



6 July 2015

ASX Compliance Pty Ltd  
Level 40, Central Park  
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PERTH WA 6000

### **Amendment to ASX Announcements**

Gryphon Minerals Limited (ASX: GRY) advises that the announcement submitted to ASX on the 6<sup>th</sup> of July 2015 titled "Updated Banfora Scoping Study increases NPV by 233% to \$210M" has been amended to include a cautionary statement on page 1 in relation to production targets as required by ASX Listing Rule 5.16.4.

It is also advised that the announcement submitted to ASX on 6 July 2015 titled "Amended - Banfora Upscaled Study Presentation" should be read in conjunction with this amended announcement.

Yours sincerely,

**Carl Travaglini**  
**Company Secretary**

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6 July 2015



**GRYPHON**  
MINERALS LIMITED

### Corporate Directory

Non-Executive Chairman  
Mel Ashton

Managing Director  
Stephen Parsons

Non-Executive Directors  
Didier Murcia  
Bruce McFadzean

Company Secretary  
Carl Travaglini

### Advancing the 3.6 Moz Banfora Gold Project, Burkina Faso<sup>1</sup>

- Low cost & high grade
- 1.5g/t gold Heap Leach
- 2.5g/t gold CIL
- Easily expandable

### On track for success in 2015:

- A\$20 million cash<sup>2</sup>
- US\$60 million debt<sup>3</sup>
- Fully Mine Permitted
- Bankable Feasibility Study
- Huge Exploration Upside

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## Updated Banfora Scoping Study<sup>4</sup> increases NPV by 233% to A\$210 Million with an IRR of 42% & AISC of US\$800/oz

*Simple low cost up-scaling through addition of 1mtpa CIL plant with head grade of 2.5g/t gold*

- Excellent project economics demonstrated from optimisation of the start-up 2Mtpa heap leach (HL) operation & scoping study<sup>4</sup> for expansion through the addition of a conventional 1Mtpa carbon-in-leach (CIL) processing plant.
- Low upfront capital costs of US\$85M for the start-up Heap Leach operation & low additional capital outlay of US\$45M for a 1Mtpa CIL add-on which could be funded with early cash flow from the initial start-up Heap Leach operation.
- The Company is undertaking due diligence with Macquarie Bank Limited (Macquarie) for project debt funding to support construction of the initial 2Mtpa start-up Heap Leach operation with the expectation to complete within 2H 2015.
- Recent grade control (5 metres x 5 metres) drill results from within the pit designs demonstrate continuity of mineralisation & exceptionally high grade gold that will further enhance mine production. Results included 17m @ 8.2g/t & 14m @ 64.6g/t gold. (Refer ASX Announcement on 6 May 2015<sup>5</sup> or [click here](#))

### Study highlights table showing:

1. The base case 2Mtpa HL with later upscaling via 1Mtpa CIL;
2. The upscaled case where the HL and CIL plants are constructed simultaneously; and
3. The standalone 2Mtpa HL operation, fully optimised since publication of the 2014 Bankable Feasibility Study.

Updated Banfora Gold Project Feasibility Study Economics @ US\$1,250/oz		2015 Studies			2014 Feasibility Study
		Base Case (2mtpa Heap Leach Followed by 1mtpa CIL) <sup>4,9</sup>	Upscaled Case (Simultaneous Build of 2Mtpa Heap Leach + 1mtpa CIL) <sup>4,10</sup>	2mtpa Heap Leach Stand Alone <sup>7,11</sup>	2mtpa Heap Leach Stand Alone <sup>6</sup>
NPV <sub>5%</sub> after tax	A\$M	185	210	120	90
IRR after tax	%	25.3%	42.2%	30.4%	20.5%
LOM revenue (net of refining costs)	US\$M	1,162	1,160	778	808
Cash costs/oz (C1)	US\$/oz	717	707	718	743
All-In Sustaining Costs/oz (AISC)	US\$/oz	811	800	839	868
Capital costs includes working capital & contingencies	US\$M	85 + 45	130	85	97
In pit gold resources	Moz	1.1	1.1	0.8	0.8
Average gold produced	oz/yr	63,000/129,000	133,000	73,800	70,600
LOM	years	9.2	7.0	8.6	9.2
Strip ratio	W:O	3.5:1	3.5:1	3.2:1	3.4:1

<sup>4</sup> The results are at Scoping Study level. The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. In discussing 'reasonable prospects for eventual economic extraction' in Clause 20, the Code requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource. Scoping studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the general results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the processes applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves. While initial mining and processing cases may have been developed during a Scoping Study, it must not be used to allow an Ore Reserve to be developed. The Scoping Study is preliminary in nature as its conclusions are drawn on Inferred mineral resources (2%). No mine sequencing was performed. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.



Mr Steve Parsons, Managing Director, commented *“We are very pleased with the results of the studies which demonstrate significantly enhanced project economics for the initial start-up 2Mtpa Heap Leach operation and additional 1mtpa CIL expansion capacity. Gryphon will be able to upscale the project using a low cost staged approach potentially from cash flows of the initial start-up heap leach operation at the Banfora Gold Project.”*

*“With the optimisation and additional capacity studies completed and a granted mining permit in place, Gryphon can now move to completion of debt funding due diligence which is one of the final hurdles to commencing development at Banfora.”*

Gryphon has significantly advanced its strategy of de-risking the Banfora Gold Project and moving towards gold production, with the following key milestones delivered:

- Environmental & Mining Licence granted by the Burkina Faso government.
- Shallow reserve infill and pre-mining grade control drilling complete.
- Studies completed proposing well-established, proven mine and Heap Leach & CIL processing technologies.
- Mandate letter for up to US\$60 million<sup>3</sup> in a senior loan facility.

### **2Mtpa start-up heap leach optimisation study & additional 1Mtpa CIL expansion scoping study summary:**

Gryphon Minerals Limited (ASX: GRY) is pleased to announce the results of the Optimisation Study (the “Study”) for the development of a 2Mtpa Heap Leach start-up operation, and upside potential realised with the expansion of the facility through the addition of a conventional 1Mtpa carbon-in-leach (CIL) processing plant, at its flagship Banfora Gold Project (the “Project”) in Burkina Faso (GRY: 90%, Burkina Faso Government: 10%).

The latest Study highlights significantly enhanced Project economics, utilising additional grade control drill data for in-pit resources (refer ASX Announcement of 6 May 2015)<sup>5</sup>, and subject to finalising a senior debt facility with Macquarie, the Company intends to proceed with the development of the Project, potentially making the Banfora Gold Project one of the next operating gold mines commissioned in Burkina Faso and Gryphon as one of the next low cost ASX listed gold producers.

As part of an optimisation study on the Project, the Company has updated key cost parameters of the start-up Heap Leach operation, and in addition has incorporated a scoping level study<sup>4</sup> for the installation of a 1Mtpa CIL circuit.

The 1Mtpa CIL has the flexibility to be added onto the 2Mtpa heap leach operation either at the commencement of development (simultaneously) or at a later date using cash flows from the heap leach operation.

The optionality to develop the heap leach project as a standalone operation is retained given the benefits of lower up-front capex and quicker development time-frame. Retaining this optionality gives Gryphon the flexibility to develop a low-capex project for a more manageable funding solution, in turn allowing the 1Mtpa CIL circuit to be added at a later date, which can be funded in part via Heap Leach cash flow.

The studies have shown the upscaling would be best undertaken at the end of the second year of operation of the start-up heap leach facility. Hence the announcement demonstrates the scoping study outcomes for both scenarios, which provides the Company with project development optionality which is considered important under current market conditions.

The Study also focussed on the high cost elements and major contributors to capital, operating and sustaining costs (refer later in this announcement for additional detail). A gold price of US\$1,250/oz was retained for project economics, as per the original Heap Leach feasibility study base case (refer ASX Announcement of 4 August 2014 or [click here](#))<sup>5</sup>:

### **Heap Leach start-up operation: initial 2 years<sup>7</sup>**

The Study outcomes for the standalone Heap Leach scenario demonstrate the optionality available to the Company to commence with the HL plant with low upfront capex and further to that the flexibility afforded at the Banfora Gold Project to modify mining plans across the four deposits to achieve best case financial returns in either scenario.



- Reduced up front capital cost totalling US\$85M for the start-up 2Mtpa HL operation including all infrastructure, working capital & contingencies.
- Average annual gold production from the start-up HL operation treating oxide only material of 63,300 ounces for first 2 years. Accessing near-surface higher grade transitional material during this period increases production to an average of 78,600 ounces.
- Adopting the latter production scenario, average HL gold grade is 1.5g/t for the first 2 years of standalone operation.
- HL Cash Costs (C1)<sup>8</sup> average US\$665/oz for the first 2 years of standalone operation.

### Facility expansion with inclusion of a 1mtpa CIL Circuit<sup>4</sup>

- Expansion capital cost estimate of US\$45M for the addition of the 1Mtpa CIL circuit, to be commissioned at end of the second year of HL standalone operations.
- Average annual gold production for the expanded operation increases to 130,000 ounces.
- In-pit Resources of the expanded operation increase to 1.1Moz (up from 0.8Moz).
- CIL circuit will treat higher grade fresh rock mineralisation at an average grade of 2.54g/t gold.
- Cash Costs (C1)<sup>8</sup> average of the expanded operation of US\$717oz and AISC for LOM of US\$811oz

The Heap Leach components of the Study were prepared via the update of key parameters from the Feasibility Study completed in August 2014<sup>6</sup>, utilising an updated resource estimate inclusive of recent infill and grade control drilling (refer ASX Announcement of 6 May 2015)<sup>5</sup>. Thus, the ultimate basis of the Study remains unchanged, being the development of a 2Mtpa heap leach start-up operation at the Banfora Gold Project located in south-west Burkina Faso, West Africa.

The basis for the CIL expansion Scoping Study<sup>4</sup> was taken from the original Feasibility Study undertaken on a 2Mtpa CIL development scenario for the Banfora Gold Project (Refer to the ASX release 31 January 2013 or [click here](#))<sup>5</sup>. This work has been integrated with the above work and the engineering and mining studies re-optimised based on a combined 2Mtpa HL and 1Mtpa CIL operation at Banfora. Pit optimisation studies determined that the optimum timing for the addition of the CIL plant was following 2 years of steady operation of the 2Mtpa HL facility.

**Table 2: Optionality enhanced for the Start-up 2Mtpa Heap Leach as a standalone operation which bank debt due diligence is currently being undertaken<sup>4</sup>**

2Mtpa Start-up Heap Leach stand-alone operation (US\$1,250 gold)	June 2015	% Change from August 2014
Project cash flow	US\$140M	+16%
Capex (includes contingency & working capital)	US\$84.5M	-15%
NPV <sub>5%</sub> after tax <sup>C</sup>	A\$120M	+25%
IRR after tax	30.4%	+33%
Payback	2.8yrs	-32%
Cash Costs/oz (C1) <sup>A</sup>	US\$718/oz	-4%
All-in Sustaining Costs (AISC) <sup>B</sup>	US\$839/oz	-4%

Notes to Table 2:

<sup>A</sup> C1 cash costs as set out by Mackenzie Wood

<sup>B</sup> All-in sustaining costs (AISC) includes C1 cash costs, royalties, refining and sustaining capital costs

<sup>C</sup> Exchange rate for US\$:A\$ of 0.78c



The Company managed the Study and engaged a number of independent specialist consultants to assist with the optimisation work for the Study update; Lycopodium Minerals Pty Ltd optimised the capital and operating costs, Cube Consulting Pty Ltd updated pit optimisations, mine designs and mine scheduling for the optimisations, and Kirk Mining Consultants provided an overview of mining operating costs.

The optimisation work completed for the Study focussed on those key inputs with the potential to provide increased upside to the Banfora Gold Project economics. These principal areas are outlined below:

### **Optimisation Engineering and Updated Key Cost Components**

As part of the Study, the Company solicited revised quotations for key cost inputs to the capital and operating costs. In general terms the Project has benefited from this exercise which has realised savings attributable to difficult market conditions, with tighter margins evident and lower labour rates from contractors, and in part exchange rate movements since the August 2014 Feasibility Study<sup>6</sup>.

This exercise focussed on the high cost elements and major contributors to capital, operating and sustaining costs with the following elements providing the more significant savings:

- Reagent costs have reduced due to increased competitiveness improving process operating costs; cyanide and cement being of highest significance.
- More competitive costings for engineering and project and construction management services, benefiting from the stronger USD compared with AUD and ZAR where the majority of these services will be provided from.
- Re-quote of mining contractor costs including pre-production, establishment, mobilisation and operating costs, using an experienced mining contractor with established operations in West Africa; benefiting from the tighter market conditions and increased availability of plant and equipment.
- Use of used equipment where confirmed available and appropriate for the processing facility, and only after physical inspection of the equipment in question by the Company to confirm its condition and suitability for Banfora.
- Reduction in international transport costs realised through the recent drop in oil prices. Much of these discounts are yet to be passed on in Burkina Faso itself, however should this eventuality transpire, then the project operating costs will realise additional benefit.
- Accounting for sunk costs in the estimate accumulated from the grade control drilling, minor early works engineering completed to date on access road designs, camp layout and bulk earthworks, and accommodation camp costs which include architectural designs.
- Revision of the construction methodology for accommodation and housing at the project, based on in-house architectural design work and trial construction at the project site. Of significance is the training of local employees of the Company in the construction of concrete panels for tilt-up construction methods, proving significantly quicker than traditional block work methods, and providing the local community with new skill sets. Refer pictures on following page.
- Update of sustaining capital costs, benefiting from unit cost reductions for above mentioned housing construction methodology, with the added benefit of maximising local labour at lower cost than international contractors.



### Mining and Pit Optimisation

Based on the in-pit resources (including Inferred Mineral Resources), operating and capital costs, pit optimisations were completed for HL and CIL materials. The mining operation proposes engagement of a mining contractor using conventional truck and shovel open pit methods. The combined heap leach/CIL facility will process approximately 23Mt of plant feed in total over a 7 year mine life at an average head grade of 1.44g/t gold. The CIL facility will process approximately 6.6Mt of the total plant feed at an average LOM head grade of 2.54g/t gold.

In the optimal scenario of bringing the CIL plant on line after two years of operation, the heap leach facility will process approximately 16Mt of plant feed over an 8 year mine life at an average head grade of 1.1g/t gold. The CIL facility will process approximately 6.7Mt of plant feed over a 6.5 year mine life at an average head grade of 2.54g/t gold.

The updated material movement estimations for the Study were again developed by Cube Consulting, with the primary aim of supplying the best value material first to maximise the value to the Project.

### Processing

As stated in the Feasibility Study, the HL process route comprises two stage crushing for oxide and transition materials, followed by cement agglomeration and overland conveying to heap leach pads. The pad area includes full plastic (HDPE) lining, conveyor stacking in 8 metre lifts, and drip irrigation with dilute cyanide solution. Pregnant solution is treated at a dedicated Adsorption-Desorption Recovery (ADR) plant via elution, electro winning and smelting to produce gold doré.

The conventional CIL processing plant includes a single stage milling circuit (SAG Mill), conventional CIL gold recovery process and tailings storage facility. Services for the expanded plant will be drawn from the existing HL operation via minor upgrades, with no requirement for expansion of general infrastructure and administration buildings.



## Metallurgy

Detailed independent metallurgical testwork programs have been conducted for the CIL and Heap Leach technologies to a Bankable Feasibility Study standard. Testwork confirmed that Banfora ores are all 'non-refractory', typically 'free-milling' with a high gold recovery by cyanidation leach and low to moderate reagent consumptions, as follows:

**Table 3: Metallurgical Recoveries for Heap Leach & CIL**

Ore Type	Average CIL Recovery	Grind size	Average Heap Leach Recovery	Average Crush Size mm
Oxide	92%*	106µ	85%	12.5
Transition	97%*	106µ	78%	12.5
Primary	89%*	106µ	66%	8.0

\*Some of the original testwork for the CIL program was completed at 75 microns which realised improved recoveries, however Gryphon has used the coarser 106 micron grind for its studies to reduce power costs. At 75 microns the estimated recoveries in the CIL are: Oxide: 94%, Transition: 97%, Primary: 92%.

It should also be noted that the primary samples at 75 microns saw recoveries as high as 97% at the Nogbele & Samavogo deposits, and thus with lower operating costs such as heavy fuel oil (HFO) or hydroelectric power from Cote d'Ivoire this could warrant a revisit of the grind size. Study work has also shown that approximately 20% of the gold can also be recovered by gravity circuit, however this has not been factored into the design by Gryphon as to keep capital costs to a minimum, and would require a modest amount of confirmatory testwork.

## Mineral Resource & Potential for Depth Extension

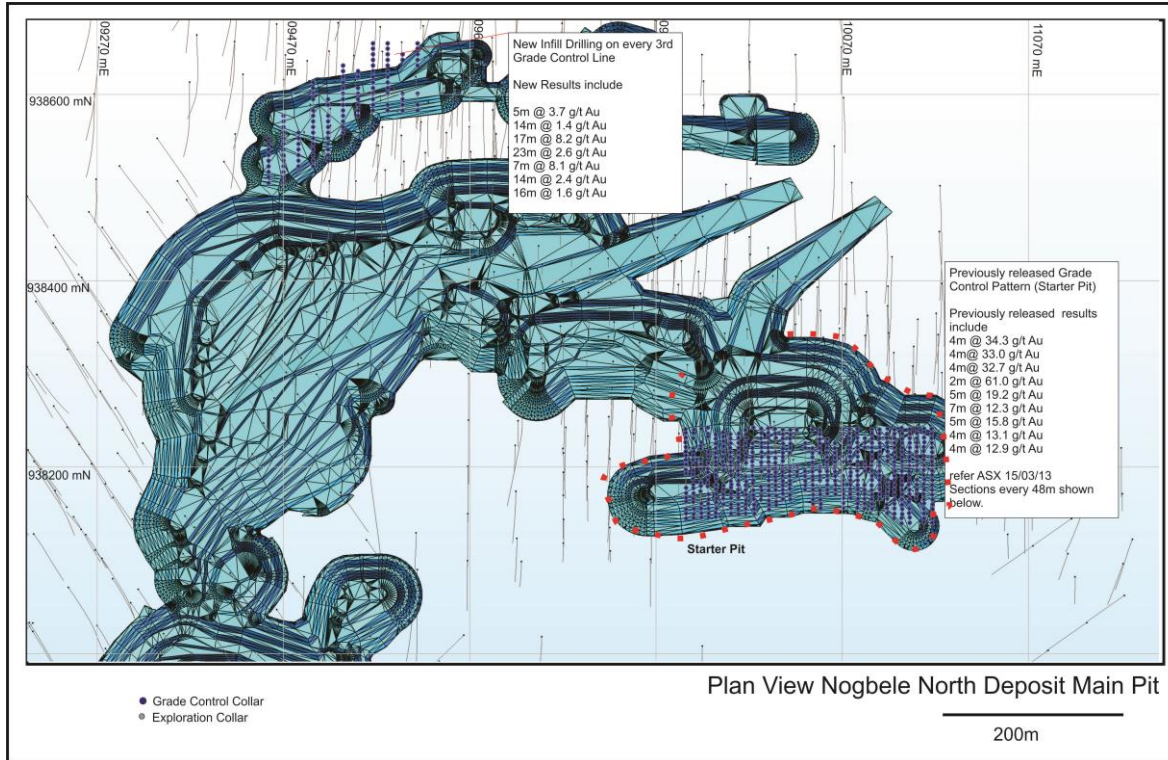
The Banfora Gold Project is a significant undeveloped gold resource in West Africa and is one of only a few new large scale greenfields discoveries in the world. The Mineral Resources are shallow with 90% above 150 meters vertical depth and they remain open at depth and along strike. The Ore Reserves for the heap leach operation are also shallow with an average vertical pit depth of 50 metres across the deposits (refer ASX Announcement of 4 August 2014).<sup>5</sup> The 0.5g/t lower cut has been used for the Study work.

**Table 4: Mineral Resource Estimate:**

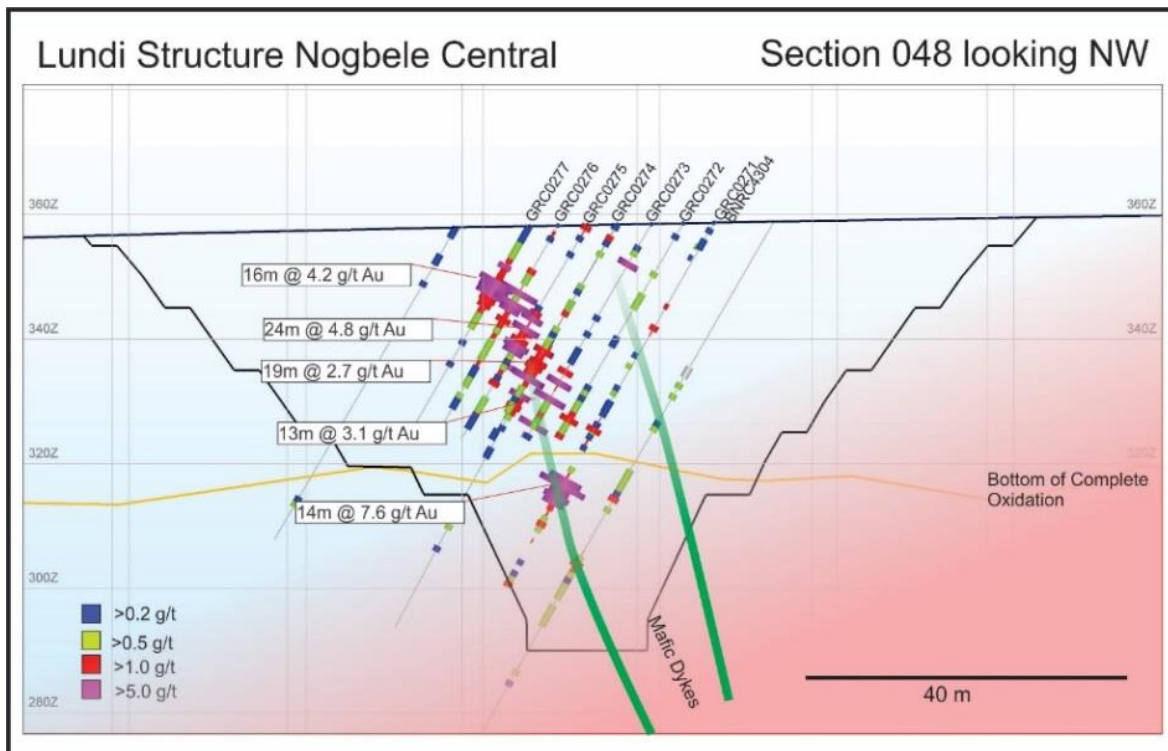
Lower cut (g/t)	Measured			Indicated			Measured + Indicated			Inferred			Total		
	Tons (Mt)	Grade g/t Au	Gold (Moz)	Tons (Mt)	Grade g/t Au	Gold (Moz)	Tons (Mt)	Grade g/t Au	Gold (Moz)	Tons (Mt)	Grade g/t Au	Gold (Moz)	Tons (Mt)	Grade g/t Au	Gold (Moz)
0.3	9.5	1.1	0.35	76.2	1.2	2.9	85.8	1.2	3.2	19.2	1.1	0.70	105	1.2	3.9
<b>0.5</b>	6.7	1.4	0.31	60.5	1.4	2.7	67.2	1.4	3.0	15.9	1.3	0.66	83.0	1.4	3.6
1.0	3.1	2.3	0.23	28.8	2.1	1.9	31.9	2.1	2.2	7.8	1.9	0.47	39.7	2.1	2.6
1.5	2.0	2.9	0.18	16.1	2.8	1.4	18.0	2.8	1.6	3.8	2.6	0.32	21.9	2.8	1.9



**Figure 1: Nogbele North Deposit Pit Design**



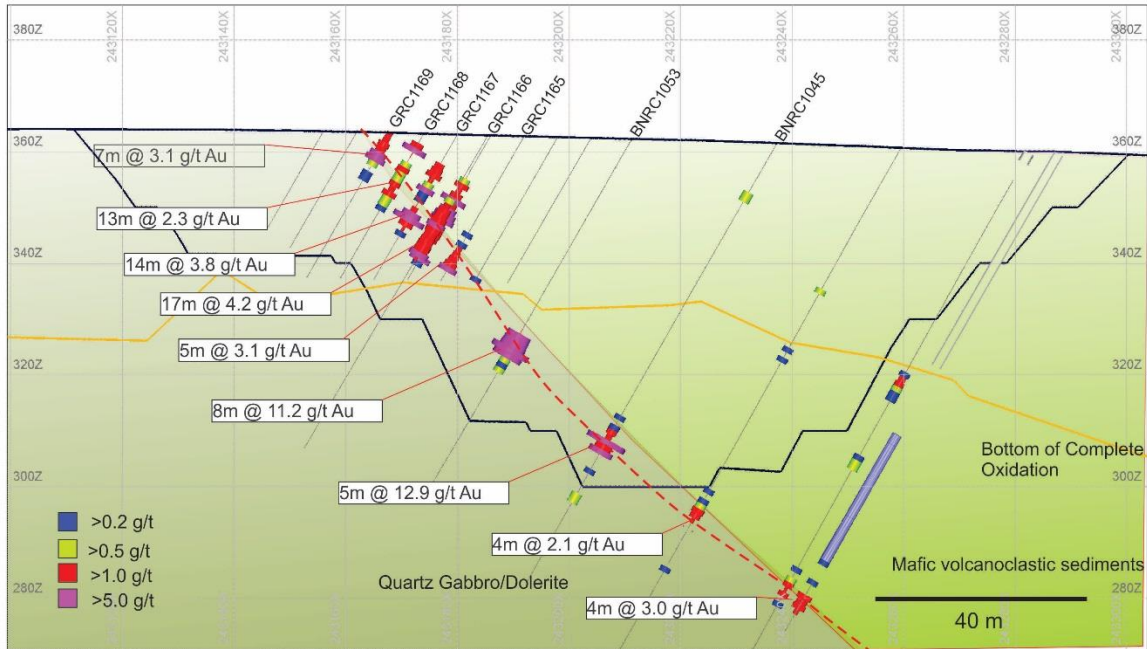
**Figure 2: Selection of cross sections showing excellent continuity and high grade mineralization from initial starter pit designs at the Nogbele, Fourkoura & Samavogo gold deposits**



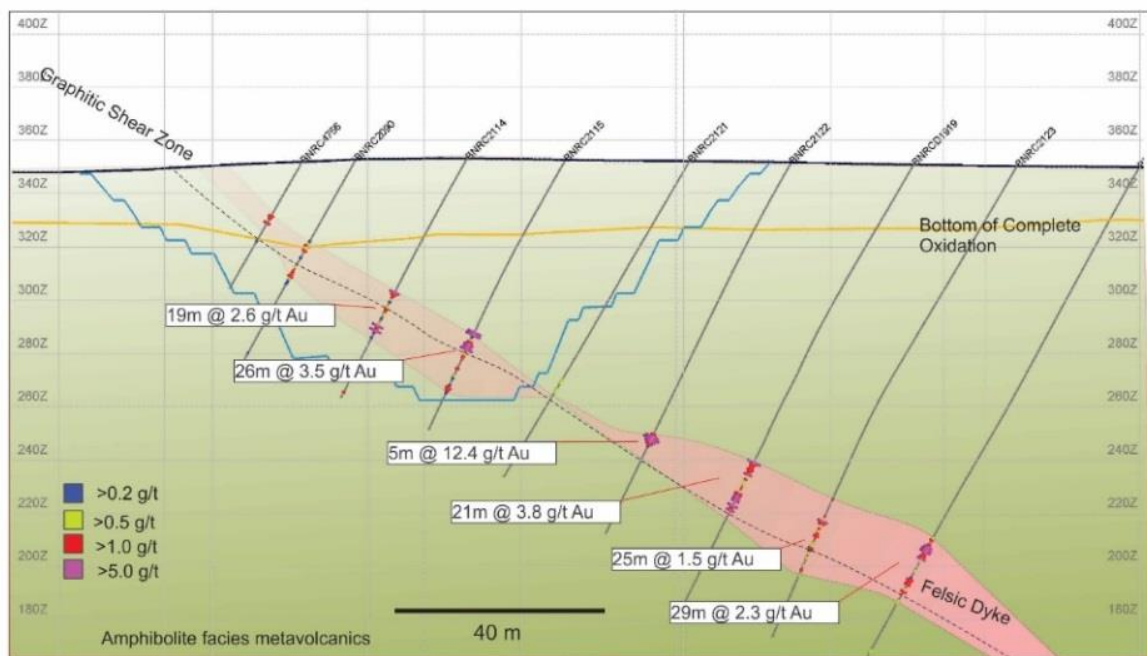




### Fourkoura North Main Pit Section 1144780mN



### Samavogo Central Section 1158620 mN





## Revised Capital Costs

The capital cost estimate for the project development has been compiled and is presented in US dollars. The estimated initial capital cost based on the optimised Study outcomes, including contingencies and project working capital, is US\$84.5 million. Refer Table 5 below.

The upfront 2Mtpa Heap Leach operation provides the Company with a low cost development path to production which, when combined with the robust economics at low gold prices, is manageable and attractive to project financiers. The addition of the 1Mtpa CIL plant in this scenario is anticipated at the end of the second year of standalone HL production and is planned to be funded through cash flows from the HL operation, based on the pit optimisation work conducted by Cube Consulting.

**Table 5: 2Mtpa Heap Leach Capital Cost Estimate**

Cost Area	Total US\$M
Construction Establishment	6.3
Processing Facility	16.5
Leach Pads	4.4
Infrastructure	17.4
EPCM	8.1
Owner's Costs	12.3
Resettlement and Compensation	9.1
Contingency	7.5
Working Capital	2.9
<b>Total Initial Capital</b>	<b>84.5</b>
<b>CIL Plant Capital*</b>	<b>45.4</b>

\* The CIL processing plant can be built up initially with the Heap Leach operation or at a later date using cash flows from the start-up Heap Leach operation.

Sustaining capital estimates for the operation matched the same concept as used for the feasibility studies over the nine year mine life, and total US\$30 million (approximately US\$32/oz gold produced) for the expanded plant, but with one exception. The Feasibility Study required the addition of a tertiary crusher to handle primary material after year two of operation. With the addition of a CIL plant, these materials are no longer processed through the HL plant, hence the approximate US\$6M reduction from the August 2014 Feasibility Study sustaining capital estimate<sup>6</sup>.

## Upside potential with simultaneous development of Heap Leach & CIL plants:<sup>4</sup>

As part of an optimisation study on the Banfora Gold Project, the Company has in addition incorporated a scoping level study for the installation of a 1Mtpa CIL circuit that has the flexibility to be added onto the 2Mtpa heap leach operation either at the commencement of development (simultaneously) or at a later date using cash flows from the heap leach operation.

The study work has shown that the best economic outcome for the Banfora Gold Project is obtained with the 2Mtpa Heap Leach and the 1Mtpa CIL combined from the start of development.

With the current difficult gold market conditions Gryphon is continuing with the path to develop the heap leach project as a standalone operation given the benefits of lower up-front capex and quicker development time-frame. Retaining this optionality gives Gryphon the flexibility to develop a low-capex project for a more manageable funding solution, in turn allowing the 1Mtpa CIL circuit to be added at a later date, which could be funded via Heap Leach cash flow.



A gold price of US\$1,250 per ounce was used for pit optimisations and base case financial modelling, mirroring the approach taken in the Feasibility Study. This expansion scoping study includes Inferred resources in addition to Measured and Indicated; with Inferred resources making up just over 2% of the total in-pit resource. Sensitivity analysis undertaken predicts the HL operation has a strong resilience to a lower gold price and the expanded case shows very good upside in a rising gold price environment.

**Table 6: Expanded Economics for 2mtpa heap leach & 1mtpa CIL developed simultaneously<sup>4</sup>**

<b>2Mtpa HL + 1Mtpa CIL</b>		<b>US\$1,250</b>	<b>US\$1,450<sup>C</sup></b>
Ore processed	Mt	23.1	30.5
Waste mined	Mt	81.8	118.1
Grade heap leach	g/t	0.92	0.92
Grade CIL	g/t	2.54	2.34
Grade CIL first 3 years	g/t	2.80	2.80
In-Pit Resources / Reserves	Moz	1.1	1.3
Avg gold produced	oz/year	133,000	118,000
Strip ratio	W:O	3.5	3.9
Initial capital cost	US\$M	85	85
Sustaining capital LOM	US\$M	30	30
Upgrade / 1Mtpa CIL capital	US\$M	45	45
Average gold recovery	%	87.5%	86.9%
Current life of mine	years	7.0	9.4
LOM revenue (net of refining costs)	US\$M	1,160	1,650
Project cash flow	US\$M	232	404
NPV <sub>5%</sub> after tax <sup>D</sup>	A\$M	210	270
IRR after tax	%	42%	50%
Cash costs/oz (C1) <sup>A</sup>	US\$/oz	707	786
All-in Sustaining Costs (AISC) <sup>B</sup>	US\$/oz	800	899

Notes to Table 1:

<sup>A</sup> C1 cash costs as set out by Mackenzie Wood

<sup>B</sup> All-in sustaining costs (AISC) includes C1 cash costs, royalties, refining and sustaining capital costs

<sup>C</sup> Pit-designs @ US\$1,450oz and sale of gold price at US\$1,450oz

<sup>D</sup> Exchange rate for US\$:A\$ of 0.78c

## Path Forward

The Company has significantly advanced its strategy of de-risking the Banfora Gold Project and moving towards gold production, with the following key milestones delivered:

- Shallow reserve infill and pre-mining grade control drilling complete which has demonstrated excellent continuity to gold mineralisation.
- Environmental permitting complete.
- Mining Licence granted by the Burkina Faso government.
- Independent studies completed proposing well-established, proven mine and HL & CIL processing technologies.
- Mandate letter signed with Macquarie<sup>3</sup> to act as sole arranger and underwriter for up to US\$60 million in a senior loan facility.



Over the coming months, the Company intends to complete the bank due diligence process in an effort to secure the loan facility with Macquarie in 2H 2015. This will underpin the funding solution for development of the start-up 2Mtpa heap leach facility.

## Exploration Success: Banfora Gold Project

### Excellent Grade Continuity for Mining:

Results from recent infill drilling within the main deposits have confirmed the existing geological and resource models and indicated excellent grade continuity within the numerous shoots that were drill tested. Some of the significant intersections from the recent drilling were announced earlier this month (refer ASX Announcement of 6 May 2015 for all results or [click here](#))<sup>5</sup> and are summarised below.

<b>Nogbele Deposit</b>	<b>17m @ 8.2 g/t</b> Au from 12m <b>16m @ 6.8 g/t</b> Au from 7m <b>8m @ 11.3 g/t</b> Au from 6 m <b>25m @ 3.4 g/t</b> Au from 1m
<b>Fourkoura Deposit</b>	<b>14m @ 64.6 g/t</b> Au from 16m (including <b>1m @ 843.4 g/t</b> ) <b>19m @ 5.5 g/t</b> Au from 3m <b>12m @ 5.3 g/t</b> Au from 0m
<b>Stinger Deposit</b>	<b>4m @ 45.6 g/t</b> Au from 6m <b>9m @ 15.1 g/t</b> Au from 14m <b>14m @ 7.0 g/t</b> Au from 2m
<b>Samavogo Deposit</b>	<b>16m @ 3.3 g/t</b> Au from 28m <b>4m @ 13.0 g/t</b> Au from 5m <b>7m @ 5.9 g/t</b> Au from 47m

### Depth Extension and Future Underground Potential:

Deeper drill results below the current pit designs at the Stinger deposit indicate that high grade mineralisation continues at depth (refer to ASX announcements 2 July 2012 and 13 November 2012)<sup>5</sup> include:

**17m @ 4.26g/t** gold from 261m  
**22m @ 3.19g/t** gold from 119m  
**5m @ 15.71g/t** gold from 103m  
**10m @ 8.67g/t** gold from 141m

### Significant Potential For further discoveries:

To add to the Banfora Project's 3.6Moz gold resource base there is significant potential for new discoveries throughout the project's 1150 km<sup>2</sup> of tenure. There are a number of nearby satellite targets with ore grade gold drill intersections requiring follow up resource drilling. Gryphon has identified a further 16 regional targets as walk up drill ready targets as well as numerous untested geochemical/geological targets. Advanced targets include:

**Ouahiri Prospect:** 5km shear corridor with similarities in scale and geochemical footprint to the 1.6Moz Nogbele gold deposit. RC drill results include:

**11m @ 3.80 g/t** Au from 53m  
**1m @ 123.1 g/t** Au from 66m  
**4m @ 11.5 g/t** Au from 98m  
**6m @ 5.5 g/t** Au from 43m



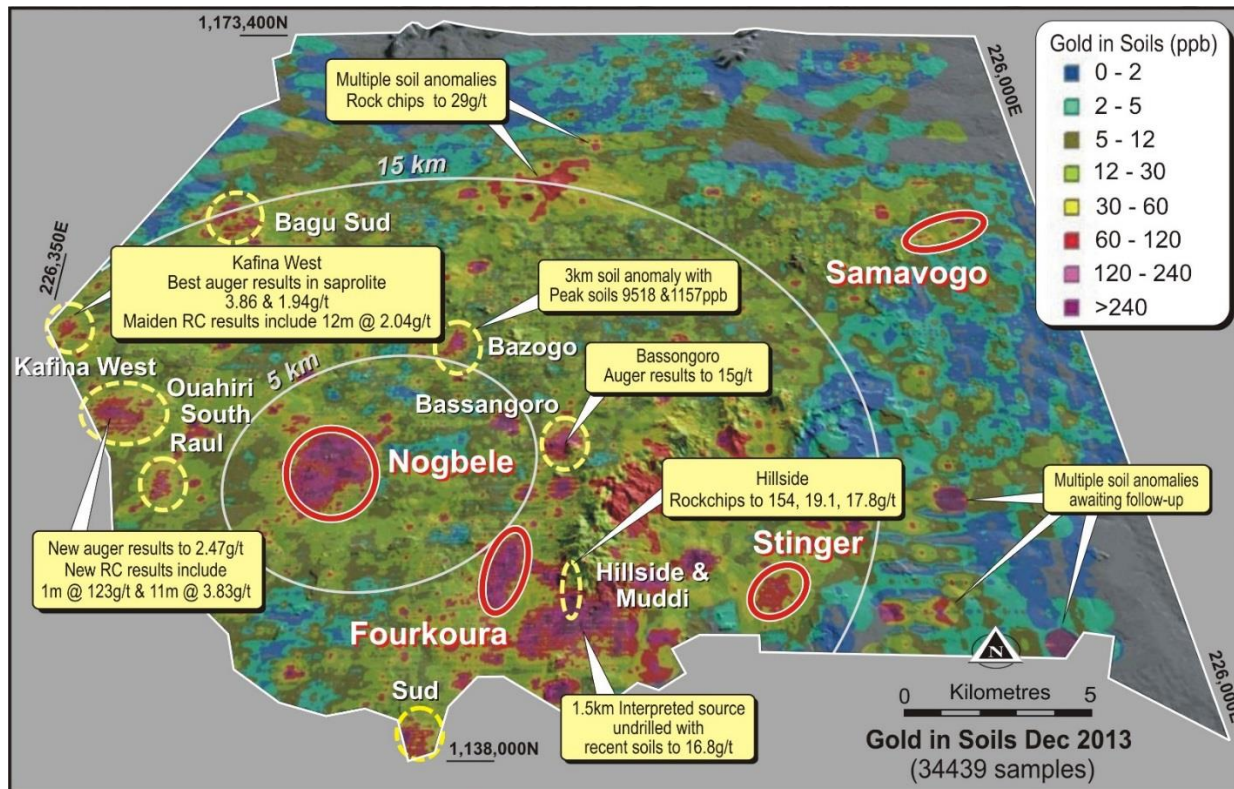
**Kafina West Prospect:** 1.5 km geochemical anomaly with scout RC drilling on 500m spaced lines. RC drill results include:

- 36m @ 1.1 g/t Au** from 11m including 12m @ 2.4 g/t Au
- 3m @ 4.2 g/t Au** from 72m

**Eastern Hills Prospects:** Series of high grade quartz veins hosted east of the 400koz Fourkoura gold deposit. RC drill results include:

- 4m @ 15.6 g/t Au** from 43m
- 3m @ 38.0 g/t Au** from 52m
- 8m @ 7.1 g/t Au** from 53m
- 8m @ 6.9 g/t Au** from 49m

**Figure 3: High Priority Targets in Close Proximity to the Proposed Plant Location at Nogbele along with a plethora of untested geochemical targets at the 1150km<sup>2</sup> Banfora Gold Project**



Yours faithfully

**Stephen Parsons**  
**Managing Director**



## Footnotes

- 1 For more information on the 3.6Moz Resource estimate, refer to ASX announcement dated 4 February 2014. Gryphon Minerals is not aware of any new information or data that materially effects the information included in the said announcement.
- 2 For full details refer to 31 March 2015 quarterly cash flow statement and ASX announcement dated 30 April 2015.
- 3 Availability of the Project Loan Facilities is subject to due diligence, credit approval, entering into documentation and satisfaction of conditions precedent. Refer to ASX announcement dated 4 June 2014 for details.
- 4 The results are at Scoping Study level. The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

In discussing 'reasonable prospects for eventual economic extraction' in Clause 20, the Code requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource.

Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the general results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the processes applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves.

While initial mining and processing cases may have been developed during a Scoping Study, it must not be used to allow an Ore Reserve to be developed.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

- 5 Gryphon is not aware of any new information or data that materially affects the information included in the said announcement.
- 6 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.
- 7 This is an update of the Feasibility Study ASX announcement dated 4 August 2014.
- 8 C1 cash costs as set out by Mackenzie Wood.
- 9 The Scoping Study is preliminary in nature as its conclusions are drawn on Inferred mineral resources (2%). No mine sequencing was performed.
- 10 The Scoping Study is preliminary in nature as its conclusions are drawn on Inferred mineral resources (2%). No mine sequencing was performed.
- 11 Inferred mineral resources comprise 2%. The relative sequence of mining is the indicated mineral resource is assumed in Years 1 to 6, then the inferred mineral resource is assumed to commence in Year 7.



## Competent Persons Statement

The information in this report that relates to the Mineral Resources at the Nogbele, Fourkoura and Samavogo Deposits, 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. Mr Brooks holds a minor interest in the securities of Gryphon Minerals Ltd.

The information in this report that relates to the Mineral Resources at the Stinger Deposit, 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 release contains forward-looking statements. Wherever possible, words such as "intends", "expects", "scheduled", "estimates", "anticipates", "believes", and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, The Company cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company's actual results, events, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended, including those risk factors discussed in the Company's public filings. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. Any forward-looking statements are made as of the date of this release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law. This release may contain certain forward looking statements and projections regarding: estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives.

Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of the Company. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. The Company does not make any representations and provides no warranties concerning the accuracy.

## Change in Burkina Faso Mining Code

On 26 June 2015, Burkina Faso's transitional parliament passed a new mining code that abolishes a previous 10% tax break on mining profits and obligates companies to pay an additional 1% royalty that will be paid to a local development fund. It is Gryphon's understanding that the increase in the tax rate of 10% doesn't apply to companies with a mining permit. Gryphon obtained a Mining Permit on 2 June 2014 and hence it is Gryphon's understanding that the increase in tax rate will not apply.

These studies have not incorporated the additional 1% increase in royalties as the New Mining Code has not been ratified through formal decree.