



2014

HALF YEAR REPORT



GRYPHON
MINERALS LIMITED

ABN: 31 107 690 657

Corporate Directory

Non-Executive Chairman
Mel Ashton

Managing Director
Stephen Parsons

Non-Executive Directors
Didier Murcia
Bruce McFadzean

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St George Bank
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Stock Exchange Listing
Australian Securities Exchange (ASX)
Home Exchange: Perth, WA
Code: GRY

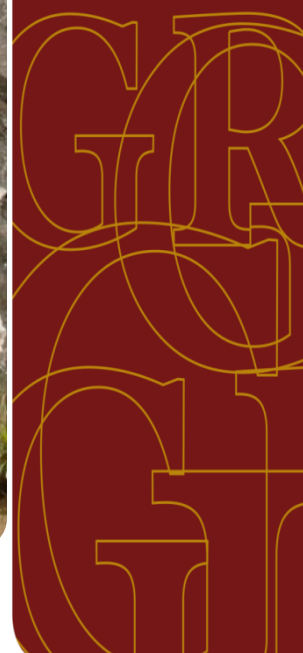
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ADVANCING THE
3.6Moz BANFORA
GOLD PROJECT,
BURKINA FASO,
WEST AFRICA



Directors' Report

Your directors present their report on the consolidated entity consisting of Gryphon Minerals Limited (Gryphon Minerals, Gryphon, the Company, or the Group) and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Gryphon Minerals Limited for the duration of the half-year and up to the date of this report (unless otherwise stated):

Mel Ashton	Non-Executive Chairman
Stephen Parsons	Managing Director
Didier Murcia	Non-Executive Director
Bruce McFadzean	Non-Executive Director

Principle Activities

The principle activity of Gryphon Minerals during the financial half-year was the exploration and the development of mineral projects located in West Africa. The Company is currently focussed on developing the Banfora Gold Project in Burkina Faso and exploring throughout Mauritania and Côte d'Ivoire for gold and copper.

Review of Operations

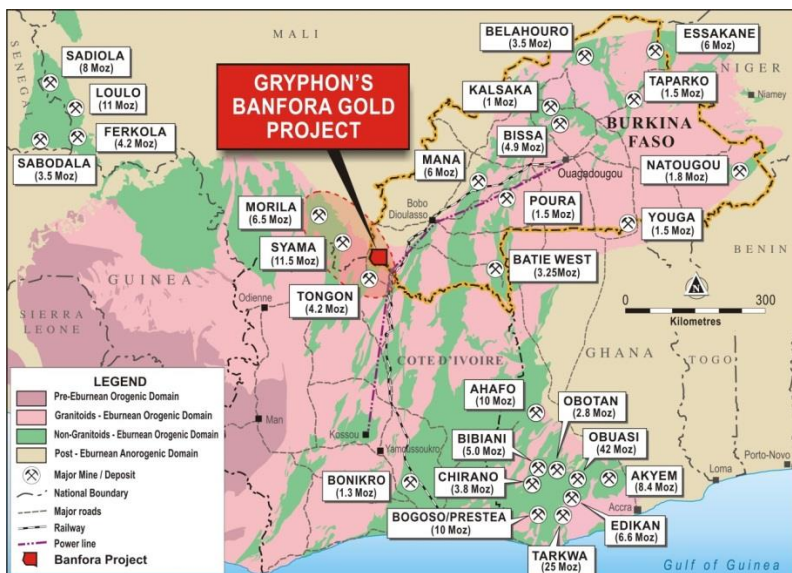
Banfora Gold Project Burkina Faso | Executive Summary

The Banfora Gold Project (Banfora or the Project) is located in the south-west of Burkina Faso, West Africa. Burkina Faso is one of the largest gold producers in Africa and is located on some of the world's most prolific greenstone belts (accounting for 22% of West Africa's greenstone belt exposure). The country is host to a number of producing mines.

The Project includes exploration licenses covering over 1,000 square kilometres and a mining licence that covers 89 square kilometres. These licences are located in a major gold district where world class gold deposits such as Tongon (4.2 Million oz Au), Syama (5 Million oz Au mined & 6.5 Million oz Au in resources) and Morila (6.5 Million oz Au) are also found. The Project has an enviable location being easily accessible by road in close proximity to the regional town of Banfora and the major city of Bobo-Dioulasso. In addition, an existing hydro-power supply source and substation is located less than 100 kilometres to the south of the project site in Côte d'Ivoire, which can potentially be used to power future mining expansion and development.

In August 2014 the Company announced the results of a feasibility study based on a conventional 2Mtpa low cost start-up heap leach operation¹ that demonstrates the potential to generate strong returns in a lower gold price environment and is highly leveraged to any gold price increases.

Figure 1: Banfora Gold Project | Burkina Faso



Directors' Report

Review of Operations (continued)

Banfora Gold Project Burkina Faso | Feasibility Study

Highlights (US\$1,250/oz gold used for the FS)¹

- Robust economics, including low capital and operating costs and a high grade heap leach operation, at a base case gold price of US\$1,250/oz.
- Demonstrates a strong resilience to a lower gold price and strong upside in a rising gold price environment.
- At higher gold prices the operation could be easily up-scaled with increased heap leach throughput, or via the addition of a CIL plant.
- Simplified mining operation due to lower cut-off grades and less selective mining requirements.

Table 1: 2Mt/yr Heap Leach Highlights from FS¹

	US\$1,250/oz gold base case
Average gold produced	70,600oz pa
Average gold produced first 4 years	80,000oz pa
Strip Ratio	3.4:1
Grade	1.5 g/t
Capital Cost includes contingencies & project working capital	US\$96.8M
Current life of mine ("LOM")	9.2 years
Project cash flow	US\$133M
NPV 5% discount	US\$81M
IRR after tax ^A	22%
Cash Costs/oz (C1) ^B	US\$743/oz
All-in Sustaining Costs (AISC) ^C	US\$868/oz

Notes

^A All taxes except income tax.

^B C1 cash costs as set out by Mackenzie Wood.

^C AISC includes C1 cash costs, royalties, refining and sustaining capital costs.

The Feasibility Study¹ confirmed the viability of a conventional 2Mt/yr heap leach start-up operation as the preferred development option for the Banfora Gold Project. Subsequent to completion of the study, the project team has continued to conduct internal studies to further optimise the heap leach project, including opportunities for cost savings, investigations into availability of used equipment and improved design features. These studies were ongoing at the end of the reporting period.

Circuit Design Optimisation

With the assistance of Orway Mineral Consultants (OMC), Knight Piésold, Kappes Cassiday and Lycopodium, Gryphon undertook a critical review of the heap leach plant and infrastructure design with a view of reducing up front capital costs.

Optimisations around the crushing and screening circuit layout have been completed and will benefit the project through improved reliability and operability, with the potential to reduce the size of the primary crushing circuit. Further detailed design work will form part of detailed design during project execution.

Knight Piésold has reviewed the overall layout of heap leach pads and water management ponds and drainage.

Directors' Report

Review of Operations (continued)

Used Process Plant Equipment

The Company continues to review opportunities it has identified to purchase used heap leach equipment. Used equipment has the potential to benefit the project economics through reduced capital expenditure and a shorter project development timeline.

Detailed investigations have been conducted on used heap leach equipment available in the market. Studies were conducted on these opportunities to confirm the suitability of the available equipment for the Banfora heap leach processing requirements. Discussions have advanced with equipment sellers and the Company is well placed to take advantage of this opportunity. Further work will be conducted around the logistics of relocating the equipment, as part of site visits by operational experts to assess the condition of equipment under consideration.

Used equipment under consideration includes the full suite of major equipment requirements for the heap leach process plant, including: crushers, screens, diesel generators, overland conveyors, agglomerator, stacking conveyors and grass hopper conveyors.

Power Alternatives

Investigations have commenced into utilising alternative power generation to replace the current allowance for diesel generators. These include solar and heavy fuel oil. Early indications are that solar power will benefit the project through lower operating costs, however the trade-off is higher up front capital costs.

Therefore, diesel generation remains the base case option for Banfora, especially given the modest power consumption requirements of approximately 1.6MW average continuous power draw. The search for used equipment for the project will include the power supply equipment.

Operating Costs

Discussion with suppliers of key consumables, including cement, cyanide and diesel are ongoing. New suppliers to both the cement and cyanide markets in Burkina Faso have emerged in recent months.

The recent drop in global oil prices may also provide opportunity to reduce operating costs, however at this juncture the savings have not been passed onto consumers in Burkina Faso. Gryphon will maintain close contact with authorities given there would be a very positive impact on operating costs for the project with a reduction in diesel prices.

In the interim, there are inputs in the capital costs including sea freight and contractor mobilisation costs that have a reasonable component of fuel costs. Capital cost reductions driven by reduced fuel prices will be determined in the coming months.

Banfora Gold Project Burkina Faso | Pre-Construction Works

The Company took advantage of the dry season to commence site establishment early works which included grade control drilling, further detailed engineering and design, construction camp and resettlement housing preparation and warehouse storage and temporary facilities at the project. The costs for this work and all pre-construction works form part of the project capital costs and early months of operation and will result in a credit against the estimated US\$96.8M initial project capital cost.

Grade Control Drilling

A grade control and infill drilling program was completed in December 2014 which included 13,265m at Nogbele, 5,940m at Fourkoura and 2,651m at Samavogo.

Directors' Report

Review of Operations (continued)

The program was designed to increase the confidence of the shallow oxide resources particularly in the early mine life to significantly de-risk the early production schedule. The infill drilling at priority Nogbele targets were completed to a grade control standard, which will support mine design for pre-strip and ore movement over the first few years of operation.

Results of the drill program are due by the middle of March and it is expected the results will significantly increase confidence in the shallow Reserves and reduce risks related to grade and continuity.

Engineering

Lycopodium completed the early engineering works for the accommodation camp, roads and bulk earthworks design for the plant site and mine services. These are the critical site establishment activities that will ensure Gryphon is able to make a fast start to full construction works at Banfora at the appropriate time. This work is also a credit to the capital cost estimate.

Procurement/contracts

Proposals were received from a number of suppliers of consumables/reagents that will be used in the heap leach process including cement and cyanide. Updated prices have been somewhat lower than what was used in the feasibility study. Final negotiations with suppliers will commence closer to the completion of the mine as new cement suppliers will commence operations later in 2015.

Environmental and Social Impact Assessment (ESIA)

The ESIA submitted to the Burkina Faso authorities was approved as part of the Mining Licence application. Preparation of the ESIA to the International Finance Corporation (IFC) performance standards is the next phase of Gryphon's ESIA development. Other works include continued water monitoring, an updated social impact assessment including the social management and community development plans. The majority of the documents have been received and a final review is being conducted before submission to the IFC; although it is noted that advanced drafts of the documentation have already been submitted, with positive and constructive feedback received on an ongoing basis from IFC's technical experts, who have been very supportive of Gryphon.

Resettlement

Various panels for the resettlement houses were fabricated using the optimised engineering model which minimises concrete quantities and maximises commonality of panels. These panels were fabricated to ensure the new engineering concept is workable and cost effective. Some minor structures with the new panel design have been erected. These structures were erected quickly, safely and efficiently using local labour. This has given Gryphon assurance that the new panel design is ready for bulk fabrication when full development of the Banfora Gold Project commences.

A demonstration model kitchen was also erected on site to further evaluate the effectiveness of the design. The results were well received through positive feedback from families within the affected communities.

Directors' Report

Review of Operations (continued)

Picture 1: Banfora Gold Project | Newly Engineered Panels for Proposed Resettlement Houses



Banfora Gold Project Burkina Faso | Exploitation (Mining) Permit Awarded

The Company is fully permitted to develop and operate the Project and considers this a significant milestone for Gryphon and confirms the Burkina Faso Government is committed and supportive of the development of a 2Mtpa heap leach plant at the Project.

Key aspects of the permit granted by the Burkina Faso Government include:

- encompasses all four deposits making up the Banfora Gold Project – Nogbele, Fourkoura, Samavogo and Stinger;
- valid for heap leach processing approach to gold extraction; and
- valid for an initial 20 year period, which can be extended under the Mining Code for successive terms of 5 years each until complete exhaustion of all deposits.

Banfora Gold Project Burkina Faso | Environmental and Social Responsibility

The Company continues to maintain ongoing communication and project development updates through the Community Consultation Committee (CCC) meetings and community focus, which includes sub-committee meetings.

CCC meetings are held monthly. On August 28 the main topic of discussion was the proposed resettlement housing package, including policies and designs. Positive feedback on the proposed buildings constructed at Gryphon's "demonstration village" (pictured below) has been received from the communities at these meetings.

Picture 2: Gryphon's Demonstration Village



Directors' Report

Review of Operations (continued)

On 16 October 2014 a meeting was held with CCC where the final results of the demographic, assets and socio-economic surveys were presented. A report was also presented where the CCC agreed on the resettlement site selection for the Nogbele mining area and the final house design and plot layout.

A sub-committee was also formed to address and negotiate on compensation rates and farmland restoration strategies with the first meeting held on 10 November 2014.

No further meetings with the CCC and the sub-committees have been held since November due to the recent civil unrest in Ouagadougou but it is anticipated that formal meetings will continue when the High Commissioner in Sindou advises on the political and local administration situation. In the interim, the Company has held numerous discussions with the members of the CCC advising them of the current situation. The members have appreciated the Company's communication and are understanding of the current situation.

A CCC meeting was held in late January 2015, which supports Gryphon's experience that the political situation is quickly returning to some normality, and that the administrations of the interim government are focused on maintaining stability.

An approach based on the latest mine development footprint with continued emphasis on farm land preservation and restoration continues to be developed, as part of the site selection for the resettlement action plan. Site inspections of several proposed resettlement sites were carried out during the period.

During the December quarter further data for community development plans including cultural heritage, micro-dam and market garden studies was collected by the Company in support of preparation of social management studies and plans.

Banfora Gold Project Burkina Faso | Events in Burkina Faso

During late October 2014, Burkina Faso experienced civil unrest as a response to the then-President Compaore's proposal to amend the constitution to allow him to stand for election again in the 2015 presidential elections. Demonstrations against the proposal prompted President Compaore to resign. On October 31, 2014 an interim head of state was appointed while the implementation of a transitional government was being elaborated. On November 16, 2014 a constitutional charter mapping out a year-long transition to elections was approved, and Mr. Michel Kofando, a former foreign minister and previously Burkina Faso's ambassador to the United Nations, was chosen as the country's interim president. Subsequently, a transitional government was installed in Burkina Faso and the first meeting of the Burkina Faso Council of Ministers was held on November 23, 2014. Activities on site at the Banfora Gold Project were unaffected by the demonstrations and relative calm essentially prevails in Burkina Faso.

Banfora Gold Project Burkina Faso | Financing – Mandate for up to US\$60m Senior Debt²

The Company is continuing the due diligence process with Macquarie Bank Limited (Macquarie), who have been mandated to act as sole arranger and underwriter for up to US\$60 million in a senior loan facility, associated hedging and a cost overrun facility (Project Loan Facilities) for the development of the Banfora Gold Project in Burkina Faso, West Africa.

Due diligence for Macquarie was delayed in the latter half of the year due to the civil unrest in Burkina Faso. The Company is now comfortable, having held meetings with key individuals in the new administrations, and has recommenced the due diligence process.

Banfora Gold Project Burkina Faso | Path Forward

Subject to full funding and final board approvals, the project development timeline anticipates a first gold pour in 2016. This timeline had drifted from previous objectives as a result of the recent political unrest, the impact on funding timing and the potential for securing used equipment.

Directors' Report

Review of Operations (continued)

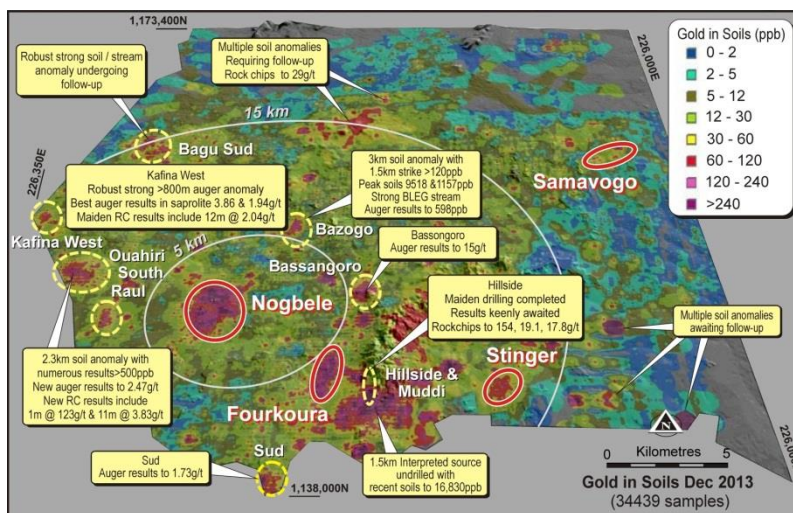
Banfora Gold Project Burkina Faso | Low Cost Exploration

New Drilling Completed^{4,5}

4,391 metres of low cost auger drilling was completed on the Banfora Gold Project this half-year to prioritise drilling of the numerous broad strong target areas defined by previous surface soil sampling (refer ASX announcement dated 29 January 2014)³.

The auger sampling was completed at the Bazogo, Muddi, Ouahiri South, Kafina West, Sud, Bassongoro and Nogbele NNE targets, where numerous +200 ppb gold-in-soil results, to a peak of 16,830 ppb, had been received (Figure 2). The best auger results overall were returned from Kafina West where peak assays of 3.86 g/t & 1.94 g/t gold from mafic saprolite beneath a broad halo of gold in clay zone/laterite at >200 ppb Au levels was detected over 800 metres strike and widths up to 80 metres. Other encouraging auger saprolite results included 2.47 g/t gold from mafics at Ouahiri South, 1.73 g/t gold from gabbro at Sud, 15.0 g/t gold from mafic saprolite at Bassongoro and at Bazogo a peak of 598 ppb gold from laterite.

Figure 2: Soil Geochemical Targets at the Banfora Gold Project



Results from the auger program were used to focus a Reverse Circulation (RC) drilling program at the Kafina and Ouahiri South Prospects.

At the Kafina Prospect multiple broad zones of low grade mineralisation and hematite sericite pyrite alteration were intercepted hosted in an intrusive package. Three lines of fenced drill holes were completed on broad 500 metre spaced sections targeting the northern portion of the auger anomaly.

Weathering at the prospect is greater than 40 metres vertical depth giving a deep oxide profile. The most significant drill result of 12m @ 2.04 g/t gold was intersected in the southernmost drill line and is part of a broader continuously mineralised envelope of 36m @ 1.14 g/t gold.

Kafina Prospect is located approximately 12 kilometres west of the proposed Nogbele Heap Leach plant site, well within reasonable ore trucking distance. Mineralisation remains open to the south.

At the Ouahiri South Prospect, high grade laminated quartz veins were intercepted hosted near the contact of a granitoid intrusive and dolerite/mafic volcanic package. The main orientation of the mineralised vein sets are interpreted to be north-west striking, similar to vein sets observed at the nearby Nogbele gold Deposit.

Significant drill intersections from this drilling include:

- 11m @ 3.83 g/t gold from 53 metres in BNRC4718.
- 6m @ 3.90 g/t gold from 1 metre in BNRC4730.
- 1m @ 123 g/t gold from 66 metres in BNRC4733.

Directors' Report

Review of Operations (continued)

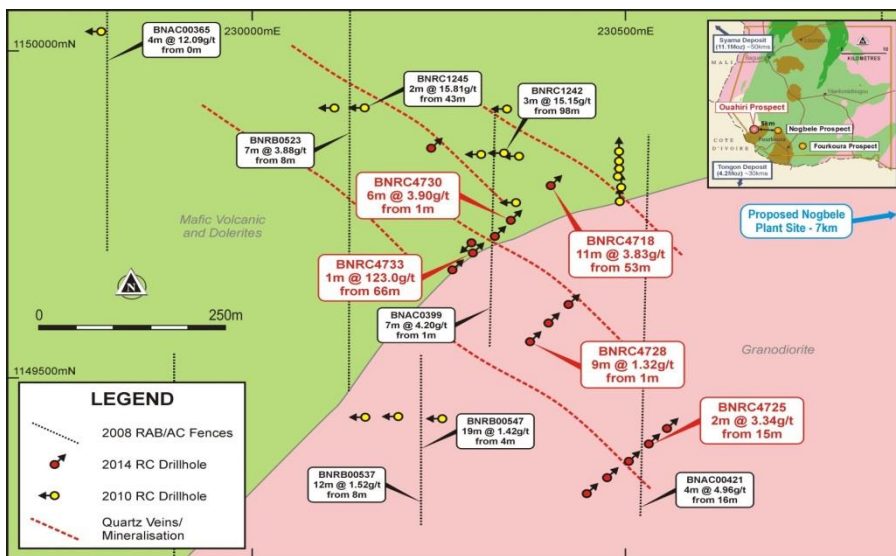
Previous drilling further to the west of the current intersections completed in January 2010, have included high grade results of:

- 4m @ 11.54 g/t gold from 98 metres in BNRC1242.
- 2m @ 15.8 g/t gold from 43 metres in BNRC1245.

The weathering depth at Ouahiri South is up to 40 metres vertical depth giving good potential for oxide targeting with the prospect being located only 7 kilometres west of the proposed Nogbele Plant site.

Both drilled prospects are high priority targets for potential mineable oxide material to supplement plant feed.

Figure 3: Map showing the location of drilling at Ouahiri South Prospect



An initial 480 metre diamond drill program was also recently completed at the new Hillside Prospect where high grade rock chips have been returned including: 154 g/t, 19.1 g/t and 11.9 g/t gold (refer ASX announcement dated 5 March 2014)³.

The diamond drilling intercepted significant stylonitic quartz veining hosted within a graphitic shear zone within a chert pyrite alteration zone. Core samples have been submitted to the laboratory and results are pending.

Burkina Faso Exploration Pipeline | Houndé Belt & Regional Projects

In March 2014, Gryphon and Boss Resources (ASX: BOE) signed a binding heads of agreement to establish a joint venture over the Golden Hill, Gourma and Tenkodogo gold projects located in Burkina Faso, totalling over 1,750 km². Refer to ASX announcement dated 4 July 2014 for full terms of the agreement.

Gryphon Minerals is applying proven low-cost exploration techniques to explore the tenure. A review of past work has been completed, new high resolution satellite imagery acquired and processed in-house and relatively high density (>1 sample per ~6 km²) drainage sampling, supplemented by laterite sampling, where appropriate, has been conducted across all joint venture projects. This strategy is used to fast track targeting across the exploration licences as it will direct drilling to those areas most likely to deliver a significant discovery and enable the Company to confidently release ground where appropriate geochemical techniques have been applied and the results are negative.

Golden Hill Project

The Golden Hill Project is the most advanced of all the projects in the JV agreement area and is considered particularly prospective as it is located within the highly mineralised Houndé Greenstone Belt. This belt hosts the majority of the high grade discovered gold ounces in Burkina Faso, including Semafo's (TSX, OMF: SMF) recently discovered Siou

Directors' Report

Review of Operations (continued)

Deposit (reserves of 769 koz @ 4.94 g/t gold) plus the high grade Yaramoko deposit owned by Roxgold (TSX.V: ROG) (790 koz @ 17.15 g/t gold). The belt also hosts Semafo's Mana Mine (6 Moz) and Endeavour Mining's (TSX: EDV, ASX: EVR) 2Moz 2.0 g/t Houndé deposit (Refer Figure 4). The Golden Hill Project straddles the same structure and stratigraphy that host these high grade deposits.

A number of useful baseline datasets have been collected over the property by Boss Resources and previous explorers, including Orezone Gold Corporation (TSX: ORE), who identified and undertook the initial drill campaigns on some, but not all of the prospects.

The Company has conducted prospect mapping, rock chip and drainage sampling (50 and 119 samples respectively) and soil sampling (3,506 samples) across seven prioritised areas. The results received during the half-year included 28 soil samples exceeding 1 g/t Au to a peak of 8.53 g/t Au and a further 29 samples between 500 – 1,000 ppb Au.

The results have confirmed some of the work completed by the former explorers, whilst also delineating 5 new prospects, namely, Peksou North, Ma West, Didro, Nahirindro and Nabele NE.⁶ Follow-up activities commenced in December including soil, rock chip and auger sampling as the Company works towards defining high quality drill ready targets.

BLEG stream sediment sampling was also completed across the project, collecting samples at an average density of approximately 1 sample per 5 km². This returned some highly anomalous results exceeding 100 ppb Au, compared to a background value of around 2 ppb Au.⁶ The tenor of the anomalism is very high adding confidence to the hypothesis that this is significantly mineralised terrain. This high precision multi-element geochemical data compliments the existing datasets and has fulfilled its objectives of allowing the Company to confirm where to focus its efforts and where little or no work is warranted.

A review of historical drill data has been undertaken leading to the identification of additional drill ready targets along strike of significant historical drill intercepts.

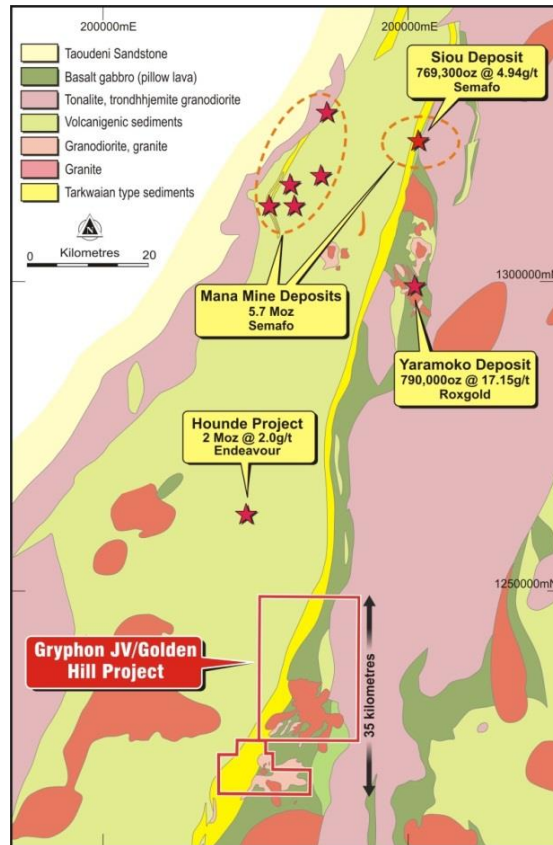
Gourma Gold Project

The Gourma Project is located within the Fada N'Gourma Greenstone Belt, 250km east of Ouagadougou and only 80 km south, south west of Niger's largest gold deposit, the 50,000 ounce per annum Samira Hill gold mine (1.9 million ounce project). The Project consists of four contiguous permits (Diabatou, Tyara, Foutouri and Boutouanou) that cover a total area of 850 km². It is accessible from the south off the Fada N'Gourma-Kantchari highway via a well maintained gravel road and from the west via a gravel road from the town of Gayeri.

The Gourma Project covers a highly under-explored sequence of Birimian greenstones that host abundant artisanal workings within strike of extensive regional shear zones.

There are several significant gold targets that are currently being geologically reviewed by the Company. The Tambiga Hill prospect contains over 1,000 artisanal pits and shafts up to 60 metres deep that cover an area 500 x 250 metres.

Figure 4: Golden Hill Project Location



Directors' Report

Review of Operations (continued)

This area has never been drilled. At the Diabatou prospect active hard rock and alluvial workings cover an area of 1,600 x 400 metres while at the nearby Gariaga Prospect artisanal workings cover an area of 1,300 x 800 metres.

Work by Gryphon Minerals to date includes detailed BLEG stream sampling and selective lateritic lag sampling in areas deemed appropriate. Multi-element drainage and laterite sample assays are presently being reviewed and interpreted. High resolution (50 cm) satellite imagery has been shot and processed in-house and used to map artisanal gold workings and to identify areas of outcrop. Field mapping and site visits to the workings commenced in October, along with auger and soil sampling.

Two additional permits totalling 451km² have been added to the Gourma joint venture under the same terms as the original joint venture with Boss Resources. These tenements straddle a SW extension of the Fada N'Gourma shear zone and the Gariaga-Diabatou mineralised trend. These tenements will be BLEG stream sampled in the first quarter of 2015, along with field reconnaissance mapping and rock chip sampling. New high resolution satellite imagery has been acquired and processed covering the tenements to assist the field activities.

Regional Exploration | Other Projects, West Africa

Mauritania: New Copper and Gold Targets

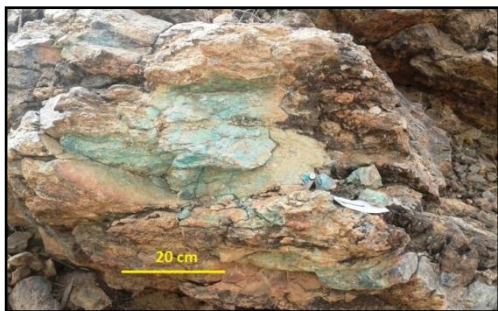
Following a companywide review of the exploration portfolio, attention has focused on the copper-gold targets in Mauritania leading to data compilations and low cost field work including the use of a portable XRF to take chemical readings of near surface soil and rocks. Historical exploration data has been located, compiled and field checks undertaken seeking to verify the historical reports and assess the upside potential of two notable prospects at the Saboussiri and Akjoujt Projects.

Mauritania, Saboussiri Copper/Gold Project (Gryphon: 60%)

At the Diaguili copper and gold prospect, mineralization is related to the north-east trending sheared jaspilite and sericite-schist which occurs in thrust sheets extending over ultrabasic rocks.

Within the oxide zone, mineralisation consists of malachite, chrysocolla, covellite, chalcocite and rare bornite. Primary zone minerals are chalcopyrite, +bornite +digenite +/-chalcocite +pyrite +hematite +magnetite +pyrrhotite +sphalerite within a silica and carbonate altered schist. The geometry of the mineralisation is thought to be controlled by the last folding event with copper concentrated along the hinge of the axial plane cleavage or fold with mineralisation interpreted to thicken on the hinge and thin along the limbs.

Picture 3: Examples of the Malachite and chrysocolla copper mineralisation in chlorite schist, Diaguili Prospect (BRGM assays from this location report 2.56% Cu)



Best historical copper drill results from this target area include: **22.3m @ 2.10% copper** from 48m (incl **11.25m @ 3.36% copper**), **12.7m @ 2.94% copper** from 60m (Incl **7.90m @ 4.40% copper**), **35m @ 1.44% copper** from 1m (Incl. **20m @ 2.10% copper**) and **33m @ 1.43% copper** from surface. (Refer ASX Announcement on 12 December 2014).³

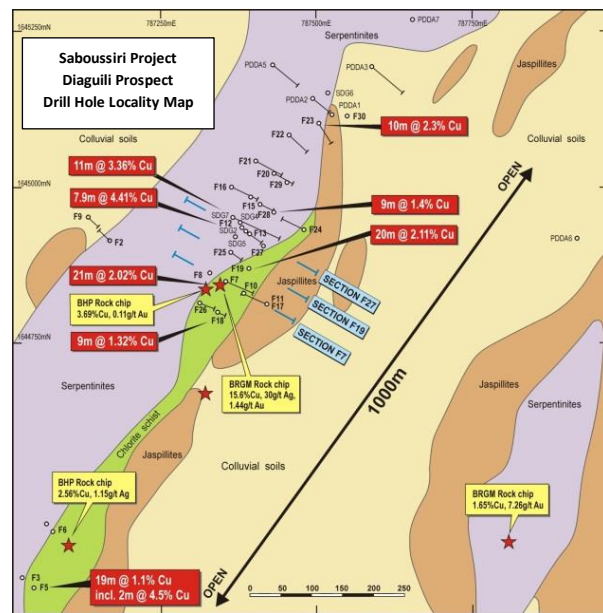
Directors' Report

Review of Operations (continued)

There are a total of 45 historic Reverse Circulation (RC) and Diamond (DD) drill holes that have been identified and are now within the Company's database with copper assays. The holes were drilled by the BRGM in 1975 and General Gold in 1996. As drill chips and original assays for these are no longer available for independent checks, historical results have not been verified by Gryphon Minerals staff. Gryphon geologists have visited the prospect and located the historical collars present in the database and reported indications of copper mineralisation at surface within the sericite schist, where it outcrops on two low hills.

Shallow lithic rich soil and close spaced bedrock chip sampling traverses have also been completed by Gryphon geologists, with samples read by the portable XRF. The results of these traverses support the presence of surficial copper mineralisation with some locally strong silver responses consistent with historical rock chips reported by the BRGM and BHP Minerals. Gryphon has collected lateritic lag and BLEG stream samples (refer ASX release 17 July 2014)³ from the surrounding area. Both confirm copper, nickel and gold mineralisation at new target areas outside of the existing drilling on the Diaguili prospect. These target areas are currently being better defined for walk up drill targets through the Company's continued low cost exploration techniques undertaken this year. Historical geophysical datasets, including Electromagnetic (EM) and Induced Polarisation (IP) data are also being utilised to assist with drill target delineation.

Figure 5: Diaguili Prospect drill hole locations targeting outcropping copper mineralisation



Mauritania, Akjoujt Copper/Gold Project (Gryphon: 100%)

Work has focused around the Tabrenkout Prospect where a sample collected earlier this year returned values to **20.9% copper, 6.1 g/t gold** and **14.1 g/t silver** (refer ASX Announcement dated 5 March 2014)³ from outcropping iron carbonate. The prospect is located 35 km east of First Quantum's Guelb Moghrein copper gold mine and the prospect has been subject to drilling and trenching by previous explorers including the BRGM and Normandy La Source in the mid-1990s.

In recent months Gryphon has been undertaking systematic infill surface soil and rock chip sampling to geochemically map the strike extent of the mineralisation using the Company's portable XRF. Soil samples have been collected on an 80 x 40m grid (locally closed down to 80m x 20m grid) over 5 km of strike. This sampling is on-going and will be used to prioritise potential drill targets. A suite of rock chip samples have been collected from newly identified zones with visible signs of copper mineralisation away from previous trenching or drilling. Results will be announced as they become available.

The Akjoujt Copper/Gold Project is located 30 kilometres to the east of the Guelb Moghrein copper/gold mine operated by First Quantum Minerals Ltd. The project area covers approximately 750 square kilometres of contiguous exploration license area.

Directors' Report

Review of Operations (continued)

Mauritania, Tijirit Gold Project (100%)

Gryphon's exploration work has identified multiple high priority gold targets with similar host lithology, alteration and structural settings to the nearby world class 15 million ounce Tasiast Gold Mine operated by Kinross Gold Corporation.

Mauritania is a major province for gold, copper and iron ore and has significant operating mines including Guelb Moghrein (First Quantum Minerals) and Tasiast. The Tijirit Gold Project is located in North-west Mauritania and covers approximately 1,400 square kilometres of contiguous exploration licenses.

Côte d'Ivoire – Odiene and FNW (Gryphon: 100%)

Gryphon has undertaken initial, low cost geological studies and targeting over prospective ground in Côte d'Ivoire, predominantly in the north-west of the country. The Odiene permit straddles the Sassandra Fault close to the margin of the Birimian and Man Shields with a mix of granite and greenstone lithologies which continue up into southern Mali. A reconnaissance exploration programme consisting of detailed BLEG stream sampling (approximately 1 sample per 4 km²) was completed across the entire 800 km² of tenure and reconnaissance geological mapping was progressed. Geochemical results are expected in the first quarter of 2015 and these will be used to plan the next stage of work on these greenfields projects

Côte d'Ivoire – Samatiguila (0%, Gryphon earning in up to 80%)

The Company has entered into an option to joint venture three permits in Côte d'Ivoire with a local company. Two permits have been granted and these are presently being BLEG stream sampled ahead of any decision to enter into the joint venture. BLEG stream sediment sampling was completed across the 400 km² Samatiguila Permit with results expected first quarter of 2015. Sampling of the second granted permit commenced in December 2014.

Liberia (Tawana Resources NL | Gryphon Minerals owns approximately 9%)

Tawana Resources NL (ASX: TAW) is currently exploring the Mofe Creek Iron Ore Project located 10 kilometres from the historic Bomi Hills Mine (+50Mt high grade DSO magnetite), only 25 kilometres from the coast and adjacent to a heavy haul railway and port in Liberia.

In July, Tawana released the results of a scoping study on the Mofe Creek Iron Ore Project (refer to TAW ASX announcement dated 3 July 2014). The results demonstrated the potential for a low capex, high margin operation with a strong net present value (US\$435M at an 8% discount rate) and internal rate of return of 55.8%.

Tawana has commenced a Pre-Feasibility and Environmental studies on Mofe Creek.

Corporate

As at 31 December 2014, Gryphon held approximately A\$24 million in cash and A\$1 million in listed investments.

Gryphon continues its commitment to ongoing cost management processes and as a result of these cost reduction programs the Company continues to realise significant savings across the business. Further cost cutting initiatives were implemented in December 2014 with particular focus on reducing administration costs. This has resulted in the departure of a number of head office and site based administration personnel. None of these changes have an impact on Gryphon's ability to quickly move ahead with the development of the Banfora Gold Project at the appropriate time.

The estimated cash outflow for 2015 is \$7.5m and represents a \$10.8 million cost reduction from the previous calendar year. The Company remains focussed on reducing administration costs further with the focus of funds being deployed to low-cost exploration and pre-construction costs. The 2015 expenditure forecast is exclusive of project development expenditure, which is subject to an appropriate funding solution being acquired for the development of the Banfora Gold Project, at which time the forecast will be adjusted accordingly.

The Company remains focused on a 'de-risk, get ready & add value' strategy, while maintaining its fundamental principle of preserving its strong cash position in difficult market conditions.

Directors' Report

Review of Operations (continued)

This half-year financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure. The previous accounting policy was to capitalise exploration and evaluation expenditure to the Consolidated Statement of Financial Position. The new accounting policy expenses exploration and evaluation expenditure as incurred which results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. The directors have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Furthermore, the newly adopted policy is consistent with industry practice worldwide. Refer to note 2 in the Notes to the Consolidated Financial Statements for more information.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of Amounts


The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Stephen Parsons
Managing Director
Gryphon Minerals Limited

12 March 2015
Perth, Western Australia

Directors' Report

Notes

- ¹ Refer to the Feasibility Study ASX announcement dated 4 August 2014. Gryphon Minerals confirms that all material assumptions underpinning the production target, or forecast financial information derived from such production targets, in this announcement continue to apply and have not materially changed.
- ² Availability of the Project Loan Facilities is subject to due diligence, credit approval, entering into documentation and satisfaction of conditions precedent.
- ³ For full details of these exploration results refer to ASX announcement. Gryphon is not aware of any new information or data that materially affects the information included in the said announcement.
- ⁴ For full details of exploration results refer to ASX announcement dated 17 July 2014.
- ⁵ Gryphon Minerals is not aware of any new information or data that materially affects the information included in the said announcement.
- ⁶ For full details of exploration results refer to ASX announcement dated 2 December 2014. Gryphon Minerals is not aware of any new information or data that materially affects the information included in the said announcement.

Competent Persons Statement

The information in this report that relates to the Exploration Results at the Company's Banfora Gold Project, Burkina Faso and the Tijirit project, Mauritania released in 2013, is based on and fairly represents information which has been compiled by Mr Sam Brooks who is a member of the Australian Institute of Geoscientists. Mr Brooks has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity that is being undertaken 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". Mr Brooks is a full time employee of Gryphon Minerals and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. This information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to the Mineral Resources at the Nogbele and Fourkoura Deposits, Burkina Faso is based on information compiled by Mr Sam Brooks who is a member of the Australian Institute of Geoscientists. Mr Brooks has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are 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". Mr Brooks is a full time employee of Gryphon Minerals and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources at the Stinger and Samavogo Deposits, Burkina Faso is based on information compiled by Mr Dmitry Pertel who is a member of the Australian Institute of Geoscientists. Mr Pertel has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are 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". Mr Pertel is a full time employee of CSA Global Pty Ltd and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. This information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to the Ore Reserves, is based on information compiled by Mr Quinton de Klerk who is a member of the Australasian Institute of Mining and Metallurgy. Mr de Klerk has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are 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". Mr de Klerk is a full time employee of Cube Consulting Pty Ltd and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

Forward-Looking Statements

This announcement may contain "forward-looking statements". Forward-looking statements are based on assumptions regarding Gryphon's expected activities, events and/or strategic plans. Statements which are not based on historic or current facts may be forward-looking statements.

Forward-looking statements are based on current views, expectations and beliefs as at the dates they are expressed and which are subject to various risks and uncertainties. Actual results or performance could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this presentation are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of Gryphon, which may cause the actual future activities, events or strategic plans to deliver results materially different from those expressed or implied by the forward-looking statements.

Gryphon disclaims any responsibility for the accuracy or completeness of any forward-looking statement. Gryphon disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Gryphon's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. Investors must not place undue reliance on these forward-looking statements.



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DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF GRYPHON MINERALS LIMITED

As lead auditor for the review of Gryphon Minerals Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gryphon Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'B McVeigh', is written over a light blue horizontal line.

Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2015

Half-Year Financial Statements

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General Information

The financial statements cover Gryphon Minerals Limited as a consolidated entity consisting of Gryphon Minerals Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Gryphon Minerals Limited's functional and presentation currency.

Gryphon Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principle place of business are:

288 Churchill Avenue
SUBIACO WA 6008
Telephone: +61 8 9287 4333
Facsimile: +61 8 9287 4334
Email: admin@gryphonminerals.com.au

A description of the nature of the consolidated entity's operations and its principle activities are included in the directors' report which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2015.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014	31 December 2013 (Restated)
	\$'000	\$'000
Revenue		
Revenue from continuing operations	506	911
Other income	-	10
	<u>506</u>	<u>921</u>
Expenses		
Administration expense	(651)	(490)
Consultancy expense	(296)	(216)
Employee benefits expense	(1,249)	(815)
Share based payment expense	(649)	(80)
Occupancy expense	(115)	(123)
Compliance and regulatory expense	(145)	(55)
Insurance expense	(98)	(106)
Depreciation expense	(47)	(74)
Exploration and evaluation expense	(11,314)	(11,087)
Fixed assets written off	(323)	(1,275)
Unrealised foreign exchange gain	143	650
	<u>(14,744)</u>	<u>(13,671)</u>
Loss before income tax	<u>(14,238)</u>	<u>(12,750)</u>
Income tax benefit	-	-
Loss after income tax for the half-year	<u>(14,238)</u>	<u>(12,750)</u>
Other comprehensive income		
<i>Items that will be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	2,990	1,167
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of financial assets	(2,161)	3,203
Other comprehensive income for the half-year	<u>829</u>	<u>4,370</u>
Total comprehensive loss for the half-year	<u>(13,409)</u>	<u>(8,380)</u>
Loss for the half-year is attributable to:		
Non-controlling interest	(272)	(21)
Members of Gryphon Minerals Ltd	<u>(13,966)</u>	<u>(12,729)</u>
	<u>(14,238)</u>	<u>(12,750)</u>
Total comprehensive loss for the half-year is attributable to:		
Non-controlling interest	(272)	(21)
Members of Gryphon Minerals Ltd	<u>(13,137)</u>	<u>(8,359)</u>
	<u>(13,409)</u>	<u>(8,380)</u>
Loss per share for losses attributable to the owners of Gryphon Minerals Ltd (cents)	<u>(3.6)</u>	<u>(3.2)</u>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. Refer to note 2 for information on restatements resulting from a voluntary change in accounting policy.

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	Consolidated		
		31 Dec 2014	30 June 2014 (Restated)	1 July 2013 (Restated)
		\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and cash equivalents		23,452	34,306	52,369
Trade and other receivables		657	1,943	3,404
Inventory		29	34	33
Total Current Assets		24,138	36,283	55,806
Non-Current Assets				
Trade and other receivables		310	332	162
Financial assets	5	945	3,106	2,120
Property, plant and equipment	6	2,992	3,434	4,123
Exploration and evaluation expenditure		3,769	3,318	32,978
Total Non-Current Assets		8,016	10,190	39,383
Total Assets		32,154	46,473	95,189
LIABILITIES				
Current Liabilities				
Trade and other payables		2,847	4,469	5,146
Total Current Liabilities		2,847	4,469	5,146
Non-Current Liabilities				
Provisions		514	478	512
Total Non-Current Liabilities		514	478	512
Total Liabilities		3,361	4,947	5,658
Net Assets		28,793	41,526	89,531
EQUITY				
Contributed equity	7	229,008	228,981	228,932
Reserves		11,157	9,679	3,342
Accumulated losses		(210,782)	(196,816)	(142,134)
Equity attributable to the members of Gryphon Minerals Ltd		29,383	41,844	90,140
Non-Controlling Interest		(590)	(318)	(609)
Total Equity		28,793	41,526	89,531

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. Refer to note 2 for information on restatements resulting from a voluntary change in accounting policy.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2014

	Consolidated							
	Contributed Equity	Equity Incentive Reserve	Financial Asset Revaluation Reserve	Foreign Exchange Reserve	Accumulated Losses	Total	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	228,932	11,404	(8,092)	1,810	(24,867)	209,187	(380)	208,807
Change in accounting policy (refer note 2)	-	-	-	(1,780)	(117,267)	(119,047)	(229)	(119,276)
Balance at 1 July 2013 (Restated)	228,932	11,404	(8,092)	30	(142,134)	90,140	(609)	89,531
(Loss)/gain for the year	-	-	-	-	(12,729)	(12,729)	(21)	(12,750)
Fair value adjustment of financial assets	-	-	3,203	-	-	3,203	-	3,203
Exchange differences on foreign operations	-	-	-	1,161	-	1,161	-	1,161
Total comprehensive income for the year	-	-	3,203	1,161	(12,729)	(8,365)	(21)	(8,386)
Transactions with owners in their capacity as owners:								
Share based payment transactions	16	80	-	-	-	96	-	96
	16	80	-	-	-	96	-	96
Balance at 31 December 2013 (Restated)	228,948	11,484	(4,889)	1,191	(154,863)	81,871	(630)	81,241
Balance at 1 July 2014 (Restated)	228,981	12,238	(2,786)	227	(196,816)	41,844	(318)	41,526
Loss for the year	-	-	-	-	(13,966)	(13,966)	(272)	(14,238)
Fair value adjustment of financial assets	-	-	(2,161)	-	-	(2,161)	-	(2,161)
Exchange differences on foreign operations	-	-	-	2,990	-	2,990	-	2,990
Total comprehensive income for the year	-	-	(2,161)	2,990	(13,966)	(13,137)	(272)	(13,409)
Transactions with owners in their capacity as owners:								
Share based payment transactions	27	649	-	-	-	676	-	676
	27	649	-	-	-	676	-	676
Balance at 31 December 2014	229,008	12,887	(4,947)	3,217	(210,782)	29,383	(590)	28,793

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. Refer to note 2 for information on restatements resulting from a voluntary change in accounting policy.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014	31 December 2013 (Restated)
	\$'000	\$'000
Cash flows from operating activities		
Payments for exploration and evaluation	(9,886)	(10,149)
Refund on exploration payment	482	-
Proceeds from R&D tax incentive refund	-	828
Payments to suppliers and employees	(2,248)	(1,638)
Interest received	477	982
Net cash used in operating activities	(11,175)	(9,977)
Cash flows from investing activities		
Purchase of property, plant and equipment	(179)	(371)
Refund for deposit paid on equipment	500	-
Payments for the acquisition of financial assets	-	(250)
Net cash used in investing activities	321	(621)
Net decrease in cash and cash equivalents	(10,854)	(10,598)
Cash and cash equivalents at the beginning of the period	34,306	52,369
Cash and cash equivalents at the end of the period	23,452	41,771

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. Refer to note 2 for information on restatements resulting from a voluntary change in accounting policy.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

Note 1. Basis of Preparation of the Half-Year Financial Statements

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of the Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2014

Note 2. Voluntary Change in Accounting Policy

(a) Exploration and evaluation accounting policy

The half-year financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The new accounting policy adopted by the group on 1 July 2014 is to expense exploration and evaluation expenditure as incurred other than those incurred for the acquisition of mineral property licenses or rights to explore which continue to be capitalised. The previous accounting policy was to capitalise and carry forward exploration, evaluation and development expenditure in relation to separate areas of interest for which rights of tenure are current as an asset in the Consolidated Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

The directors have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with industry practice worldwide.

(b) Impact on financial statements

As a result of the change in the accounting policy for exploration and evaluation expenditure, prior year financial statements had to be restated. The following financial statement extracts show the impact of the change in the group's accounting policy for exploration and evaluation expenditure on the prior half year and full year financial statements.

Impact on prior years

(i) Consolidated Statement of Financial Position – 1 July 2013 (Extract)

	1 July 2013	Consolidated Increase/ (Decrease)	1 July 2013 (Restated)
	\$'000	\$'000	\$'000
Non-Current Assets			
Exploration and evaluation expenditure	152,254	(119,276)	32,978
Total Non-Current Assets	158,659	(119,276)	39,383
Net Assets	208,807	(119,276)	89,531
Equity			
Exchange differences on translation of foreign operations	1,810	(1,780)	30
Accumulated Losses	(25,247)	(117,496)	(142,743)
Total Equity	208,807	(119,276)	89,531

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2014

Note 2. Voluntary Change in Accounting Policy (continued)

(ii) Consolidated Statement of Profit or Loss & Other Comprehensive Income – 31 December 2013 (Extract)

	31 Dec 2013	Consolidated Increase/ (Decrease)	31 Dec 2013 (Restated)
	\$'000	\$'000	\$'000
Expenses			
Exploration and evaluation expense	(105)	(10,982)	(11,087)
Loss after income tax for the half-year	(1,768)	(10,982)	(12,750)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	1,155	12	1,167
Total comprehensive income for the half-year	4,358	12	4,370
Loss per share for losses attributable to the owners of Gryphon Minerals Ltd (cents)	(0.4)	(2.8)	(3.2)

(iii) Consolidated Statement of Financial Position – 30 June 2014 (Extract)

	30 June 2014	Consolidated Increase/ (Decrease)	30 June 2014 (Restated)
	\$'000	\$'000	\$'000
Current Assets			
Trade and other receivables	1,959	(16)	1,943
Total Current Assets	36,299	(16)	36,283
Non-Current Assets			
Exploration and evaluation expenditure	126,153	(122,835)	3,318
Total Non-Current Assets	133,025	(122,835)	10,190
Net Assets	164,377	(122,851)	41,526
Equity			
Foreign exchange reserve	2,006	(1,779)	227
Accumulated losses	(76,062)	(121,072)	(197,134)
Total Equity	(164,377)	123,851	(41,526)

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2014

Note 2. Voluntary Change in Accounting Policy (continued)

(iv) Consolidated Statement of Cash Flows – 31 December 2013 (Extract)

	Consolidated		
	31-Dec-13 \$'000	Increase/ (Decrease) \$'000	31-Dec-13 (Restated) \$'000
Cash flows from operating activities			
Payments for exploration and evaluation	0	-10,149	-10,149
Net cash used in operating activities	172	-10,149	-9,977
Cash flows from investing activities			
Payments for exploration and evaluation	-10,149	10,149	0
Net cash used in investing activities	-10,770	10,149	-621

Note 3. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM has been identified as the board of directors. The basis of determining segments has not changed from the last annual financial statements.

The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2014 is as follows:

	Exploration				Total \$'000
	Burkina Faso \$'000	Mauritania \$'000	Regional \$'000	Corporate \$'000	
Half-year ended 31 December 2014					
Interest revenue	-	-	-	506	506
Total segment revenue	-	-	-	506	506
Total segment loss before income tax	(7,565)	(3,469)	(245)	(2,959)	(14,238)
Half-year ended 31 December 2013 (Restated)					
Interest revenue	-	-	-	911	911
Total segment revenue	-	-	-	921	921
Total segment loss before income tax	(8,332)	(1,994)	(1,283)	(1,141)	(12,750)
Total segment assets					
31 December 2014	6,382	593	27	25,152	32,154
30 June 2014 (Restated)	6,892	681	60	38,840	46,473
Total segment liabilities					
31 December 2014	2,140	36	8	1,177	3,361
30 June 2014 (Restated)	2,643	78	4	2,222	4,947

Note 4. Dividends

No dividends have been paid or recommended during the current or prior half-year reporting period or subsequent to reporting date.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2014

Note 5. Financial Instruments

(a) Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

	Consolidated	
	31 Dec 2014 \$'000	30 June 2014 \$'000
Financial assets held at fair value through equity:		
Level 1 - Listed equity securities	945	3,106
Level 2 - None		
Level 3 - None		

(b) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - The instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - A valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices).
- Level 3 - A valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

As Gryphon only holds listed equity securities, which are measured at the closing bid price at the end of the reporting period, all financial assets held at fair value through equity fall within Level 1 of the fair value hierarchy.

(c) Transfers

During the half-year ended 31 December 2014, there were no transfers of financial instruments between levels 1 and 2 of the fair value hierarchy. There were also no transfers into or out of level 3 during the period.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2014

Note 6. Property, Plant and Equipment

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated						
	Plant & equipment-office \$'000	Plant & equipment-field \$'000	Motor vehicles \$'000	Office furniture & equipment \$'000	Leasehold improvements \$'000	Assets Under Construction \$'000	Total \$'000
Year ended 30 June 2014							
Opening net book amount	175	1,993	353	153	139	1,310	4,123
Additions	38	1,171	47	60	112	86	1,514
Disposals/write-offs	(11)	(359)	-	(70)	-	(1,157)	(1,597)
Depreciation charge	(81)	(409)	(101)	(20)	(25)	-	(636)
Effects of exchange rates	6	14	7	3	-	-	30
Closing net book amount	127	2,410	306	126	226	239	3,434
At 30 June 2014							
Cost	495	3,504	913	283	391	239	5,825
Accumulated depreciation	(368)	(1,094)	(607)	(157)	(165)	-	(2,391)
Net book amount	127	2,410	306	126	226	239	3,434
Half-Year ended 31 December 2014							
Opening net book amount	129	2,410	306	126	226	239	3,436
Additions	9	101	-	1	-	44	155
Transfers	-	75	-	-	-	(75)	-
Disposals/write-offs	(15)	(26)	-	(5)	(113)	(164)	(323)
Depreciation charge	(30)	(311)	(43)	(14)	(15)	-	(413)
Effects of exchange rates	7	72	56	2	-	-	137
Closing net book amount	100	2,321	319	110	98	44	2,992
At 31 December 2014							
Cost	502	3,688	946	223	277	44	5,680
Accumulated depreciation	(402)	(1,367)	(627)	(113)	(179)	-	(2,688)
Net book amount	100	2,321	319	110	98	44	2,992

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2014

Note 7. Equity – Issued Capital

	Consolidated			
	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014
	Shares	Shares	\$'000	\$'000
Ordinary shares – fully paid	401,185,424	401,011,505	229,008 ¹	228,981 ¹

Date	Details	Consolidated		
		2014	Price	2014
		Shares	\$	\$'000
Issue of ordinary shares during the half-year				
1 Jul 14	Opening balance	401,011,505		228,981 ¹
8 Aug 14	Shares issued in lieu of executive salary	104,430	0.158	17
7 Nov 14	Shares issued in lieu of executive salary	69,489	0.143	10
31 Dec 14	Closing balance	401,185,424		229,008 ¹

¹ Amounts shown are net of costs to issue.

Note 8. Contingent Liabilities

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2014.

Note 9. Events Occurring Subsequent to Reporting Date

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

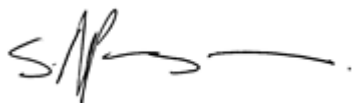
For the half-year ended 31 December 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australia Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Stephen Parsons
Managing Director
Gryphon Minerals Limited

12 March 2015
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gryphon Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gryphon Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gryphon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gryphon Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gryphon Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'Brad McVeigh' is written in a cursive, flowing script.

Brad McVeigh
Director

Perth, 12 March 2015