, western operational management, consultants, Chinese managers, employees and contractors. And just this once, perhaps I can also thank the silent supporters, the spouses, children and significant others who have weathered the long weeks and months at home dealing with the daily mundane and occasional emergency. Certainly my wife and children fit this description. Without all of these individuals support and encouragement, this dream of ours would have all come to naught.

Lastly, and critically, thank you to the shareholders of the Company, particularly those who have stood with us from the first day, who have personified loyalty and believed when few believed. It may sound trite and disingenuous, but it really is for you that we strive every day to repay the trust, loyalty and support you have shown over the countless years. May this be the year that begins to produce the result you deserve.

Mladen Ninkov
Chairman
17th April 2015


VIP
VIP

The then Australian Ambassador to China, the Hon Frances Adamson, Griffin directors and senior management

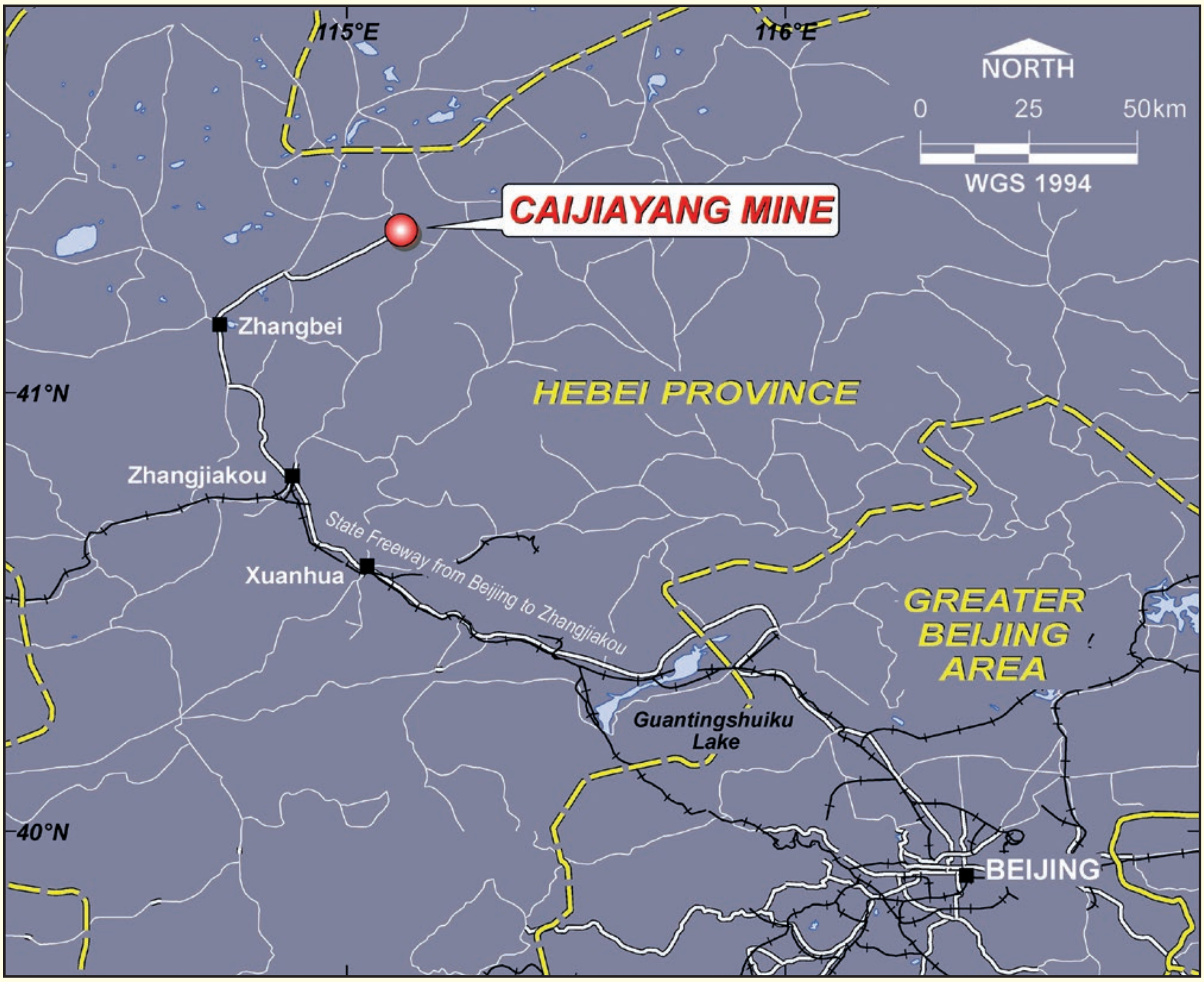
Overview

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

The major asset of the Company is an 88.8% interest in Hebei Hua Ao Mining Industry Company Limited ('Hebei Hua Ao'), the holder of 11.3 square kilometres of mining and exploration licences and the mine and processing facilities at Caijiaying in the People's Republic of China (the "Caijiaying Mine").

The Company also holds 90% of Hebei Sino Anglo Mining Development Company Limited ("Hebei Anglo"), which controls 41.5 square kilometres of exploration licences immediately surrounding the Caijiaying Mine.

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



Caijiaying Mine Location

Caijiaying

Introduction

The Caijiaying Mine is an operating zinc, gold, silver and lead mine (together with the Camp comprising staff accommodation, recreational and mess facilities) located approximately 300 kilometres by road, north-west of Beijing in Hebei Province in the People's Republic of China ("the PRC"). The Caijiaying Mine is easily accessible by two alternative freeway systems from Beijing and a number of secondary sealed roads. The site has significant water supplies, two independent connections to the electricity grid, full connectivity to fixed and mobile telecommunications systems and broadband access for internet services. Climatic conditions are not severe with warm summers and cold, dry winters enabling operations at Caijiaying to continue for 365 days a year.

Development

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

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

In January 2004, a second contractual joint venture company, Hebei Anglo, was formed to hold the mineral rights to the area surrounding the original Hebei Hua Ao licence area and any other areas of interest in Hebei Province. Griffin, through its wholly owned UK subsidiary, Panda Resources Limited, has a 90% interest in Hebei Anglo whilst the Zhangjiakou Guoxin Enterprise Management and Service Center holds 10%. Griffin, through Hebei Hua Ao and Hebei Anglo, has a controlling interest in mining and exploration licences over approximately 53 square kilometres at Caijiaying.

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

In December 2007, production of a separate precious metals concentrate containing gold, silver and lead, commenced from an integrated circuit forming part of the main processing facilities. This allowed the full economic benefit of these metals to be obtained by the Group, which had previously been unaccounted and unpaid for by the Chinese metals traders and smelters in the zinc concentrate.

The Company is in the process of completing a further upgrade of the processing facilities at the Caijiaying Mine to enable the mining and processing of 1.5 million tonnes of ore per annum. Whilst all civil works have been completed and new infrastructure is now in place, commissioning of the new circuit is dependent upon the construction of a new power line to the Caijiaying Mine, which can only be completed in the Spring/Summer when weather conditions permit. Underground development continues with a second drive and portal begun and the main drive toward Zone II almost completed. The mining of Zone II is subject to the successful granting of a new mining licence over the greater Zone II area.

Geology

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

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

Mineral Resource Estimate

In June 2013, a Mineral Resource Estimate for Caijiaying was produced at a zinc cutoff of 1%, the highlights of which were:

- Total Resource 49.4 Mt @ 4.1% Zinc, 0.4% Lead, 23.9 g/t Silver & 0.5 g/t Gold.
- Total contained metal of:

  - 2 million tonnes of Zinc
  - 212,000 tonnes of Lead
  - 37.9 million ounces of Silver
  - 825,000 ounces of Gold

The continuing success of the exploration programme in conjunction with infill drilling and on-going mine development, is anticipated to lead to an upgrade of the Mineral Resource Estimate at the Caijiaying Mine which should be completed in late 2015.

The revised zinc/gold resource model in conjunction with data collection and management processes, grade control, mine planning and mine reconciliation procedures have optimised production at Caijiaying.

The updated 2013 Mineral Resource estimate is reported at a zinc cut-off grade of 1% and, as amended for depletion, is summarised overleaf.

Caijiaying Zone III Remaining Mineral Resources December 31 2014

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

Category	Tonnes (Mt)	Zn (%)	Pb (Oz)	Ag (g/t)	Au (g/t)	Zn Metal (t)	Pb Metal (t)	Ag Metal (t)	Au Metal (t)
Measured	13.2	4.9	0.3	26.2	0.8	645,000	39,000	11,112,000	324,000
Indicated	8.0	4.5	0.2	22.4	0.7	358,000	14,000	5,767,000	172,000
Inferred	7.7	4.2	0.2	18.5	0.5	323,000	12,000	4,559,000	129,000
Sub-Total	**28.8**	**4.6**	**0.2**	**23.1**	**0.7**	**1,326,000**	**65,000**	**21,438,000**	**625,000**

Caijiaying Zone II Remaining Mineral Resources December 31 2014

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

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

Caijiaying Combined Global Remaining Mineral Resources

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

Category	Tonnes (Mt)	Zn (%)	Pb (Oz)	Ag (g/t)	Au (g/t)	Zn Metal (t)	Pb Metal (t)	Ag Metal (t)	Au Metal (t)
Measured	13.2	4.9	0.3	26.2	0.8	645,000	39,000	11,112,000	324,000
Indicated	12.1	4.0	0.3	23.2	0.5	481,000	41,000	9,010,000	211,000
Inferred	23.2	3.6	0.6	22.5	0.3	839,000	129,000	16,835,000	253,000
Total	**48.5**	**4.1**	**0.4**	**23.7**	**0.5**	**1,965,000**	**209,000**	**36,958,000**	**788,000**

The Mineral Resource estimate is based on 2,470 underground diamond drill holes and 579 surface drill holes. The underground drilling was carried out using nominal fan patterns of 20m by 20m, grading to a 40m by 40m pattern at depth. Resource wireframes were interpreted by CSA Global in consultation with Griffin's geologists. The resource outlines were based on mineralization envelopes prepared on cross-sections using a nominal 1% Zn cut-off grade. The Mineral Resource has been depleted using a three-dimensional survey "As Built" wireframe which models all of the mined out voids at they stand at 31st December 2014.

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

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

Exploration

The exploration program at Caijiaying was enhanced in 2014 to provide a pipeline of new targets with the aim of ensuring an ongoing ore supply for the expanded 1.5 million tonne throughput expected in 2015. This involved prioritizing targets in the following categories:

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

Hebei Hua Ao Mining and Exploration Area

The first step in identifying priorities was a study of the existing data to indicate trends in ore types which involved studying the metal ratios within the mine together with detailed re-logging and re-sampling of existing core. This showed high potential for increasing gold ratios between Zone II and Zone III and higher zinc ratios underneath and to the north of Zone III, thereby providing direction for future underground drilling programs of the in-mine and near-mine targets. To date this has comprised 227 new holes for a total of 21,981 metres, initially with 2 rigs in operation but increasing to 5 rigs in 2014. Results will be incorporated in the next resource update study to be completed late in 2015.

In addition, a surface drill hole was completed to test the geology to the north of Zone III. This was drilled to a 603 metre depth and revealed that the mine host rocks were not as deep as previously thought, thereby enabling them to be tested by underground drilling from the existing northernmost workings. This program is also now underway.

The metal ratio studies were complemented by an onsite geology workshop with visiting geological specialists. This helped identify the main geological controls of the main orebodies and succeeded in identifying a number of new theoretical targets surrounding Zone III.

Hebei Anglo Exploration Area

For regional target generation, two additional surveys were concluded throughout the exploration licences during 2014. The first was a shallow static seismic survey to map the depth of the soft cover overlying the mine host rocks to aid planning. The second was a gravity survey to integrate with the previous magnetic and electrical surveys. Independent consultants were then contracted to review all previous data and come up with fresh interpretations to guide future targeting. The review identified geophysical characteristics of the known orebodies and recommended and prioritized targets, particularly to the north and east of Zone III and with lesser priority areas for testing to the west. The best targets are in what is interpreted to be a repeat of the mine host rocks and will therefore form the main priority during the 2015 exploration season.

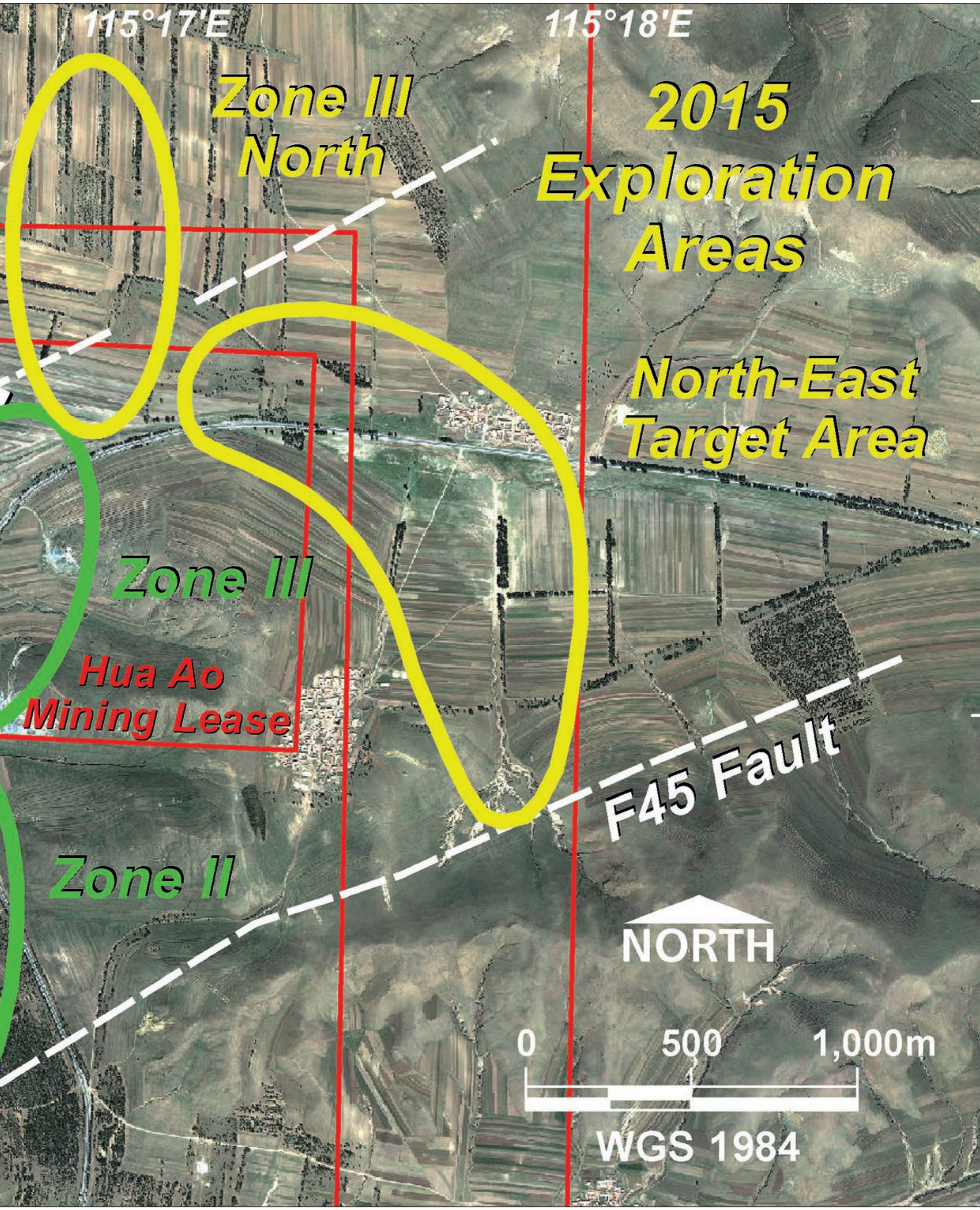
2015 Exploration

During 2015, exploration activities will continue to focus on high-priority targets in and adjacent to Zone III and Zone II. Significant exploration success was had in 2014 and the aim in 2015 is to leverage off the improved geological understanding to define further extensions of these zones and build the resource inventory.

Additional underground exploration will be completed in an attempt to continue to increase the size of the Mineral Resources. Particular attention will be paid to further definition of high-grade zinc and goldrich mineralisation which appears to be increasing with depth. Several of the zinc-gold lodes at Zone III remain open either along strike, at depth, or both and these will be scheduled for further drilling.

At the same time the Company's exploration team will continue to advance the evaluation of advanced targets such as Zone V and the northern extension of the Zone III orebody. Regional exploration will concentrate on new priority targets that were generated from the integration and interpretation of the geophysical data sets.


115°15'E
115°16'E
Hua Ao Regional
Exploration Licence
Hua Ao Caijiaying
Exploration Licence
41°26'N
Zone V
Grasshopper Fault



Caijiaying greater area outlining known orebodies in green and proposed 2015 exploration areas in gold

Operations

The processing of ore at the Caijiaying Mine was suspended from 11th August through to the 17th November 2014, 6 weeks longer than initially planned, to enable the processing facilities to be upgraded to a throughput capacity of 1.5 million tonnes per annum. As a consequence of the suspension of processing and the reduced production during the subsequent re-commissioning of the processing facilities, the amount of ore processed and metals in concentrate produced were significantly down on previous years.

In summary, production in 2014 was as follows:

- 747,775 tonnes of ore were mined, compared to 877,803 tonnes in 2013;
- 572,390 tonnes of ore were processed, compared to 838,431 tonnes in 2013;
- 25,901 tonnes of zinc metal in concentrate were produced, compared to 39,724 tonnes in 2013;
- 7,623 ounces of gold in concentrate were produced, compared to 11,468 ounces in 2013;
- 201,982 ounces of silver in concentrate were produced, compared to 323,808 ounces in 2013; and
- 857 tonnes of lead in concentrate were produced, compared to 1,553 tonnes in 2013.

Although the processing of ore was suspended during the upgrade process, mining continued such that by 31st December 2014, 292,000 tonnes of ore were stockpiled on the surface with a further 100,000 tonnes stockpiled underground, ready to be processed.

With the use of lower grade ores during the re-commissioning of the processing plant, the base and precious metal grades of ore processed during 2014 were also marginally down on 2013, resulting in a minor fall in the recovery of base metals. Gold recoveries on the other hand benefitted from metallurgical improvements to the flotation circuit with recoveries of up to 60% achieved in 2014.

Despite the impact associated with the suspension of the processing facilities, significant operational improvements were made to the underground mining operations with a change in key management and technical personnel implemented in early 2014. Underground infrastructure was also upgraded with the installation of a modern leaky feeder two-way radio communication system, improvements to the ventilation, electrical reticulation and dewatering systems and the installation of two additional emergency refuge chambers.

Underground development work was significantly increased compared to previous years with 1,102 metres of capital development, 7,401 metres of operational development and 111 metres of exploration drives completed in 2014. In preparation of the underground operations supplying ore to the expanded processing facilities, both the North and South declines were extended by 813 metres establishing important new diamond drilling platforms and production areas down to the 1170 metre level. In addition, 316 metres of development towards Zone II was completed, which will form part of the expanded underground production front in 2016.

Long hole open stoping continues to be the predominant mining method with remote bogging ensuring ore recovery from the open stopes is maximised. In early 2015 the transition from labour intensive air-leg development to modern jumbo development had commenced which will further lift performance from the expanding underground operation.

The placement of cemented tailings (backfill) underground totalling 119,840 cubic metres through 2014, further reduced the amount of tailings facilities required at surface whilst also providing access to secondary stoping and pillar recovery mining methods.

Community Investment & Partnership

Griffin, through Hebei Hua Ao, continues to invest heavily in the local community and continues to demand best practices regarding the protection of the environment. Consequently, solid and liquid wastes are not disposed of into the environment, all production water is recycled, gas emissions from boilers are treated to remove pollutants, mined areas underground are back filled, noise and dust from operations at the Caijiaying Mine are strictly controlled (including covering the tailings dam), and all non-recyclable wastes from supporting facilities are treated in an incinerator.

As previously reported Griffin's environmental practices were rewarded twice with Hebei Hua Ao being presented with the Environmental Award at the 2010 China Mining Conference and the Mine Development Outstanding Achievement Award at the 2011 China Mining Conference.

Hebei Hua Ao continues to provide direct water supplies to the local villagers and maintains: sealed roads to the Caijiaying Mine and nearby villages that it previously constructed; the kindergarten; an old people's rest home and other projects.

In 2013, Griffin, through Hebei Hua Ao, instituted a programme to create a long term industry for the Caijiaying local village, in particular, to provide a more sustainable annual income less reliant on the seasonality of crops grown in the short summer months. Initially, Hebei Hua Ao purchased 170 cows, which were already pregnant with 47 offspring, creating a sizeable initial herd of 217 cattle for the creation of a dairy and cattle farm. In March 2015 Hebei Hua Ao purchased a further 183 cows to complete the programme and finalise a successful new industry for the local population.

Hebei Hua Ao has also aided in the upgrade of facilities at the local township school and the "Project Hope" scholarships to local students for ongoing study at primary, secondary and tertiary levels, instituting English lessons for all the children attending the local school to assist in the internationalisation of new students and increase their language base for future education and employment opportunities. During 2013, Hebei Hua Ao contributed over Rmb3 million ($490,000) to the local community.

The Caijiaying Mine continues to provide direct and indirect employment to over 1,000 Chinese nationals.

During 2014, Hebei Hua Ao paid Rmb 82 million ($13.5 million) in taxes, royalties, social security fees, and other duties to Chinese governmental authorities and agencies.


好好学习

Maoheng Zhang, Operations Manager Caijiaying, teaching English to School of Hope in Sanhao

Financial

Griffin Mining Limited (the "Company") and its subsidiaries (together the "Group") recorded;

- Revenues of $45,564,000 in 2014 (2013 $71,071,000);
- Operating profit of $6,732,000 in 2014 (2013 $18,694,000);
- Profit before tax of $1,021,000 in 2014 (2013 $13,228,000); and
- Profit after tax of $190,000 in 2014 (2013 $8,157,000).

The financial results for 2014 were severely impacted by the suspension of processing activities at Caijiaying from 11th August to 17th November to facilitate the upgrade of the processing facilities, and the subsequent ramp-up on re-commissioning of those facilities. As a result, the amounts of ore processed and metals in concentrate produced and sold were significantly down on previous years.

The average price per tonne of zinc metal in concentrate received by the Group in 2014 rose by 3.3% to $1,345 (2013 $1,302), for silver rose 1.8% to $17.1 per ounce (2013 $16.8), for gold rose by 1.5% to $1,251 per ounce (2013 $1,233) and for lead fell 2.3% to $1,595 per tonne (2013 $1,633).

Cost of sales fell to $25,345,000 (2013 $40,078,000) reflecting the suspension in processing and stockpiling of ore mined and hauled. With processing suspended and with mining and haulage impacted by restrictions in the supply of explosives and logistical issues created by the stockpiling of ore during the suspension in processing, unit cost of sales rose.

Group operating costs (including Caijiaying site) rose 9.6% in 2014 to $13,487,000 (2013 $12,299,000) with inflationary cost increases in China and non cash share option charges. This includes amounts due to Griffin's Chinese partners in the Hebei Hua Ao Joint Venture of $1,958,000 (2013 $1,599,000) previously treated as amounts due to non-controlling interests.

Profits before tax declined to $1,021,000 (2013 $13,228,000) reflecting not just lower operating profits but losses on the disposal of plant and equipment scrapped as part of the plant upgrade of $1,835,000 and increased interest charges of $4,165,000 (2013 $3,651,000) arising from the lease of a new dry tailings facility at Caijiaying in 2013 and increased borrowings to facilitate the plant upgrade.

The Group benefited from interest receipts of $223,000 (2013 $145,000), foreign exchange losses of $39,000 (2013 gains $107,000), and other income of $105,000 (2013 $162,000).

Income taxes of $831,000 (2013 $5,071,000) have been charged. This includes a deferred taxation provision of $313,000 (2013 $297,000).

Basic and diluted earnings per share in 2014 was 0.11 cents (2013 4.63 cents).

During 2014, 50,000 (2013 260,000) ordinary shares were bought back in the market for cancellation at a cost of $30,000 (2013 $119,000). No shares were issued in 2014 (2013 3,900,000 ordinary shares were issued on the exercise of options) bringing the number of the Company's shares in issue to 179,041,830.

Net cash inflow from operating activities in 2014 amounted to $12,754,000 (2013 $24,561,000). $23,204,000 was invested in 2014 (2013 $7,347,000.

Attributable net assets per share at 31st December 2014 was 83 cents (2013 82 cents).

Strategic Review

Caijiaying

Ongoing exploration work at Caijiaying has indicated the potential for significant additional resources to be defined and management is now allocating resources to aid in this process. The existing JORC resource estimate confirms the availability of extensive ore resources at Caijiaying for increased production. With the Hebei Hua Ao joint venture extended to 2037 and the 1.5 million tonne upgrade almost completed, the Company is ideally placed to take advantage of a commodity cycle increase and provide the maximum return on capital to shareholders.

Whilst taking considerably longer than anticipated, progress is being made by Hebei Hua Ao in its application for a new mining licence at Zone II and the area between Zone II and the existing mining operations at Zone III. This will allow all the known resources at and between Zones II and III to be extracted. Development work has continued toward the Zone II area underground from the main Zone III decline with a new access drive and a new second portal. This work will enable further resource definition underground drilling in these areas. The new decline will also enable more haulage movements at the Caijiaying Mine.

During 2014 work was substantially completed to increase the throughput of the processing facilities to 1.5 million tonnes of ore per annum. In order to complete this upgrade, Hebei Hua Ao is awaiting delivery of a new primary ball mill and Spring weather to undertake the construction of a new power line to the Caijiaying Mine. This work is expected to be completed by July 2015 enabling the considerable stock piles of ore to be processed in the third quarter of 2015.

Acquisitions

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

A large number of potential ventures have been analysed worldwide and, in particular, where management have extensive knowledge and human resources. None have been successfully consummated to date, for a number of reasons including negative findings during due diligence, an insufficient return calculated for the risk shareholders would need to accept in funding a project to production and overall risk profile.

Upgraded Caijiaying processing facilities

Directors

Mladen Ninkov, Chairman, Australian, aged 53, holds a Master of Law Degree from Trinity Hall, Cambridge and Bachelor of Laws (with Honours) and Bachelor of Jurisprudence Degree from the University of Western Australia. He is the principal of Keynes Capital. He has a mining, legal, fund management and investment banking background and is admitted as a barrister and solicitor of the Supreme Court of Western Australia. He was the Chairman and Managing Director of the Dragon Capital Funds management group, a director and Head of International Corporate Finance at ANZ Grindlays Bank Plc in London, and a Vice President of Prudential-Bache Securities Inc. in New York. He also worked at Skadden Arps Slate Meagher & Flom in New York and Freehill Hollingdale & Page in Australia. He has been chairman and director of a number of both public and private mining and oil and gas companies.

Roger Goodwin, Finance Director, British, aged 59, is a Chartered Accountant. He has been with the Company since 1996 having previously held senior positions in a number of public and private companies within the natural resources sector. He has a strong professional background, including that as a manager with KPMG, with considerable public company and corporate finance experience, and experience of emerging markets.

Dal Brynelsen, Director, Canadian, aged 68, is a graduate of the University of British Columbia in Urban Land Economics. Mr. Brynelsen has been involved in the resource industry for over 30 years. He has been responsible for the discovery, development and operation of several underground gold mines during his career. Mr. Brynelsen is the President and a director of Vangold Resources Limited.

Rupert Crowe, Director, Australian, aged 66, is a graduate geologist from Trinity College Dublin. He was the founding chairman and managing director of CSA Global Pty Ltd, a mining consultancy company founded in Ireland in 1983 and now headquartered in Australia. He is a specialist in zinc-lead exploration and was involved as a principal in the discovery and development of several notable mines. He has served on the board of four public companies listed in Dublin, London, Vancouver and Australia.

Adam Usdan, Director, USA, aged 53, holds an MBA from the Kellogg Graduate School of Management at Northwestern University with majors in Finance, Marketing, and Accounting, and a BA in English from Wesleyan University. He is the President of Trellus Management Company LLC, an equity hedge fund based in the USA. Mr Usdan founded Trellus Management in January 1994 and has been in the investment advisory industry for over 25 years. Mr Usdan began his investment career in 1987 at Odyssey Partners, where he was responsible for managing long/short U.S. equity (small to mid-cap) pools of capital.

Senior Executives

Mark Hine, Chief Operating Officer, Australian, aged 56 is a mining engineer having graduated from the Western Australia School of Mines, a member of the Australian Institute of Company Directors and a member of the Australian Institute of Mining and Metallurgy. He has extensive mining experience with over 25 years of senior management roles in both surface and underground mining operations. He has held a number of senior positions in the mining industry including Chief Operating Officer at Focus Minerals Ltd, Chief Executive Officer at Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd, Chief Executive Officer at Queensland Industrial Minerals Ltd, Chief Executive Officer at Consolidated Rutile Ltd and General Manager Pasminco, Broken Hill / Elura Mines.

Wendy Zhang, Chief Financial Officer, Hebei Hua Ao, aged 41, holds a Master of Accounting degree from Macquarie University, a member of the Certified Practising Accountant of Australia and a qualified member of the Chinese Institute of Certified Public Accountant for 11 years. Prior to joining Griffin she spent the previous 4 years as Financial Controller for Golden Tiger Mining's joint venture operations in China. Previously she was Chief Accountant for Shanghai Silk Group and subsequently Ann Taylor Shanghai.

Dr Bo Zhou, General Manager China, Australian, aged 52, holds a PhD in exploration geology from Sydney University and a BSc in economic geology from Peking University. He was Managing Director of Sinovus Mining Ltd, an ASX listed company with mineral interests in China. Prior to that he was the General Manager for Guangxi Golden Tiger Mining JV, a Sino-Australian JV gold company focussed on Guangxi, China, controlled by Golden Tiger Mining NL, an ASX listed company. He has also worked as the Senior Geologist for Silk Road Resources (A Toronto listed company), responsible for evaluating various gold properties in Gansu Province in central western China. Dr Zhou has considerable experience in the Chinese resources sector.

Back row left to right: Bo Zhou (General Manager China), Mark Hine (Chief Operating Officer), Wendy Zhang (Chief Financial Officer - Hebei Hua Ao), Maoheng Zhang (Operations Manager Caijiaying), Mark Hall (Chief Mine Geologist,) Li Fusheng (Chief Mining Engineer)

Front row left to right: Adam Usdan (Director), Roger Goodwin (Finance Director), Mladen Ninkov (Chairman), Dal Brynelsen (Director), Rupert Crowe (Director)

Directors Report

The Directors submit their report together with the audited consolidated financial statements of Griffin Mining Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2014.

Financial Results

The Group profit before taxation, amounted to US$1,021,000 (2013 US$13,228,000). Taxation of US$831,000 (2013 US$5,071,000) has been provided. No dividend was paid in 2014 (2013 nil). US$190,000 has been credited to reserves (2013 credited US$8,157,000).

The basic earnings per share amounted to 0.11 cents (2013 4.63 cents). The attributable net asset value per share at 31 December 2014 amounted to 83 cents (2013 82 cents).

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

Principal Activities

The principal activity of the Group is that of mining and exploration. A review of the Group's operations for the year ended 31 December 2014 and the indication of likely future developments are set out on pages 9 to 21.

Directors

The Directors of the Company during the year were:

Mladen Ninkov – *Australian – Chairman*
Roger Goodwin – *British - Finance Director*
Dal Brynelsen – *Canadian*
Rupert Crowe - *Australian/ Irish*
Adam Usdan – *American (USA)* – appointed 19 March 2014

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

The beneficial interests of the Directors holding office at 31 December 2014 and their immediate families in the share capital of the Company were as follows:

Name	At 31 December 2014			At 1 January 2014 or date of appointment	
	Ordinary shares, number	Options over ordinary shares, number exercisable at		Ordinary shares, number	Options over ordinary shares, number exercisable at
		40 pence	45 pence		45 pence
Mladen Ninkov	33,001	3,500,000	6,000,000	33,001	6,000,000
Dal Brynelsen	382,001	-	400,000	1	400,000
Rupert Crowe	1	-	-	1	-
Roger Goodwin	877,830	500,000	1,200,000	577,830	1,200,000
Adam Usdan	28,324,556	-	-	27,826,113	-

All of the Directors' interests detailed are beneficial.

The options exercisable at 45 pence per share entitled the holder to subscribe for new ordinary shares in the Company at an exercise price of 45 pence per new ordinary share on or before 28 February 2015, all of which have lapsed.

Directors Report (continued)

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

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

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

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

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

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

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

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

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

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

Remuneration Policy

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

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

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

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

No performance based bonuses were issued during the reporting year.

Directors Report

Corporate Governance

Although incorporated in Bermuda and therefore not obliged to comply with the code of best practice established by the UK Corporate Governance Code issued by the Financial Reporting Committee, the Company has reviewed and broadly supports this code. The Company does not comply where compliance would not be commercially justified allowing for the practical limitations relating to the Company's size. In particular, in view of the Company's size and the limited number of directors, the Company has not formally established: an audit committee; a remuneration committee; and a nominations committee. However, the non-executive directors informally fulfil the roles and responsibilities normally expected of such committees.

The board of directors includes a number of non-executive directors who, with the exception of Adam Usdan, other than their shareholding, are considered to be independent as their shareholdings are less than 0.2% of the Company's issued share capital and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board meets regularly and is responsible for the overall strategy of the Group, its performance, management and major financial matters. All directors are subject to re-appointment annually at each annual general meeting of the Company's shareholders.

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

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

Auditor

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

Directors Report

Statement of directors' responsibilities in respect of the accounts

Bermudan company law and generally accepted best practice requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Bermuda Companies Act 1981 as amended. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Roger Goodwin

Finance Director and Company Secretary

17th April 2015

Report of the Independent Auditor

Independent Auditor report to the members of griffin mining limited

We have audited the Group financial statements (the financial statements) of Griffin Mining Limited for the year ended 31 December 2014 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective Responsibilities of Directors and Auditor

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

Scope of the Audit of the Financial Statements

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

Opinion on the Financial Statements

In our opinion, the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended in accordance with IFRSs as adopted by the European Union.

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

London

17th April 2015

Consolidated Income Statement

For the year ended 31 December 2014
(expressed in thousands US dollars)

	Notes	2014 $000	2013 Restated $000
Revenue	1	**45,564**	71,071
Cost of sales	1	**(25,345)**	(40,078)
Gross profit		**20,219**	30,993
Net operating expenses	1	**(13,487)**	(12,299)
Profit from operations		**6,732**	18,694
Losses on disposal of plant and equipment	4	**(1,835)**	-
Loss on disposal of interest in associated company	5	**-**	(2,229)
Foreign exchange (losses) / gains		**(39)**	107
Finance income	6	**223**	145
Finance costs	7	**(4,165)**	(3,651)
Other income	8	**105**	162
Profit before tax		**1,021**	13,228
Income tax expense	9	**(831)**	(5,071)
Profit after tax		**190**	8,157
Basic earnings per share (cents)	10	**0.11**	4.63
Diluted earnings per share (cents)	10	**0.11**	4.63

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014
(expressed in thousands US dollars)

	2014	2013 Restated
	$000	$000
Profit for the year	**190**	8,157
Other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	**(281)**	757
Other comprehensive income for the period, net of tax	**(281)**	757
Total comprehensive income for the period	**(91)**	8,914

Consolidated Statement of Financial Position

As at 31 December 2014
(expressed in thousands US dollars)

	Notes	2014	2013 Restated	2012 Restated
		$000	$000	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**11**	**208,339**	193,444	177,470
Intangible assets – Exploration interests	**12**	**1,914**	1,852	1,707
Investment in associated company		**-**	-	3,596
		210,253	195,296	182,773
Current assets				
Inventories	**13**	**17,477**	7,981	6,231
Receivables and other current assets	**14**	**3,540**	4,214	4,168
Cash and cash equivalents		**23,371**	26,278	16,764
		44,388	38,473	27,163
Total assets		**254,641**	233,769	209,936
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	**15**	**1,790**	1,791	1,755
Share premium		**71,310**	71,339	70,037
Contributing surplus		**3,690**	3,690	3,690
Share based payments		**3,064**	2,748	3,055
Chinese statutory re-investment reserve		**1,686**	1,683	1,313
Other reserve on acquisition of non controlling interests		**(29,365)**	(29,346)	(29,346)
Foreign exchange reserve		**10,957**	11,212	10,485
Profit and loss reserve		**84,794**	84,614	76,797
Total equity attributable to equity holders of the parent		**147,926**	147,731	137,786
Non-current liabilities				
Long-term provisions	**18**	**2,582**	2,591	2,535
Deferred taxation	**19**	**1,953**	1,646	1,316
Finance lease	**20**	**10,720**	12,012	-
		15,255	16,249	3,851
Current liabilities				
Taxation payable	**21**	**-**	2,878	3,840
Trade and other payables	**20**	**26,563**	17,219	17,347
Finance lease	**22**	**1,161**	487	-
Bank loans		**63,736**	49,205	47,112
Total current liabilities		**91,460**	69,789	68,299
Total equities and liabilities		**254,641**	233,769	209,936
Attributable net asset value per share to equity holders of parent	**23**	**0.83**	$0.82	$0.79

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

Mladen Ninkov — *Chairman*

Roger Goodwin — *Finance Director*

17th April 2015

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
(expressed in thousands US dollars)

	Share Capital	Share premium	Contributing surplus	Share Based Payments	Chinese re investment Reserve	Other reserve on acquisition of non-controlling interests	Foreign Exchange Reserve	Profit and loss Reserve	Total attributable to equity holders of parent	Non Controlling Interests	Total Equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
At 31 December 2012	**1,755**	**70,037**	**3,690**	**3,055**	**1,313**	**(29,346)**	**10,485**	**76,797**	**137,786**	**4,757**	**142,543**
Prior year adjustment (see note 29)	-	-	-	-	-	-	-	-	-	(4,757)	(4,757)
At 1 January 2013 restated	**1,755**	**70,037**	**3,690**	**3,055**	**1,313**	**(29,346)**	**10,485**	**76,797**	**137,786**	**-**	**137,786**
Regulatory transfer for future investment	-	-	-	-	340	-	-	(340)	-	-	-
Purchase of shares for cancellation	(3)	(116)	-	-	-	-	-	-	(119)	-	(119)
Issue of shares on exercise of options	39	1,228	-	-	-	-	-	-	1,267	-	1,267
Transfer on exercise of options	-	190	-	(190)	-	-	-	-	-	-	-
Buy out of share purchase options	-	-	-	(117)	-	-	-	-	(117)	-	(117)
Transaction with owners	36	1,302	-	(307)	340	-	-	(340)	1,031	-	1,031
Profit for the year	-	-	-	-	-	-	-	8,157	8,157	-	8,157
Other comprehensive income:											
Exchange differences on translating foreign operations	-	-	-	-	30	-	727	-	757	-	757
Total comprehensive income	-	-	-	-	30	-	727	8,157	8,914	-	8,914
At 31 December 2013 restated	**1,791**	**71,339**	**3,690**	**2,748**	**1,683**	**(29,346)**	**11,212**	**84,614**	**147,731**	**-**	**147,731**
Regulatory transfer for future investment	-	-	-	-	10	-	-	(10)	-	-	-
Purchase of shares for cancellation	(1)	(29)	-	-	-	-	-	-	(30)	-	(30)
Cost of share based payments	-	-	-	316	-	-	-	-	316	-	316
Transaction with owners	(1)	(29)	-	316	10	-	-	(10)	286	-	286
Profit for the year	-	-	-	-	-	-	-	190	190	-	190
Other comprehensive income:											
Exchange differences on translating foreign operations	-	-	-	-	(7)	(19)	(255)	-	(281)	-	(281)
Total comprehensive income	-	-	-	-	(7)	(19)	(255)	190	(91)	-	(91)
At 31 December 2014	**1,790**	**71,310**	**3,690**	**3,064**	**1,686**	**(29,365)**	**10,957**	**84,794**	**147,926**	**-**	**147,926**

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(expressed in thousands US dollars)

	Notes	2014	2013 Restated
		$000	$000
Net cash flows from operating activities			
Profit before taxation		**1,021**	8,157
Loss on disposal of interest in associated company		**-**	2,229
Foreign exchange losses / (gains)		**39**	(107)
Finance income	**5**	**(223)**	(145)
Finance costs	**7**	**4,165**	3,651
Adjustment in respect of share based payments	**16**	**316**	-
Depreciation, depletion and amortisation	**11**	**6,211**	7,184
Losses on disposal of equipment		**1,835**	-
Increase in inventories		**(9,496)**	(1,750)
Decrease in receivables and other current assets		**1,256**	563
Increase in trade and other payables		**7,630**	4,779
Net cash inflow from operating activities		**12,754**	24,561
Taxation paid		**(2,271)**	(5,692)
Cash flows from investing activities			
Interest received	**5**	**223**	145
Payments to acquire – mineral interests	**11**	**(6,041)**	(4,883)
Payments to acquire – plant and equipment	**11**	**(17,285)**	(2,499)
Payments to acquire – office equipment	**11**	**(11)**	-
Payments to acquire intangible fixed assets – exploration interests	**12**	**(90)**	(110)
Net cash outflow from investing activities		**(23,204)**	(7,347)
Cash flows from financing activities			
Issue of ordinary share capital on exercise of options		**-**	1,150
Purchase of shares for cancellation		**(30)**	(119)
Interest paid		**(3,342)**	(3,651)
Finance lease		**(1,398)**	(354)
Proceeds from bank loans		**21,186**	15,508
Repayment of bank loans		**(6,655)**	(13,415)
Net cash inflow/outflow from financing activities		**9,761**	(881)
(Decrease) / increase in cash and cash equivalents		**(2,960)**	10,641
Cash and cash equivalents at the beginning of the year		**26,278**	16,764
Effects of exchange rates		**53**	(1,127)
Cash and cash equivalents at the end of the year		**23,371**	26,278
Cash and cash equivalents comprise bank deposits.			
Bank deposits		**23,371**	26,278

Included within net cash flows of $2,960,000 (2013 $10,641,000) are foreign exchange gains of $107,000 (2013 losses $904,000) which have been treated as realised.

Accounting Policies

Basis of Accounting

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

Accounting Convention

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

New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

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

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

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

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

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

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

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

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

Going Concern

The financial statements have been prepared on a going concern basis. As at 31 December 2014, Hebei Hua Ao (a subsidiary of the Company) had bank loans outstanding of $63,736,000. Having previously rolled over each of the bank facilities, Hebei Hua Ao expects to roll over the existing facilities for a further 12 months and since 31 December 2014 has demonstrated its ability to service these by paying all interest when falling due and rolling over a loan of Rmb 30m ($4.8m) in January 2015. Having considered the cash resources, banking facilities and forecasts for the remainder of the Hebei Hua Ao joint venture term, the directors do not expect any going concern issues to arise.

Consolidation Basis

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

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

Accounting Policies

Consolidation Basis (continued)

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

Non controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based upon their respective ownership interests.

Associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in profit or loss and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in other comprehensive income of the associate are recognised in other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates 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 made on a cash on delivery / collection basis and are recognised on collection or delivery of the concentrate from the Group's processing facilities.

Non Current Assets

Intangible assets – exploration cost

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

Accounting Policies

Non Current Assets (continued)

Property, plant and equipment

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

Property, plant and equipment are shown at cost less depreciation and provisions for the impairment of value (see note 11).

Residual values

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

Depreciation

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

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

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

Impairment

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

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

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

Accounting Policies

Mine Closure Costs

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

Inventories

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

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

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

Financial Assets

Financial assets held by the Group are loans and receivables.

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

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

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

Financial Liabilities

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

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Foreign Currency Transactions

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

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

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

Accounting Policies

Foreign Currency Transactions (continued)

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

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

Equity

Equity comprises the following:

1. "Share capital" represents the nominal value of equity shares.

2. "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

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

4. "Share based payments" represents equity-settled share-based remuneration until such share options are exercised.

5. "Foreign exchange reserve" represents the differences arising from translation of investments in overseas subsidiaries.

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

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

8. "Profit and loss reserve" represents retained profits and losses.

Equity Settled Share Based Payments

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

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

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

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

For the financial year ended 31 December 2014 the total expense recognised in profit or loss arising from share based transactions was $316,000 (2013: $Nil).

Accounting Policies

Significant Judgements and Estimates

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

- Impairment review assumptions, property, plant and equipment (note 11). Impairments are assessed by comparison of the cash generating unit (the Caijiaying Mine) carrying amounts against the value of future discounted cash flows expected to be derived from this unit. The value of the cash flows are estimated by direct reference to the current prevailing value of the commodities extracted. Based on current production and costs the directors have determined that the future profitability of the Group requires the market price of zinc to remain above $1,300 per tonne with gold, silver and lead prices remaining at current prevailing levels.
- Impairment review assumptions, exploration interests (note 12). Impairments are assessed by reference to exploration results carried out in an area of interest. Where such exploration indicates that there are no indications of mineralisation within the area of interest, provision is made for impairment in value. There were no indicators of impairment in the Group's areas of interest.
- Provision for mine closure costs (note 18) have been made in accordance with the rules and regulations of the Peoples Republic of China at a rate of Rmb0.5 per tonne of estimated resources. The expected amount of resource due to be extracted during the life of the mine is based on estimated rates of extraction which take into account reported measured, indicated and inferred levels of resource, the term of the Hebei Hua Ao joint venture and current capability of the extractive machinery currently in use at the mine.
- The determination of the value of Finance Leased Asset, and attributable Finance Lease Interest is assessed from future expected utilisation of the asset, assuming half of all tailings will be treated by the asset and the Group's inherent rate of interest on bank loans in China.
- Non-controlling interests (note 29) are determined by reference to the underlying agreements and practice, with the allocation of the purchase consideration on acquisition of non-controlling interests and extension of the Hebei Hua Ao Joint Venture between that capitalised to mineral interests and that charged to reserves by reference to the impact of future cash flows.

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

Cash and Cash Equivalents

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

Dividends

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

Taxation

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

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

Accounting Policies

Taxation (continued)

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

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

Segment Reporting

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

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

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

Leased Assets

Finance leases

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

See accounting policy on non-current assets and depreciation and note 11 for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Notes to the Financial Statements

1. Segmental Reporting

The Group has one business segment, the Caijiaying zinc gold mine in the People's Republic of China. All sales and costs of sales in 2014 and 2013 were derived from the Caijiaying zinc gold mine.

	2014 $000	2013 $000
REVENUES		
China	**45,564**	71,071
Zinc concentrate sales	**33,734**	50,141
Lead and precious metals concentrate sales	**11,830**	20,930
	45,564	71,071
COST OF SALES		
China	**(25,345)**	(40,078)
NET OPERATING EXPENSES		
China	**(9,139)**	(8,973)
Australia	**(149)**	(44)
European Union	**(4,199)**	(3,282)
	(13,487)	(12,299)

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

Net operating expenses in China include amounts due to Griffin's Chinese partners in the Hebei Hua Ao Joint Venture of $1,958,000 (2013 $1,599,000) which in 2013 had been attributed to non-controlling interests (see note 29).

	2014 $000	2013 $000
TOTAL ASSETS		
China	**251,223**	227,337
Australia	**711**	633
European Union	**2,707**	5,799
	254,641	233,769
CAPITAL EXPENDITURE		
China	**23,416**	7,492
European Union	**11**	-
	23,427	7,492

2. Profit from Operations

Profit from operations is stated after charging

	2014 $000	2013 $000
Staff costs	**(6,533)**	(5,659)
Fair values of options granted to directors and management	**(316)**	-
	No.	No.
Average number of persons employed by the Group in the year	**368**	368

Notes to the Financial Statements

3. Directors' and Key Personnel Remuneration

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

	Fees	**Salary**	**Pension & social security costs**	**Share based payments**	**Total 2014**	Fees	Salary	Pension & social security costs	Share based payments	Total 2013
	$000	**$000**	**$000**	**$000**	**$000**	$000	$000	$000	$000	$000
Mladen Ninkov*	**115**	**-**	**-**	**221**	**336**	114	-	-	-	114
Dal Brynelsen	**212**	**-**	**-**	**-**	**212**	202	-	-	-	202
Rupert Crowe**	**97**	**-**	**-**	**-**	**97**	28	-	-	-	28
Roger Goodwin	**115**	**522**	**115**	**32**	**784**	114	473	129	-	716
Adam Usdan	**76**	**-**	**-**	**-**	**76**	-	-	-	-	-
William Mulligan	**-**	**-**	**-**	**-**	**-**	87	-	-	-	87
	615	**522**	**115**	**253**	**1,505**	545	473	129	-	1,147
Key personnel***	**-**	**1,103**	**4**	**63**	**1,170**	-	1,271	-	-	1,271
	615	**1,625**	**119**	**316**	**2,675**	545	1,744	129	-	2,418

Adam Usdan was appointed a director on 19 March 2014, Rupert Crowe was appointed a director on 11 September 2013 and William Mulligan resigned on 31 December 2013.

*Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of $2,058,000 (2013 $1,864,000), 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.

**CSA Global Pty Ltd provides exploration services to the Subsidiary. Rupert Crowe is a director and shareholder of CSA Global Pty Ltd. CSA Global received fees of $1,397,000 (2013 $153,746) in relation to services performed for the Subsidiary.

***Key personnel include all ex-pat personnel working at Caijiaying in senior positions.

On 31 October 2013 options granted to the directors and management in October 2008 over 4,400,000 new ordinary shares in the Company at an exercise price of 20p per share were exercised.

No share options were exercised by the directors in 2014.

4. Loss on Disposal of Plant and Equipment

	2014	2013
	$000	$000
Loss on disposal of plant and equipment	**1,835**	-

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

5. Loss On Disposal Of Interest In Associated Company

	2014	2013
	$000	$000
Loss on disposal of 39.2% interest in Spitfire Oil Limited	**-**	2,229

Notes to the Financial Statements

6. Finance Income

	2014	2013
	$000	$000
Interest on bank deposits	**223**	145

7. Finance Costs

	2014	2013
	$000	$000
Interest payable on short term bank loans	**3,342**	3,297
Finance lease interest	**823**	354
	4,165	3,651

In 2014 $326,000 (2013 nil) of interest incurred during the upgrade of the processing plant was capitalised to property, plant and equipment at a rate of 6.6%

8. Other Income

	2014	2013
	$000	$000
Scrap and sundry other sales	**105**	162

9. Income Tax Expense

	2014	2013
	$000	$000
Profit for the year before tax	**1,021**	13,228
Expected tax expense at a standard rate of PRC income tax of 25% (2013 25%)	**255**	3,307
Adjustment for tax exempt items:		
- Income and expenses outside the PRC not subject to tax	**1,043**	1,442
Adjustments for timing differences:		
- Other	-	93
Adjustments for short term timing differences:		
- In respect of accounting differences	**(922)**	(589)
- Other	**160**	167
Withholding tax on intercompany dividends and charges	**(18)**	354
Current taxation expense	**518**	4,774
Deferred taxation expense		
Origination and reversal of temporary timing differences	**313**	297
	313	297
Total tax expense	**831**	5,071

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 2014 (25% in 2013) based upon the profits calculated under Chinese generally accepted accounting principals (Chinese “GAAP”).

Notes to the Financial Statements

10. Earnings Per Share

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

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

	2014			2013		
	Earnings Average $000	**Weighted number of shares**	**Per share amount (cents)**	Earnings number of shares	Weighted Average $000	Per share amount (cents)
Basic earnings per share						
Earnings attributable to ordinary shareholders	**190**	**175,066,140**	**0.11**	8,157	176,015,707	4.63
Dilutive effect of securities						
Options	**-**	**-**	**-**	-	-	-
Diluted earnings per share	**190**	**175,066,140**	**0.11**	8,157	176,015,707	4.63

11. Property, Plant And Equipment

	Mineral Interests	**Mill and mobile mine equipment**	**Office furniture & equipment**	**Total**
	$000	**$000**	**$000**	**$000**
At 31 December 2012	154,614	22,847	9	177,470
Foreign exchange adjustments	1,494	645	-	2,139
Additions during the year	4,883	15,378	-	20,261
Transfer rehabilitation deposit	758	-	-	758
Depreciation charge for the year	(4,397)	(2,782)	(5)	(7,184)
At 31 December 2013	157,352	36,088	4	193,444
Foreign exchange adjustments	(263)	(152)	-	(415)
Additions during the year	6,008	17,285	12	23,305
Transfer rehabilitation deposit	32	-	-	32
Disposals	-	(1,835)	-	(1,835)
Depreciation charge for the year	(3,278)	(2,910)	(4)	(6,192)
At 31 December 2014	159,851	48,476	12	208,339
At 31 December 2012				
Cost	167,405	33,910	86	201,401
Accumulated depreciation	(12,791)	(11,063)	(77)	(23,931)
Net carrying amount	154,614	22,847	9	177,470
At 31 December 2013				
Cost	174,810	50,209	86	225,105
Accumulated depreciation	(17,458)	(14,121)	(82)	(31,661)
Net carrying amount	157,352	36,088	4	193,444
At 31 December 2014				
Cost	180,536	64,558	98	245,192
Accumulated depreciation	(20,685)	(16,082)	(86)	(36,853)
Net carrying amount	159,851	48,476	12	208,339

Notes to the Financial Statements

11. Property, Plant And Equipment (continued)

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

At 31 December 2014 and 2013 there were no indications of impairment in the net book values of the capitalised cost.

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

During 2013 plant and equipment with a deemed value of $12,880,000 were acquired under a finance lease, upon which depreciation of $634,000 (2013 $429,000) has been provided. At 31 December 2014 the net carrying amount of this equipment was $11,911,000 (2013 $12,451,000).

12. Intangible Assets

China – Zinc / gold exploration interests

	$000
At 1 January 2013	**1,707**
Foreign exchange adjustments	**35**
Additions during the year	**110**
At 31 December 2013	**1,852**
Foreign exchange adjustments	**(8)**
Amounts provided in year	**(19)**
Additions during the year	**89**
At 31 December 2014	**1,914**

Intangible assets represent cost on acquisition, plus subsequent expenditure on licences, concessions, exploration, appraisal and development work. Where expenditure on an area of interest is determined as unsuccessful such expenditure is written off to profit or loss. The recoverability of these assets depends, initially, on successful appraisal activities, details of which are given in the report on operations. The outcome of such appraisal activity is uncertain. Upon economically exploitable mineral deposits being established, sufficient finance will be required to bring such discoveries into production. At 31 December 2014 $19,000 (2013 $nil) had been provided and charged to the income statement in respect of the above exploration costs.

13. Inventories

	2014	2013
	$000	$000
Underground ore stocks	**3,708**	1,550
Surface ore stocks	**11,957**	4,489
Concentrate ore stocks	**13**	1
Spare parts and consumables.	**1,799**	1,941
	17,477	7,981

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

Notes to the Financial Statements

14. Receivables And Other Current Assets

	2014	2013
	$000	$000
Receivables	-	258
Amounts due on disposal of interest in Spitfire Oil Ltd	-	1,367
Advance to Zhangjiakou Guoxin Enterprise Management and Service Center	1,426	1,431
Other receivables	159	253
Taxation	586	-
Prepayments	1,369	905
	3,540	4,214

During the year $2,613,000 (2013 $2,071,000) was incurred in service charges with Zhangjiakou Guoxin Enterprise Management and Service Center (formerly the Zhangjiakou Caijiaying Lead Zinc Mining Company).

15. Share Capital

	2014		2013	
	Number	$000	Number	$000
AUTHORISED:				
Ordinary shares of US$0.01 each	1,000,000,000	10,000	1,000,000,000	10,000
CALLED UP ALLOTTED AND FULLY PAID:				
Ordinary shares of US$0.01 each				
At 1 January	179,091,830	1,791	175,451,830	1,755
Issued during the year	-	-	3,900,000	39
Bought back in for cancellation	(50,000)	(1)	(260,000)	(3)
At 31 December	179,041,830	1,790	179,091,830	1,791

During 2014 50,000 (2013 260,000) ordinary shares were bought in for cancellation in the market under a buy back programme at an average price of 36.3 UK pence ($0.595) (2013 average 29.5 UK pence ($0.445) per share).

On 31 October 2013 options granted to the directors and management in October 2008 over 4,400,000 new ordinary shares in the Company at an exercise price of 20p per share were exercised. The Company was informed by persons exercising options over 500,000 of these shares that they intended to sell those ordinary shares. In order to maintain an orderly market in the Company's shares, the Company agreed to buy out the options over these shares at the difference between the exercise price and the mid market value of the Company's shares at close of business on 31 October 2013 of 34.5p. As a result 3,900,000 new ordinary shares in the Company were issued on the exercise of options exercisable at 20p per share.

16. Share Options And Warrants

	At 1 January 2014 Number	Granted Number	At 31 December 2015 Number
Options exercisable at 40 pence per share to 31 December 2018	-	5,000,000	5,000,000
Options exercisable at 45 pence per share to 28 February 2015	10,000,000	-	10,000,000
	10,000,000	5,000,000	15,000,000

Notes to the Financial Statements

16. Share Options And Warrants (continued)

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

	2014		2013	
	Number	**Weighted average exercise price Pence**	Number	Weighted average exercise price Pence
Outstanding at 1 January	10,000,000	45.0	14,433,333	37.5
Lapsed during the year	-	-	(33,333)	(20.0)
Exercised in year	-	-	(4,400,000)	(20.0)
Granted during the year	5,000,000	40.0	-	-
Outstanding at 31 December	15,000,000	43.3	10,000,000	45.0

The estimated value of the options exercisable at 45p up to 28 February 2015, which vested in 3 tranches of 3,333,333 each, were 18.68p, 19.45p and 21.12p.

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

Inputs into the Binomial valuation model were as follows:

	Options expiring 31 December 2018	Options expiring 28 February 2015
Share price	33.0p	43.25p
Exercise price	40.0p	45.0p
Expected volatility	36%	65%
Risk free yield	1.31%	2.84%
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 $316,000 (2013 $nil) during the year ended 31 December relating to equity settled share option scheme transactions.

17. Dividends

No dividends were paid in 2014 (2013 nil).

18. Long-Term Provisions

PROVISIONS FOR MINE CLOSURE COSTS	**2014**	2013
	$000	$000
At 1 January	**2,591**	2,535
Foreign exchange adjustments	**(9)**	56
At 31 December	**2,582**	2,591

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

Notes to the Financial Statements

19. Deferred Taxation

	2014	2013
	$000	$000
At 1st January	**1,646**	1,316
Foreign exchange adjustments	**(6)**	33
Charge for the year	**313**	297
At 31 December	**1,953**	1,646

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

20. Finance Lease

	2014	2013
	$000	$000
Amounts falling due in more than one year	**10,720**	12,012
Amounts falling due within one year	**1,161**	487
	11,881	12,499

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

21. Trade And Other Payables

	2014	2013
	$000	$000
Trade creditors	**16,040**	9,550
Other creditors	**6,069**	4,810
Accruals	**4,454**	2,859
	26,563	17,219

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

22. Bank Loans

	2014	2013
	$000	$000
Bank loans falling due within one year	**63,736**	49,205

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

	2014		2013	
	$000	%	$000	%
Zhangjiakou Commercial Bank	**21,245**	**6.43**	-	-
Bank of Communications	**16,343**	**10.44**	16,402	6.6
Bank of China	**26,148**	**6.6**	32,803	6.6
	63,736		49,205	

Notes to the Financial Statements

23. Attributable Net Asset Value / Total Equity Per Share

The attributable net asset value / total equity per share has been calculated from the consolidated net assets / total equity of the Group at 31 December 2014 of $147,926,000 ($147,731,000 at 31 December 2013) divided by the number of ordinary shares in issue at 31 December 2014 of 179,041,830 (179,091,830 at 31 December 2013).

24. Risk Management

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

Foreign Currency Risk

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

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

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

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

	2014	2013
	$000	$000
Short term bank deposits	**794**	2,385

The following table illustrates the sensitivity of the net results for the year and equity in regards to the Group's sterling deposits and the sterling US Dollar exchange rate. It assumes a + / - 10% change in the sterling exchange rate for the year ended 31 December 2014. These changes are considered to be reasonable based on observation of current market conditions for the year ended 31 December 2014. The sensitivity analysis is based upon the Group's sterling deposits at each reporting date.

If sterling had strengthened against the US Dollar by 10% (2013 10%) this would have had the following impact:

	2014	2013
	$000	$000
Net result for the year and on equity	**88**	265

If sterling had weakened against the US Dollar by 10% (2013 10%) this would have the following impact:

	2014	2013
	$000	$000
Net result for the year and on equity	**(72)**	(217)

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

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

Notes to the Financial Statements

24. Risk Management (continued)

Foreign Currency Risk (continued)

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

	2014			2013		
	GBP	**Rmb**	**AusD**	GBP	Rmb	AusD
	$000	**$000**	**$000**	$000	$000	$000
Financial assets	**915**	**22,711**	**708**	2,497	24,448	633
Financial liabilities	**(162)**	**(97,038)**	**(13)**	(130)	(78,398)	(5)
Short term exposure	**753**	**(74,327)**	**695**	2,367	(53,950)	628

Interest rate risk

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

The following table illustrates the sensitivity of the net results for the year and equity to a reasonably possible change in interest rates of + 300% and - 100% (2013 + 300% - 100%), with effect from the beginning of the year. These changes are considered to be reasonable based on observation of current market conditions within which the Group operates. The sensitivity analysis is based upon the Group's deposits at each balance sheet date.

	2014		2013	
	Plus 300%	**Minus 100%**	Plus 300%	Minus 100%
	$000	**$000**	$000	$000
Net result for the year	**690**	**(223)**	968	(145)

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

	2014			2013		
	Floating interest rate	**Non interest bearing**	**Total**	Floating	Non interest interest rate	Total bearing
	$000	**$000**	**$000**	$000	$000	$000
Financial Assets						
Cash at bank	**23,371**	**-**	**23,371**	26,278	-	26,278
Other receivables	**-**	**3,540**	**3,540**	-	4,214	4,214
Total Financial Assets	**23,371**	**3,540**	**26,911**	26,278	4,214	30,492
Bank loans	**(63,736)**	**-**	**(63,736)**	(49,205)	-	(49,205)
Finance lease liabilities	**(11,881)**	**-**	**(11,881)**	(12,499)	-	(12,499)
Trade and other payables	**-**	**(22,109)**	**(22,109)**	-	(14,360)	(14,630)
Total Financial Liabilities	**(75,617)**	**(22,109)**	**(97,726)**	(61,704)	(14,360)	(76,064)
Net Financial (liabilities)	**(52,246)**	**(18,569)**	**(70,815)**	(35,426)	(10,146)	(45,572)

Notes to the Financial Statements

24. Risk Management (continued)

Commodity risk

The Group is exposed to the risk of changes in commodity prices and in particular that for zinc, gold and to a lesser extent silver and lead. The Group currently sells its metal concentrate production by way of open auctions in China. The Group did not hedge its metal production in 2014 or in 2013.

The following table illustrates the sensitivity of the net results for the year and equity to a reasonably possible change in the market price of zinc, gold and silver of plus 20% and minus 20% (2013 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.

	2014		2013	
	Plus 20%	**Minus 20%**	Plus 20%	Minus 20%
	$000	**$000**	$000	$000
Net result for the year - zinc	**5,121**	**(5,121)**	7,765	(7,765)
Net result for year - gold	**1,424**	**(1,424)**	2,120	(2,120)
Net result for year - silver	**511**	**(511)**	815	(815)

Credit risk

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

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

25. Capital Management And Procedures

The Group's capital management objectives are:

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

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

The directors continue to monitor the capital requirements of the Group by reference to expected future cash flows. Capital for the reporting periods under review is summarised in the consolidated statement of changes in equity. The directors consider the capital of the Group to be the total equity attributable to the equity holders of the parent of $147,926,000 at 31 December 2014.

Notes to the Financial Statements

26. Financial Instruments

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

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

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

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

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

	2014	2013
	$000	$000
FINANCIAL ASSETS		
Loans and receivables	**3,540**	4,214
Cash and cash equivalents	**23,371**	26,278
	26,911	30,492
FINANCIAL LIABILITIES		
Loans	**75,617**	61,704
Trade and other payables	**26,563**	17,219
	102,180	78,923

27. Subsidiary Companies

At 31 December 2014, Griffin Mining Limited had interests in the share capital of the following principal subsidiary companies.

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

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

** The joint venture contract establishing the Hebei Hua' Ao Mining Industry Company Ltd originally provided that the foreign party (China Zinc) received 60% of the cash flows, in accordance with its share in the equity interest in the joint venture. With effect from 25 June 201, China Zinc receives 88.8% of the cash flows and profits of Hebei Hua Ao. On 21 May 2012 the term of the joint venture's business licence extended to 12 October 2037.

Notes to the Financial Statements

28. Commitments

At 31 December 2014 the Group had capital commitments of $4,762,000 (31 December 2013 $630,000).

29. Prior Year Adjustments

The accounts have been drawn up and the 2013 accounts have been restated to include amounts due to Griffin's Chinese partners of $1,958,000 (2013 $1,599,000) in net operating costs rather than being attributable to non-controlling interests in the Consolidated Income Statement, with the amounts due at 31 December 2014 of $4,966,000 (2013 $3,004,000) treated as other payables rather than as amounts due to non-controlling interests within equity within the Consolidated Statement of Financial Position. This relates back to 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. This indicates that the relationship with them is in the nature of a service provider facilitating Hebei Hua Ao's operations in China.

Notes to the Financial Statements

Principal office:	6th & 7th Floors, 60 St James's Street, London, SW1A 1LE. UK. Telephone: + 44 (0)20 7629 7772 / Facsimile: + 44 (0)20 7629 7773 Email: griffin@griffinmining.com Web site: www.griffinmining.com
Registered office:	Clarendon House, 2 Church Street, Hamilton, HM11. Bermuda.
China Zinc office:	Level 9, BGC Centre, 28 The Esplanade, Perth, WA 6000. Australia. Telephone: + 61(0)8 9321 7143 Facsimile: + 61 (0)8 9321 7035
Directors:	Mladen Ninkov (Chairman) Roger Goodwin (Finance Director) Dal Brynelsen Rupert Crowe Adam Usdan
Company Secretary:	Roger Goodwin
Nominated Adviser And Broker for AIM:	Panmure Gordon (UK) Limited One New Change, London, EC4M 9AF. UK.
Joint Broker	Cantor Fitzgerald Europe 1 Churchill Place, Canary Wharf, London, E14 5RB. UK.
Auditors:	Grant Thornton UK LLP Grant Thornton House, Melton Street, London, NW1 2EP. UK.
Solicitors:	DLA Piper UK LLP 20th Floor, South Tower, Beijing Kerry Centre, 1 Guang Hua Road, Chao Yang District, Beijing 100020. PRC.
	Conyers Dill & Pearman Clarendon House, 2 Church Street, Hamilton, HM11. Bermuda.
	Addleshaw Goddard LLP Milton Gate, 60 Chiswell Street, London, EC1Y 4AG. UK.
	King & Wood Malleson 9/F, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
Bankers:	HSBC Bank plc 27-32 Poultry, London, EC2P 2BX. UK.
	The Hong Kong and Shanghai Banking Corporation Limited HSBC Main Building, 1 Queen's Road Central, Hong Kong.
	National Westminster Bank PLC. St James's and Piccadilly, London, W1A 2DG. UK.
	The Bank of Bermuda Ltd 6 Front Street, Hamilton, HM11. Bermuda.
UK Registrars And Transfer Agents:	Capita Registrars (Jersey) Limited 12 Castle Street, St Helier, Jersey, JE2 3RT. UK.