GRYPHON
MINERALS LIMITED

Quarterly Report

30 June 2015

Advancing the 3.6Moz Banfora Gold Project[1]

Low cost, high grade heap leach start-up operation

Up-scaled CIL add-on project robust

Exciting exploration pipeline

Permitted for construction

A$19m cash and listed investments +

Project debt due diligence progressing[4]

HIGHLIGHTS

Banfora Gold Project

- **Excellent project economics demonstrated from optimisation of the start-up 2Mtpa heap leach (HL) operation & scoping study[2] 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 HL operation and low additional capital outlay of US$45M for a 1Mtpa CIL add-on which could be partly funded from early cash flow from the initial start-up HL operation.
  - The Company is undertaking due diligence for project debt funding to support construction of the initial 2Mtpa start-up HL 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[3])
- **Study highlights table showing:**
  - The base case 2Mtpa HL with later upscaling via 1Mtpa CIL;
  - The upscaled case where the HL and CIL plants are constructed simultaneously; and
  - 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)[2,5]	Upscaled Case (Simultaneous Build of 2Mtpa Heap Leach + 1mtpa CIL)[2,5]	2mtpa Heap Leach Stand Alone[5]	2mtpa Heap Leach Stand Alone[6]
NPV $_{5\%}$ after tax	A$M	175	210	120	90
IRR after tax	%	24.9%	42.2%	30.4%	20.5%
LOM revenue (net of refining costs)	US$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

- **Path forward - 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.
  - Project debt due diligence progressed and expected to be completed in 2H 2015.

2 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.

- **Pre-Construction Works**
  - The Company proceeded with pre-construction works including panel fabrication which continued well with the completion of all the latrines and housing panels for the first small village to be relocated from the process plant area. Initial discussions were also held with the department of urbanism on the first site development.
- **Environmental & Social:**
  - Ongoing communication and project development updates continued to be achieved through regular community consultation committee meetings and community focus groups.
  - Preparation of the Environmental, Social Impact Assessment to International Finance Corporation (IFC) standards continued with most of the documents being reviewed by the IFC before final formal submission to the IFC, which is expected to occur in October 2015.

Low Cost Exploration

- **Banfora Gold Project**
  - The majority of the exploration work at Banfora focussed on the results from the grade control and infill mine development drilling program. The Company continues to de-risk the Project with the recent completion of mine development drilling in anticipation of completion of debt funding.
  - Results from the infill drilling (Refer ASX Announcement 6 May 2015)[3] have confirmed the existing geological and resource models, and indicated excellent grade continuity within the numerous shoots that were drill tested. Some of the better intersections from the recent drilling are as follows:
    - **Nogbele Deposit** -17m @ 8.2 g/t gold from 12m, 19m @ 6.3 g/t gold from 7m, 16m @ 6.8 g/t gold from 7m, 8m @ 11.3 g/t gold from 6m, 25m @ 3.4 g/t gold from 1m.
    - **Fourkoura Deposit** -14m @ 64.6 g/t gold from 16m (including 1m @ 843.4 g/t), 18m @ 5.8 g/t gold from 12m, 19m @ 5.5 g/t gold from 3m, 16m @ 4.5 g/t gold from 10m, 12m @ 5.3 g/t gold from 0m.
    - **Stinger Deposit** - 4m @ 45.6 g/t gold from 6m, 9m @ 15.1 g/t gold from 14m, 2m @ 56.4 g/t gold from 2m, 7m @ 15.4 g/t gold from 18m, 14m @ 7.0 g/t gold from 2m.
    - **Samavogo Deposit** -16m @ 3.3 g/t gold from 28m, 4m @ 13.0 g/t gold from 5m, 14m @ 3.7 g/t gold from 23m, 7m @ 5.9 g/t gold from 47m, 14m @ 2.7 g/t gold from 1m.
  - A series of cross sections delineating the new drilling are shown later in this report to demonstrate the excellent continuity of grades at the prospects, and notably highlight a portion of the initial starter pits for mine operation.
- **Regional Burkina Faso: Golden Hill and Gourma Gold Projects - Exploration Pipeline Strategy**
  - Gourma Project
    - New prospects identified and older ones better defined from reconnaissance sampling targeting the +60km mineralized Gourma crustal shear zone, that is 100% held within the Company's 1,300km^2 Gourma Joint Venture in Eastern Burkina Faso.
    - Multiple high tenor gold surface geochemical anomalies identified through BLEG stream, rock chip, soil and shallow auger sampling, includes:
      - auger drilling up to **27.5 g/t gold** from 4 metres depth.
      - rock chips up to **19.7 g/t gold**.
      - Soil geochemical results up to **13.5 g/t gold.**
    - Follow-up low-cost exploration underway to infill these new targets and further define areas ready for drill testing through the collection of 3,438 soil samples during the quarter.
  - Golden Hill Project
    - On-going soil and auger geochemistry with completion of a further 900 auger holes for 3,487m returning assays to **8.6g/t gold**.
    - On-going soil sampling with the collection of 1074 samples which are starting to outline new areas of interest, with peak soil assays to **54.4 g/t** gold, and better define and extend existing prospects.
    - New geological mapping at project and prospect scales making the most of optimal field conditions ahead of the forthcoming wet season.

Corporate

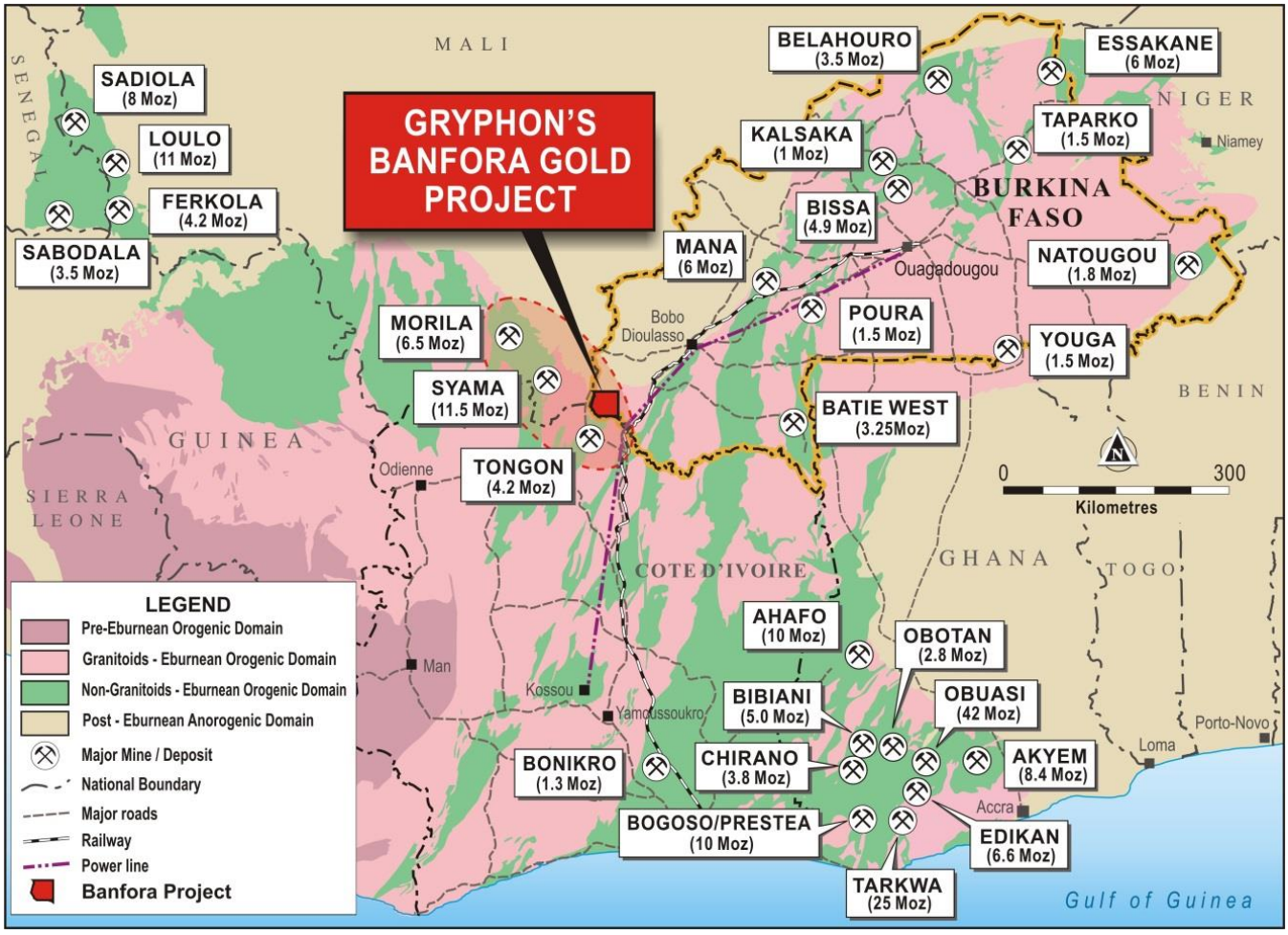
- **Cash and Working Capital**
  - At the end of the quarter Gryphon held approximately $18 million in cash, plus approximately $1 million in listed investments.
  - Gryphon continues its commitment to ongoing cost management processes and as a result the Company has significantly reduced its net expenditure. The Company remains focussed on further reducing administration costs with the focus of funds being deployed to low-cost exploration and pre-construction works.
  - 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.

Overview of Banfora Gold Project | Burkina Faso

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 already host to a number of producing mines and this is anticipated to increase given the prospectivity and strong Government support for the mining industry.

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.

Figure 1: Banfora Gold Project | Burkina Faso



Banfora Gold Project | Operational

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

In early July, Gryphon announced 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 fully permitted 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)[3], and subject to finalising a senior debt facility, 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[2] for the installation of a 1Mtpa CIL circuit.

The 1Mtpa CIL has the flexibility to be added to the 2Mtpa heap leach operation either at the commencement of development (simultaneously) or at a later date potentially 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 under 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 a study has been completed for both scenarios, providing the Company with project development optionality which is considered beneficial under current market conditions.

The Study also focussed on the high cost elements and major contributors to capital, operating and sustaining costs. 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)[6]:

Heap Leach start-up operation: initial 2 years[5]

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. Highlights of the study update include:

- 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 would increase 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)[7] average US$665/oz for the first 2 years of standalone operation.

Facility expansion with inclusion of a 1mtpa CIL Circuit[5]

- 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 129,000 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)[7] average for 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[6], utilising an updated resource estimate inclusive of recent infill and grade control drilling (refer ASX Announcement of 6 May 2015)[3]. 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[2] 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)[3]. 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 1: Optionality enhanced for the Start-up 2Mtpa Heap Leach as a standalone operation for which bank debt due diligence is currently being undertaken[2]

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%
$NPV_{5\%}$ after tax [C]	A$120M	+25%
IRR after tax	30.4%	+33%
Payback	2.8yrs	-32%
Cash Costs/oz (C1) [A]	US$718/oz	-4%
All-in Sustaining Costs (AISC) [B]	US$839/oz	-4%

Notes to Table 1:
[A] C1 cash costs as set out by Mackenzie Wood
[B] All-in sustaining costs (AISC) includes C1 cash costs, royalties, refining and sustaining capital costs
[C] 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[6].

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.

- 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, reagents services, ADR plant, gold room 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 2: 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 Côte d'Ivoire this could warrant a revisit of the grind size. Study work has also shown that approximately 20% of the gold could 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).[3] The 0.5g/t lower cut has been used for the Study work.

Table 3: 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
0.5	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 2: Nogbele North Deposit Pit Design

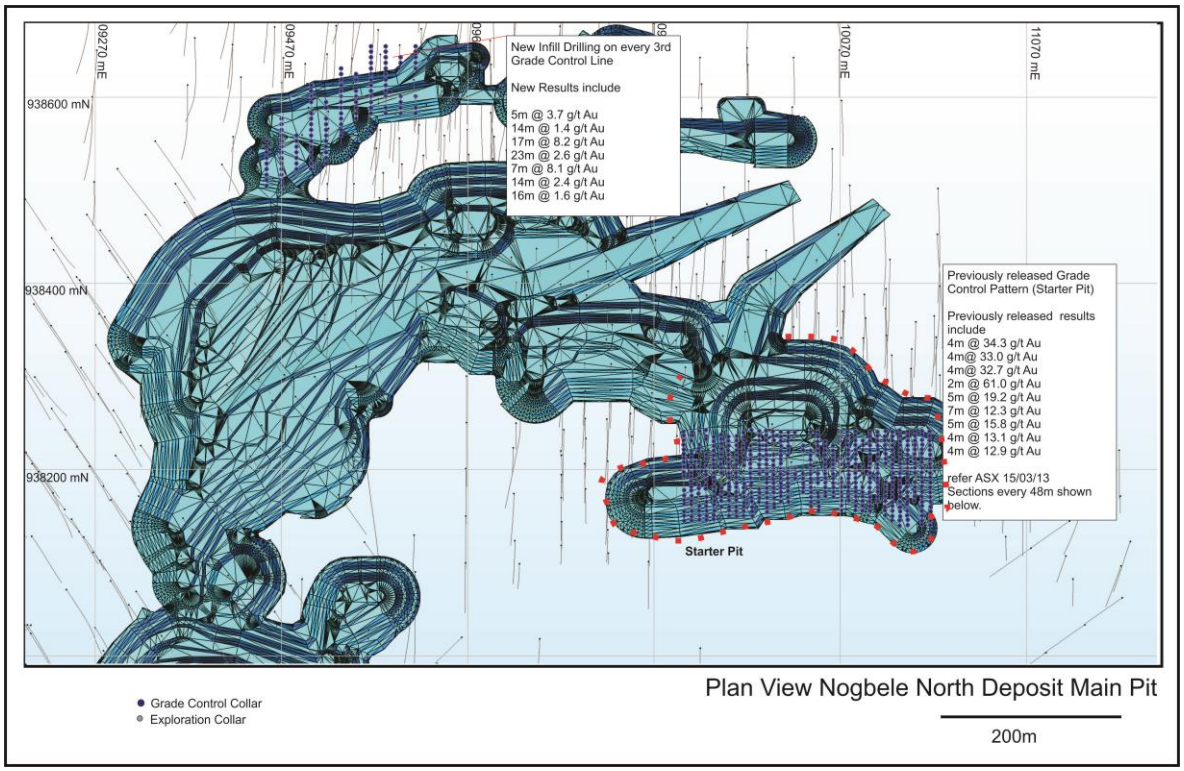
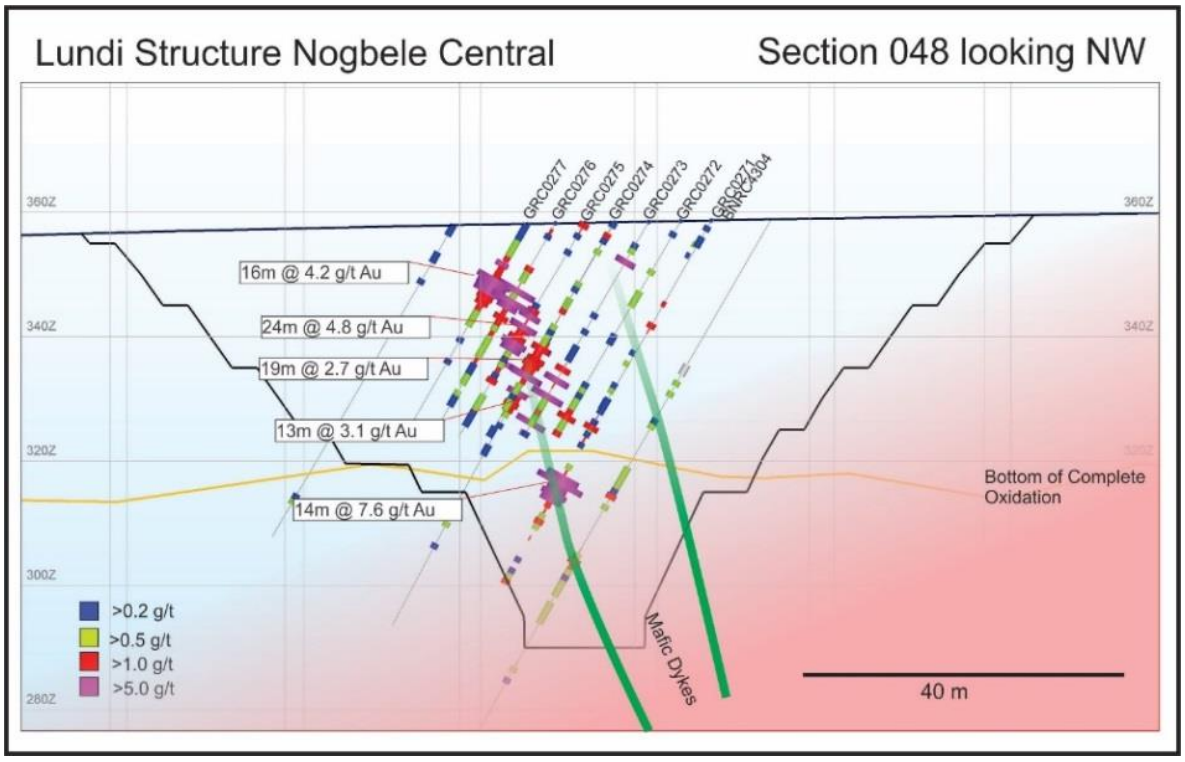
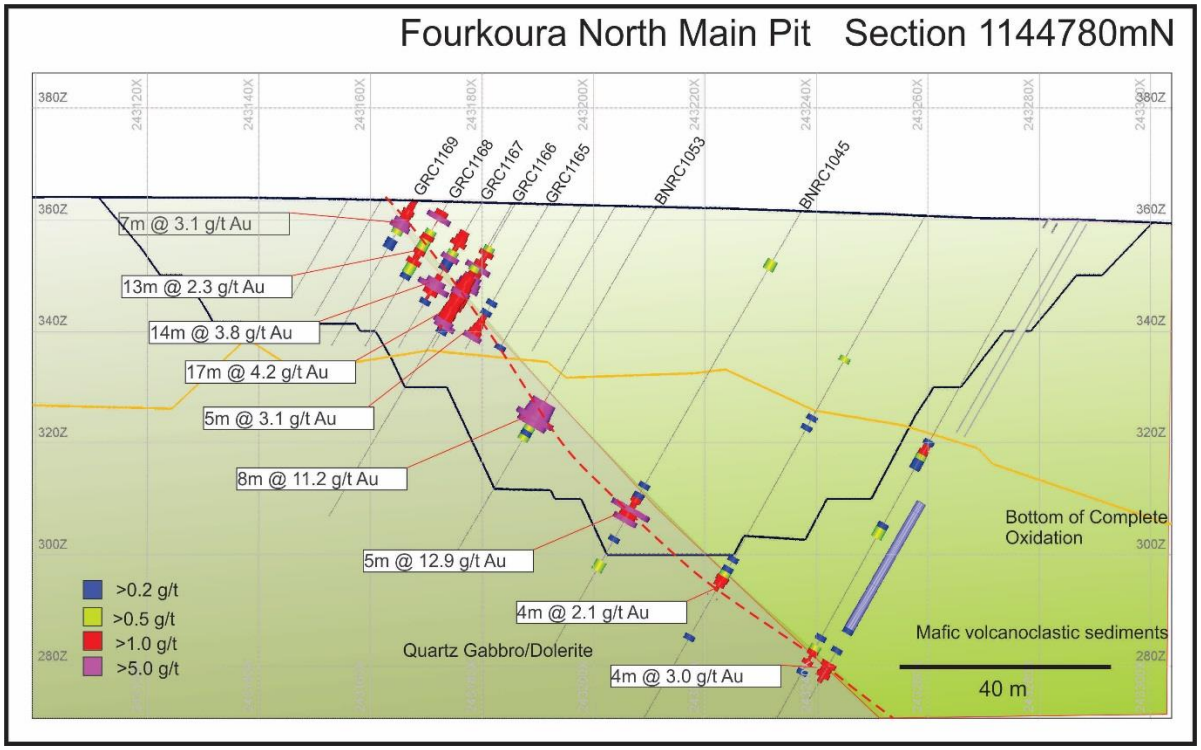
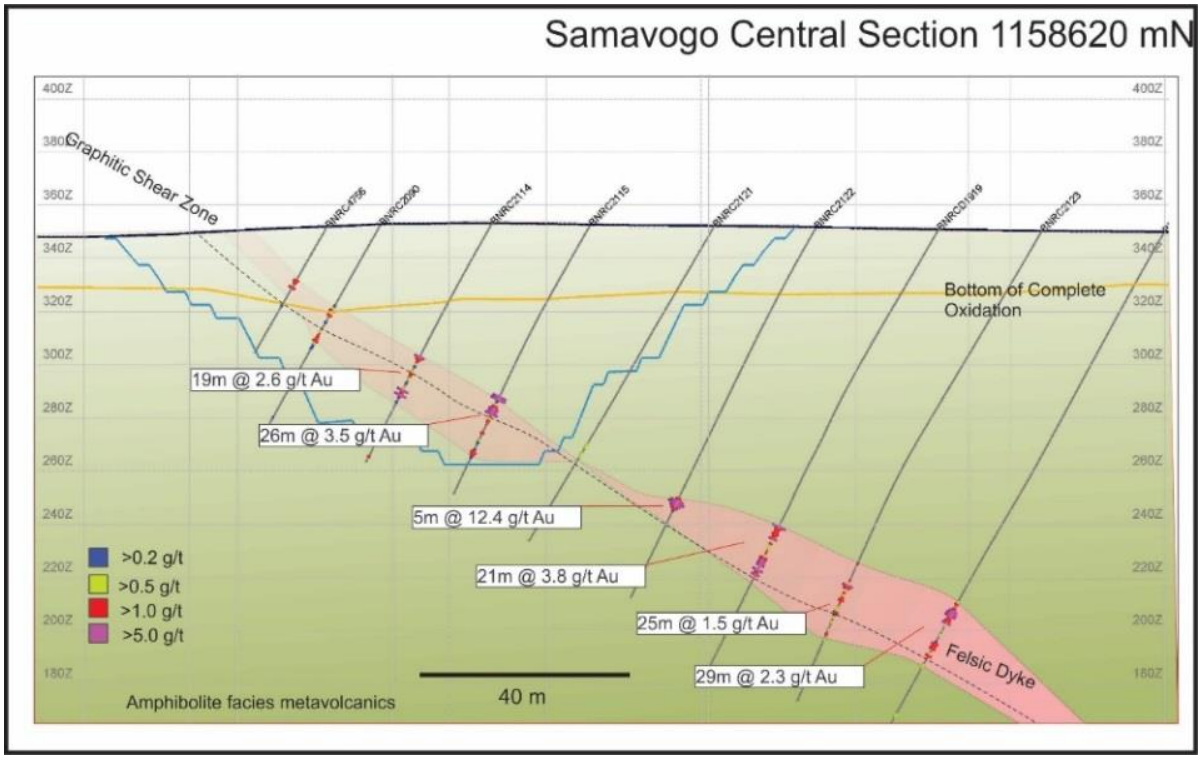


Figure 3: Selection of cross sections showing excellent continuity and high grade mineralization from initial starter pit designs at the Nogbele, Fourkoura & Samavogo gold deposits




Fourkoura North Main Pit Section 1144780mN
GRC1169
GRC1168
GRC1167
GRC1166
GRC1165
BNRC1053
BNRC1045
7m @ 3.1 g/t Au
13m @ 2.3 g/t Au
14m @ 3.8 g/t Au
17m @ 4.2 g/t Au
5m @ 3.1 g/t Au
8m @ 11.2 g/t Au
5m @ 12.9 g/t Au
4m @ 2.1 g/t Au
4m @ 3.0 g/t Au
Bottom of Complete Oxidation
Mafic volcanoclastic sediments
Quartz Gabbro/Dolerite
>0.2 g/t
>0.5 g/t
>1.0 g/t
>5.0 g/t
40 m


Samavogo Central Section 1158620 mN
Graphitic Shear Zone
19m @ 2.6 g/t Au
26m @ 3.5 g/t Au
5m @ 12.4 g/t Au
21m @ 3.8 g/t Au
25m @ 1.5 g/t Au
29m @ 2.3 g/t Au
Bottom of Complete Oxidation
Felsic Dyke
Amphibolite facies metavolcanics
>0.2 g/t
>0.5 g/t
>1.0 g/t
>5.0 g/t
40 m

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 4 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 4: 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
Total Initial Capital	**84.5**
CIL Plant Capital*	**45.4**

* The CIL processing plant can be built up initially with the Heap Leach operation or at a later date potentially 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[6].

Upside potential with simultaneous development of Heap Leach & CIL plants:[5]

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 via 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 5: Expanded Economics for 2mtpa heap leach & 1mtpa CIL developed simultaneously [2]

2Mtpa HL + 1Mtpa CIL		US$1,250	US$1,450[C]
Ore processed	Mt	23.1	30.5
Waste mined	Mt	81.8	118.1
Grade heap leach	g/t	0.92	0.81
Grade CIL	g/t	2.54	2.34
Grade CIL first 3 years	g/t	2.80	2.80
In-Pit Resources / Reserves	Moz	1.1	1.3
Avg gold produced	oz/year	133,000	118,000
Strip ratio	W:O	3.5:1	3.9:1
Initial capital cost	US$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	371
$NPV_{5\%}$ after tax [D]	A$M	210	320
IRR after tax	%	42%	50%
Cash costs/oz (C1) [A]	US$/oz	707	786
All-in Sustaining Costs (AISC) [B]	US$/oz	800	899

Notes to Table 5:
[A] C1 cash costs as set out by Mackenzie Wood
[B] All-in sustaining costs (AISC) includes C1 cash costs, royalties, refining and sustaining capital costs
[C] Pit-designs @ US$1,450oz and sale of gold price at US$1,450oz
[D] Exchange rate for US$: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.
- Project debt due diligence progressed and expected to be completed in 2H 2015

Over the coming months, the Company intends to complete the bank due diligence process in an effort to secure debt funding in second half of 2015. This will underpin the funding solution for development of the start-up 2Mtpa heap leach facility. The Company will also complete its formal submission for a stability agreement (mining convention) with the Burkina Faso government, with timing of final sign-off from the government likely during the next quarter or early the following quarter.

Pre-Construction Works

The Company proceeded with low-cost pre-construction works. Panel fabrication progressed with the completion of all latrines and housing panels for the first small village to be relocated, which sits within the area earmarked for the heap leach processing facility. Initial discussions were conducted with the department of urbanism on agreeing the location for the first site development.

Resettlement
Various panels for the early stage resettlement houses continue to be fabricated by the Company's locally trained staff. The production of toilet, kitchen and bathroom panels has been completed for the first more minor stage of the resettlement process, the area where the proposed processing facilities are expected to be built.

The company also visited various new cement suppliers. In discussion with these suppliers they indicated a price reduction in cement due to the lower demand in the market this year. The Company maintains contact with these suppliers in support of being able to negotiate favourable supply rates for the construction and operation phase of the project.

Picture 1: Banfora Gold Project | Locally Fabricated Panels for Resettlement Houses

Environmental & Social Responsibility (ESR)

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

The 14th CCC meeting was held in May and featured the signing and agreement of the resettlement site locations for Stinger and Samavogo, with the only resettlement site location pending being in the Fourkoura region. The Company anticipates that agreement will be reached at the CCC meeting at the end of the next quarter. Once agreement has been reached on all resettlement site locations, the resettlement action plan can be updated, finalised and included into the overall ESIA document (to IFC Performance Standards).

The Company had a blanket drive for new born children. This drive was part of the Burkina Faso Government's immunisation program. The blankets were well received by the community and the doctors were pleased with the Company's participation which helped increase awareness of the program, and in turn resulted in a near 20% in physical immunisations.

The Company continued supporting the MISADO program, a sensitisation program organised by the High Commissioner of the Léraba province with the objective of clearing illegal small-scale mining activities from the sites in the region. This initiative has realised a drop in numbers of illegal small-scale miners after the first phase of the MISADO program, and the Company continues its support.

The onset of the wet season has given the Company opportunity to complete the water modelling for the Banfora Gold Project. Below is some pictures showing rivers and streams during the dry and wet season.

Picture 2: Banfora Gold Project | Water monitoring points, highlighting the contrast between dry and wet seasons

Environmental and Social Impact Assessment (ESIA)
Update of the ESIA continued as planned with the Company submitting all of the Social Management Plans to the International Finance Corporation (IFC) for review. The next phase will incorporate the Health and Environmental sections into the ESIA.

The updated Community Development Program has also been completed and submitted to the IFC for review. The Company is planning to have the overall IFC compliant ESIA completed in the next quarter with submission to the IFC for final review and endorsement.

Banfora Gold Project | Low Cost Exploration

Exceptional Shallow High Grade Gold Mineralisation Confirmed from Pre-Mine Grade Control Drilling

The majority of the exploration work for the quarter at Banfora focussed on the results from the grade control and infill drilling program. The Company continues to de-risk the Project with the recent completion of mine development drilling in anticipation of completion of debt funding.

Recent Reverse Circulation (RC) drilling has been designed to target shallow oxide material within the existing pits on a mining grade control pattern. Drilling has been completed to a maximum downhole depth of 30m targeting oxide material only. The drilling was designed to achieve:

- Confirmation of the near surface grade continuity and the geological model.
- Reconciliation with the existing resource model and expected outcomes when mining.
- De-risking of early mining areas and mining schedule through increased sample support.
- Assistance in the delineation of short range grade structure to support the estimation of Resources.

All drilling that has been completed forms part of the operating cost for mining in the Feasibility Study.

An 8m x 6m drill pattern for the grade control was conducted at the Banfora Gold Project to achieve the planned selectivity of 5m x 5m x 2.5m SMU (standard mining unit). Drilling at the Nogbele and Fourkoura deposits were completed on the mine grade control grid. A total of 1,770 grade control holes for 50,880 metres have now been completed at the Nogbele, Fourkoura and Stinger Deposits including 543 previously released holes completed at Nogbele North East (Refer ASX Announcement on 15 May 2013)[3].

At the Samavogo deposit, only limited drilling was conducted, infilling the pits to a 40m x 20m exploration grid. The Samavogo deposit is mined at a later phase in the mine schedule than the other deposits and grade control drilling will be finalised at Samavogo as part of the mining operation in the future. A total of 93 shallow holes for 3,760m were completed at the Samavogo Deposit.

Results from the infill drilling have confirmed the existing geological and resource models and indicated excellent grade continuity within the numerous shoots that were drill tested. Some of the better intersections from the recent drilling are summarised below (refer ASX Announcement on 6 May 2015[3]).

Drill results include:

Nogbele Deposit	***17m @ 8.2 g/t*** *Au from 12m*
	19m @ 6.3 g/t *Au from 7m*
	16m @ 6.8 g/t *Au from 7m*
	8m @ 11.3 g/t *Au from 6 m*
	25m @ 3.4 g/t *Au from 1m*
Fourkoura Deposit	***14m @ 64.6 g/t*** *Au from 16m (including* ***1m @ 843.4 g/t)***
	18m @ 5.8 g/t *Au from 12m*
	19m @ 5.5 g/t *Au from 3m*
	16m @ 4.5 g/t *Au from 10m*
	12m @ 5.3 g/t *Au from 0m*
Stinger Deposit	***4m @ 45.6 g/t*** *Au from 6m*
	9m @ 15.1 g/t *Au from 14m*
	2m @ 56.4 g/t *Au from 2m*
	7m @ 15.4 g/t *Au from 18m*
	14m @ 7.0 g/t *Au from 2m*
Samavogo Deposit	***16m @ 3.3 g/t*** *Au from 28m*
	4m @ 13.0 g/t *Au from 5m*
	14m @ 3.7 g/t *Au from 23m*
	7m @ 5.9 g/t *Au from 47m*
	14m @ 2.7 g/t *Au from 1m*

Also completed at the time of drilling was pre-development sterilisation drilling over the location of the proposed aggregate quarry oxide pre-strip (~10m) at the Fourkoura Prospect in preparation for project commencement.

Burkina Faso Exploration Pipeline | Houndé Belt & Regional Projects

Golden Hill and Gourma Joint Venture (Earning up to 80%)

In March 2014, Gryphon and Boss Resources (ASX: BOE) signed a binding heads of agreement to establish a joint venture over the Golden Hill and Gourma 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. The Company has completed a review of past work, acquired high resolution remote sensing datasets, completed relatively high density (>1 sample per ~6 km²) drainage sampling, supplemented by laterite sampling, where appropriate, across all joint venture projects. This strategy is allowing the company to fast track targeting across the exploration licences. Some highly anomalous multi-point drainage anomalies have been identified on both projects and these are progressively being followed up by soil and first pass auger drilling seeking the mineralised bedrock source. By the end of the quarter the company had collected over 16,000 soil samples and drilled nearly 1000 auger holes for ~5,500m since commencing work on the JV. This exploration strategy is designed to 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.

Figure 4: Gryphon Minerals Project Location Map

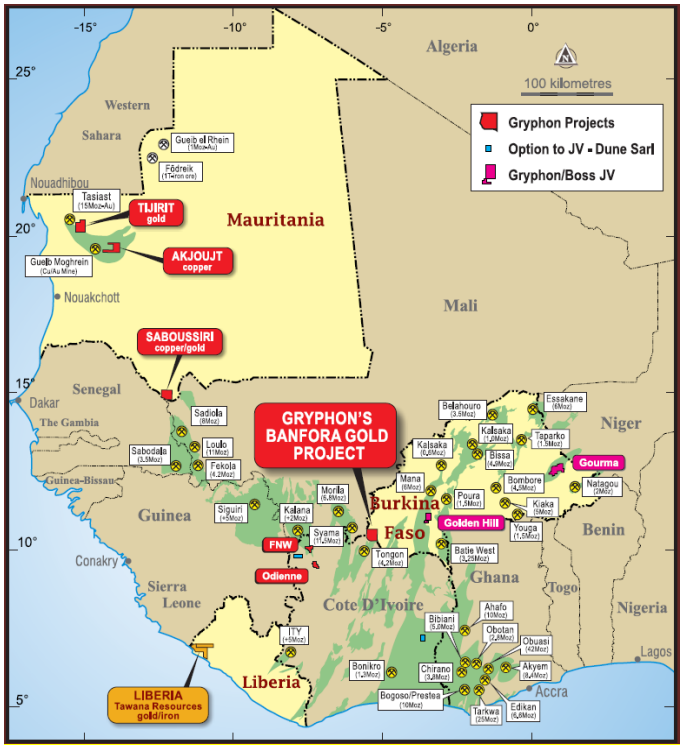
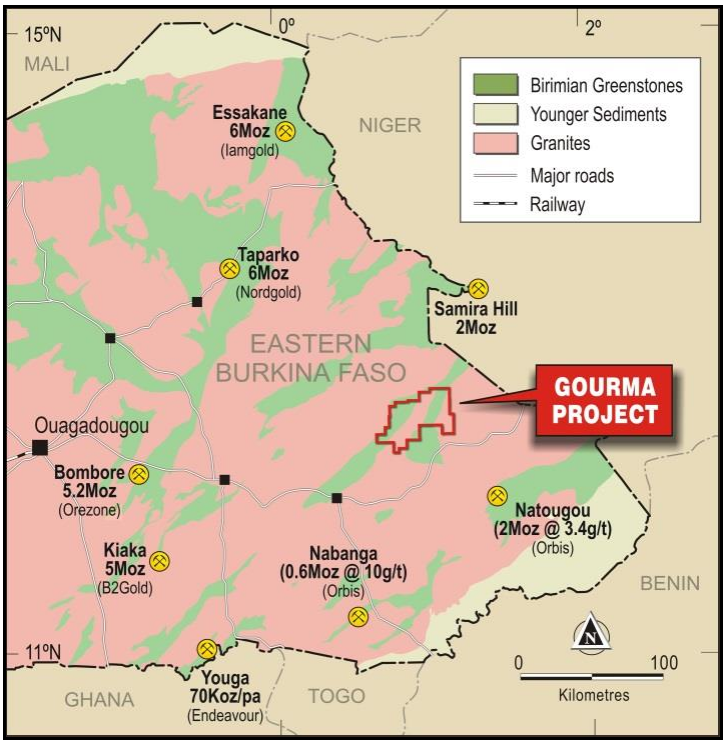


Figure 5: Gourma Project Location Map



Gourma Gold Project

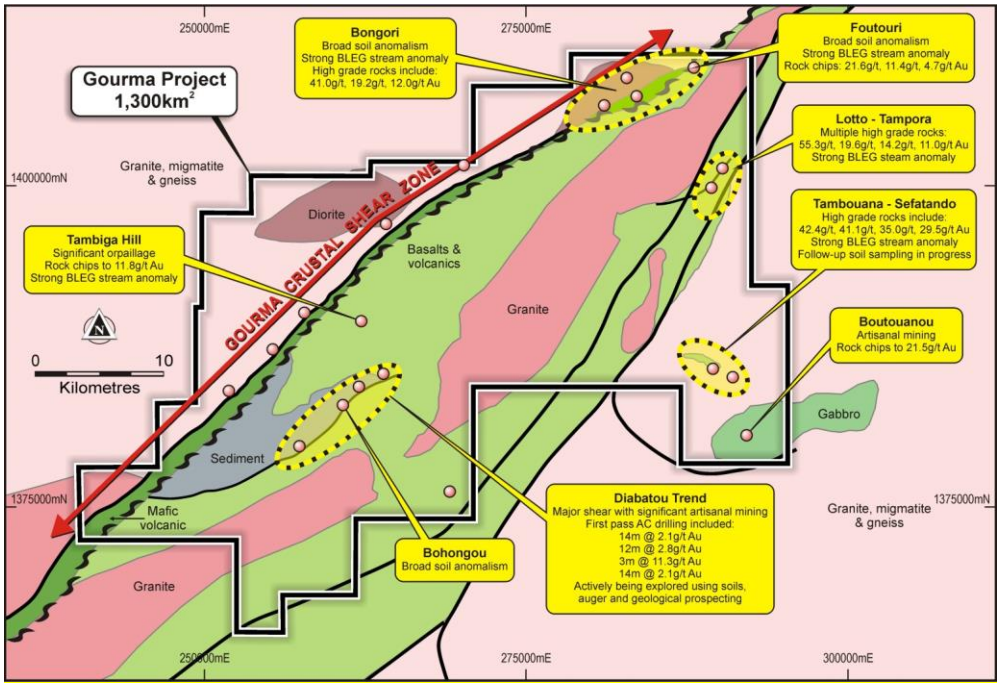
The Gourma Project is located within the Fada N'Gourma Greenstone Belt, 250km east of Ouagadougou and only 80 km south-southwest of Niger's largest gold deposit, the 50,000 ounce per annum Samira Hill gold mine (1.9 million ounce project). The Project consists of six contiguous permits (Diabatou, Tyara, Foutouri Boutouanou, Tyabo and Kankandi) that cover a total area of approximately 1,300 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.

Boss Resources were the first modern explorers on the property. Between 2010 and 2013 they completed a detailed aeromagnetic survey and extensive, mostly broad spaced reconnaissance style geochemical work involving several methods including soil, auger and rock chip sampling.

Work by Gryphon to date includes a regolith terrain and aeromagnetic interpretation, detailed BLEG stream sampling and selective lateritic lag sampling in areas where drainage geochemistry is an unreliable geochemical prospecting method, as well as 8525 soil samples plus preliminary **shallow auger drilling** which has returned a peak result of **27.5 g/t Au in saprolite** (Refer ASX Announcement 17 February 2015)[3].

Multi-element drainage and laterite sample assays have been received from the four original joint venture permits and the newly acquired Tyabo and Kankandi Tenements (Refer ASX announcement on 28 January 2015)[3]. The BLEG stream and lag results confirm the Gourma shear zone (GSZ) to be associated with some highly anomalous gold-in-drainage results. The stream analysis results also identified areas with very low background commodity and pathfinder element concentrations which are therefore areas where no more work is necessary making the task of reducing tenure, when necessary, something which can be achieved with confidence.

Figure 6: Gourma Project Geology and Prospects Overview



Observations and samples obtained during these field visits are assisting with geological understanding, including recognition and understanding of the mineralisation styles and associated pathfinder elements, as well as the potential controls to mineralisation. This work will continue throughout the September quarter and will complement the exploration being undertaken. The small efficient exploration team are rapidly working towards generating high quality drill targets across the large land package.

Gourma Shear Zone

With the addition of the Tyabo and Kankandi Permits the Gourma Project now includes approximately 60km of a gold bearing crustal shear which has received very little modern exploration. Along the shear there are numerous artisanal workings. Geochemical sampling by Boss utilised both soil and auger geochemistry, identifying a number of prospects which received various levels of follow-up but no substantial drilling. The Bongori South prospect returned historic rock chips to 41.0g/t, 19.2 g/t and 12.0g/t gold. 12km to the east the Foutori Prospect returned peak rock chip results of 21.6 g/t, 11.4 g/t and 4.7 g/t gold.

BLEG stream sediment sampling results from the recently acquired Tyabo and Kankandi permits were received during the quarter. The QA/QC data was verified and found to be extremely precise. The drainage results are encouraging with robust and strongly anomalous areas identified within the Kankandi permit at the Wourouwou and Djinta prospects on the Gourma Shear Zone.

Soil sampling was conducted over Djinta, Wourawou, Bongi, Fouanbori, Lotta, Sefatendo, Gariaga and Tambiga prospects. 3438 samples were submitted to the lab and a further 2080 read by pXRF seeking indications of potential pathfinder elements, lithological discriminators or alternative commodity elements returning peak results to 13.5 g/t Au (refer Appendix 2) from the Sefatendo-Tambouanou (S-T) Prospect.

Follow-up soil sampling programs have commenced on the new drainage anomalies, as well as second pass sampling on previously sampled anomalous zones.

Gariaga-Diabatou Trend – Multiple Targets

The Gariaga-Diabatou mineralised trend extends southwest onto the recently acquired Tyabo permit. There are numerous bedrock and eluvial gold workings along the trend, extending over a strike length exceeding 10km. Mineralisation on the trend is interpreted to be on the eastern flank of an antiform which represents a bounding shear zone. Quartz tourmaline veins are more common close to the interpreted contact.

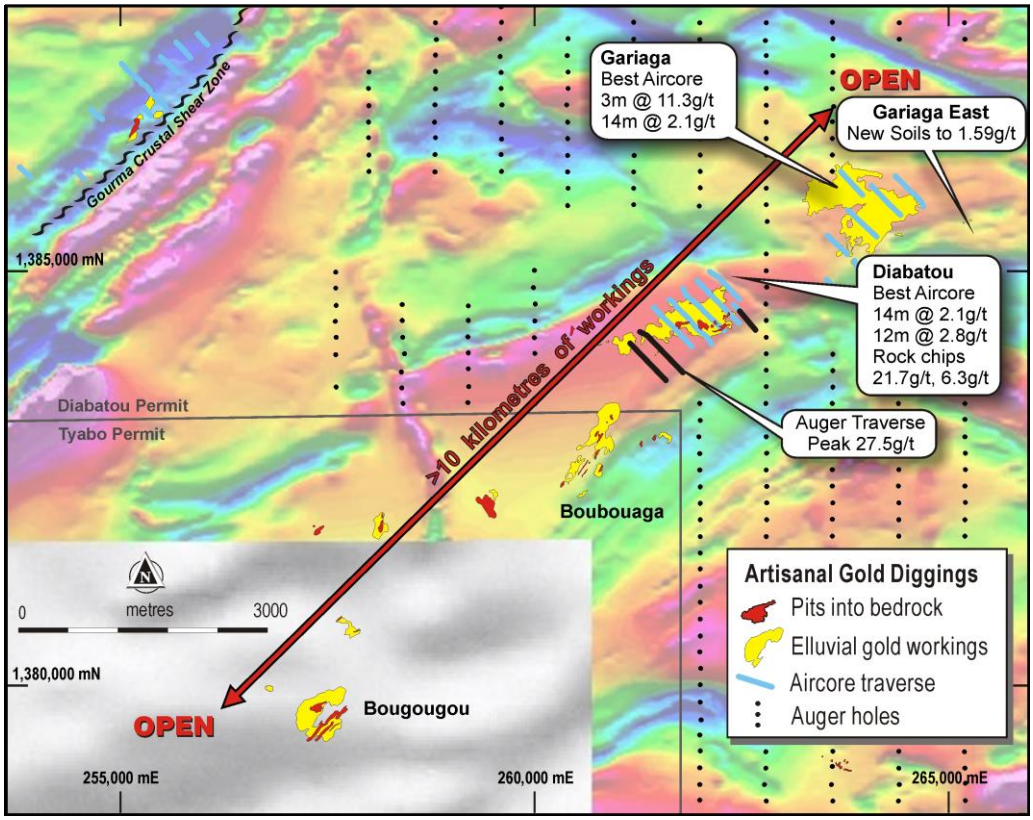
First pass drilling by Boss in 2012 returned best aircore results of **3m @ 11.3g/t gold** and **14m @ 2.1g/t gold** from Gariaga, and **14m @ 2.1g/t gold** and **12m @ 2.8 g/t gold** from the Diabatou Prospects. The aircore drilling at Diabatou remained in saprolite to an end of hole depth of 80m (Refer to ASX:BOE Announcements on 4 December 2012 and 30 January 2013).

Gariaga is hosted in mafic schist and extends to the southwest beyond a contact with metasediments. Common to both prospects is mineralisation associated with quartz tourmaline veins. The metasediments comprise foliated volcanic sandstone and phyllite, carbonaceous shale and deeply weathered feldspathic semi-schist with lesser amounts of feldspar porphyroblastic schist. There is a quartz rich sandstone (quartz arenite) containing conglomeratic bands in the south west portion of the trend. Mineralisation in all three trends consists of grey, glassy to smokey quartz veins and disseminated mineralisation associated with shearing and silicified zones. This style of mineralisation represents a highly prospective target for hosting broad zones of mineralisation. The disseminated and silicified zones are strongly associated with sericite and pyrite alteration with some malachite and chalcopyrite observed along the trend.

Phased soil sampling has continued at the S-T prospect on the eastern Boutouanou permit and the Gariaga prospect on the Diabatou permit, returning a peak soil of 13.5 g/t Au. The S-T prospect occurs within a northwest trending corridor of intrusive units where rock chipping from orpaillage (artisanal workings) has returned historical results up to 42g/t gold. A modest soil anomaly is being outlined extending for around 4km which will allow auger testing once areas across the Gourma project are able to be objectively prioritised.

At Gariaga prospect, soil sampling has continued with a single spur line to the east, following up on anomalous lag samples collected by Gryphon in 2014, returning 1.59g/t Au.

Figure 7: Gariaga – Diabatou Trend



Foutouri, Lotto, Tambouana, Boutounou – Eastern Target Areas

A number of prospects with high grade surface mineralisation had previously been identified by Boss Resources in the east and southeast of the project. In the far southeast of the tenement package the Sefatendano and Tambouana Prospects are present in northwest striking structures within sheared and altered granite and in gabbro respectively. The high grade veins in the gabbro were sampled by Boss returning peak results of 42.4 g/t, 35.6 g/t and 12.2g/t gold. The prospects are associated with strong gold-in-drainage responses. A soil geochemical program has been completed covering the strike extent and probable source of the multiple drainage anomalies; results pending.

Also of significance are the Lotto-Tampora Prospects where Boss returned best rock chips of 55.3 g/t, 19.7 g/t and 14.2 g/t gold from laminated quartz veins. Sampling by Gryphon at Lotto has returned a best rock chip result of **19.7 g/t gold** (Refer to ASX Announcement on 17 February 2015)[3]. The soils responses to date have been weak, but the drainage geochemistry supports a decision to undertake further work in the area.

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 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 8). 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.

Figure 8: Golden Hill Project Location

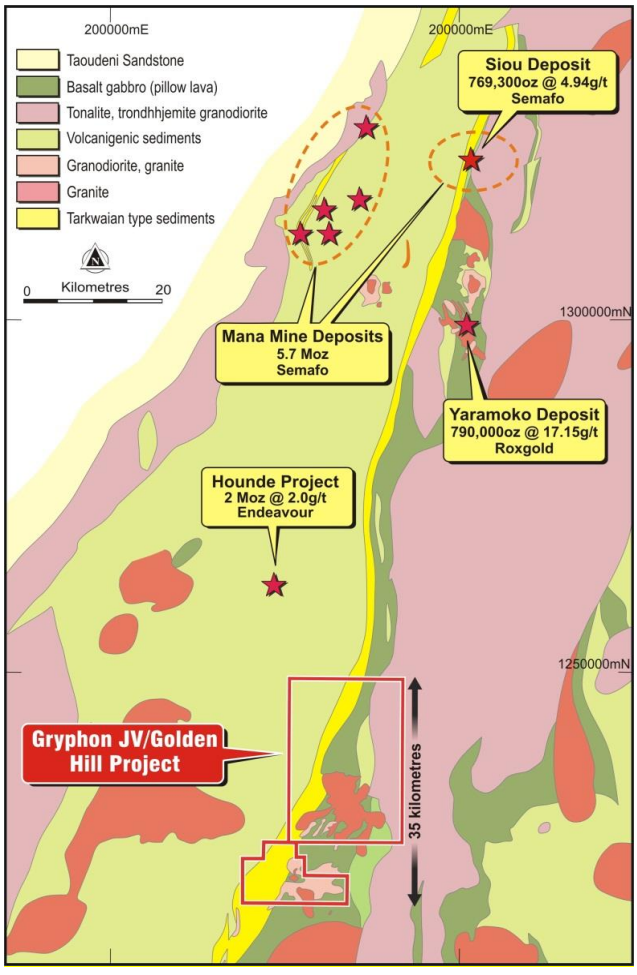
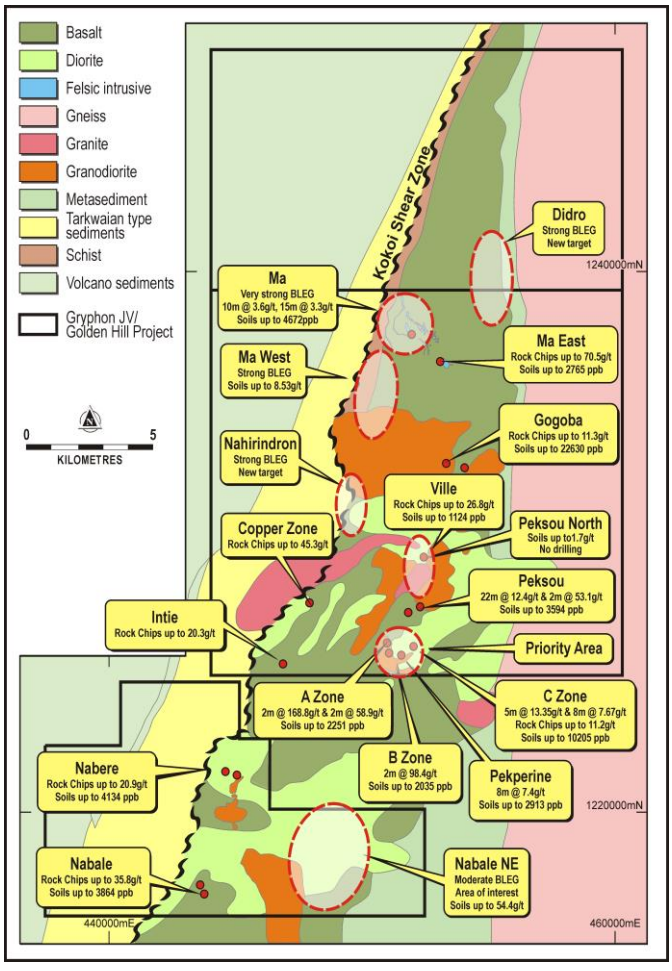


Figure 9: Golden Hill Project (refer to ASX Announcement 2 December 2014)



Exploration work by the Company this quarter comprised of soil sampling (1,074 samples), geological mapping and auger drilling. Auger drilling (total of 896 holes for 3,487m) focused primarily at the Ma, Peksou, Nahirindon North, C-Zone, Nahirindon South and Intiedougou prospects.

At the Ma prospect, where the strongest evidence of significant mineralisation has been detected by Gryphon to date, around half the auger drilling results (a total of 612 holes for 1,644m) have been received. These included a peak of **8.48 g/t** (Refer Appendix 2) gold from saprolite from the extension of a northwest trending orpaillage which has returned multiple high grade rock chips up to 10 g/t gold (Refer Appendix 2). Other auger results are pending. The auger results have identified a continuation of the mineralised trend at Ma East in saprolite towards Ma, extending the trend more than 400m to the northeast.

At Intiedougou, auger drilling has confirmed the potential to extend the strike of C-Zone and identified and defined a new mineralised trend south of C-Zone, which has not been drill tested to date.

Detailed prospect mapping was undertaken in the Ma region with a particular focus on the undrilled Ma North zone which consists of around 1km of semi-continuous pits into mafic schist. At least three generations of fabric are present with a) moderate to steep west dipping foliation and quartz veins, b) moderate south to southwest dipping foliation and c) flat to gentle south dipping foliation. Orpailleur are exploiting multiple narrow foliation parallel shears particularly along shallow plunging intersections.

The Ma North zone is one of three west-northwest striking structures (moderate to steep west dipping) which intersect a structure here termed Ma West. The Breccia zone is a narrow zone of intense hydrothermal breccia with abundant sulphide while the Big Dyke zone is an orpaillage trend focused along the sheared margin of a large granitic dyke. Grab samples from an adjacent pit where the Ma West structure is well exposed returned rock chips up to 6 g/t gold (Refer Appendix 2). Preliminary assessment of historical drilling by Orezone indicates that the short holes drilled into Ma West were generally drilled to the west (sub-optimally).

Soil sampling on the Mogue Property returned an exceptionally high result of **54.4 g/t gold** (Refer Appendix 2) from a single line of sampling upstream of an anomalous BLEG stream within the Nabele NE Prospect. The significance of the result is still to be determined, but at this stage it is of lower priority than other targets on the property.

Regional Exploration| Other Projects, West Africa

Mauritania: New Copper and Gold Targets

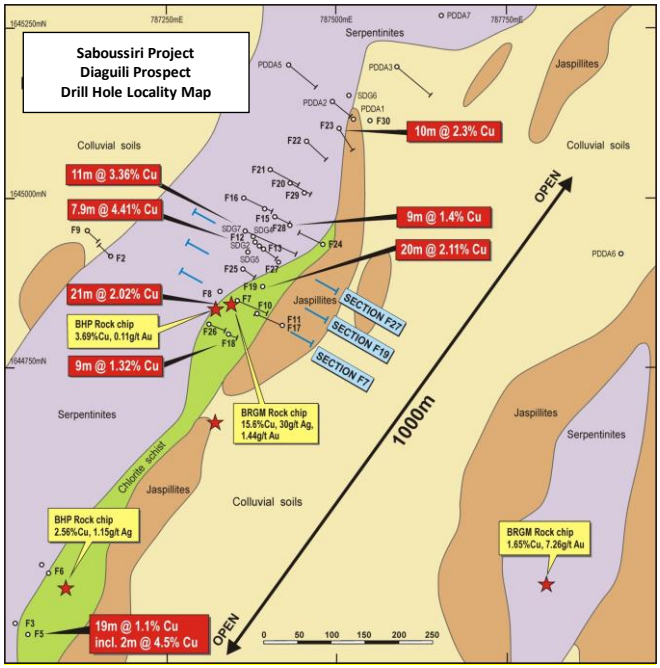
Low cost activity continues on the copper-gold targets in Mauritania involving field mapping and geochemical prospecting using a portable pXRF to take chemical readings of near surface soil and rock samples to help locate and define new prospects and drill targets.

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

At the Diaguili copper and gold prospect, mineralization is related to the northeast 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 +pyrrothite +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.

Figure 10: Diaguili Prospect drill hole locations targeting outcropping copper mineralisation



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

Work continues to focus around the Tabrenkout and Camel Prospects where samples collected in the past 18 months have 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] and **60.5 g/t gold** and **8.67 % Cu with 8.36 g/t gold and 2.43 g/t silver** from outcropping iron carbonate (Refer ASX Announcement dated 30 April 2015)[3]. 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.

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 northwest Mauritania and covers approximately 1,400 square kilometres of contiguous exploration licenses.

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

Gryphon has completed high precision drainage geochemistry across these tenements that extend over 800km² concluding that they are extremely unlikely to host an economic near surface deposit. The company is in the process of relinquishing these tenements.

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

The Company has withdrawn from the joint venture after completing high precision drainage geochemistry over the 800km² of tenure plus follow-up multi-element soil geochemistry across the most interesting portion of the landholding.

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 2014, 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%.

On 8 July 2015, Tawana announced the discovery of Direct Shipping Ore on their newly acquired tenement MEL1223/14 which presents the Company with a potential strategic opportunity to mine and supply high-grade feed to an early start-up, low capital intensity project at a significantly reduced OPEX and CAPEX cost, due to very simple crushing and screening requirements only (i.e. no beneficiation).

On 18 May, a Memorandum of Understanding (MoU) was executed between Tawana and WISCO-CAD (WISCO) for the use of the Freeport iron ore facility in Monrovia. WISCO is the owner-operator of the iron ore port facility and is currently exporting iron ore. A draft Cooperation Agreement has been forwarded to WISCO for review and negotiation. The MoU provides the platform for negotiating a commercially viable end-to-end logistics solution for the Mofe Creek project during its early stages of development and ramp-up.

Corporate

Cash and Working Capital

At the end of the quarter, Gryphon held approximately $18 million in cash, plus approximately $1 million in listed investments. The majority of the costs for the quarter were as follows:

- Exploration and pre-construction costs of $2.4 million which mainly comprised of optimisation and scoping studies studies on the 2Mtpa heap leach plus 1Mtpa CIL project at Banfora, environmental and social responsibility studies, Banfora resettlement planning and panel fabrication costs, Houndé belt exploration, Nianka camp running costs, Banfora artisanal miner management costs, salaries and wages.
- Administration costs of $0.6 million which mainly comprises salaries and wages, rent, travel and insurance payments.
- Offset by a research and development refund of $1.0m and interest received of $0.2m.

Gryphon continues its commitment to ongoing cost management processes and as a result has significantly reduced its net expenditure. The Company remains focussed on further reducing administration costs with the focus of funds being deployed to low-cost exploration and pre-construction costs.

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.

For further information in relation to the group's activities please visit our website www.gryphonminerals.com.au.

Notes

[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] Refer to ASX Announcement dated 6 July 2015. 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.

Gryphon Minerals is not aware of any new information or data that materially effects the information included in the said announcement.

[3] For full details of exploration results refer to ASX announcement. Gryphon Minerals is not aware of any new information or data that materially affects the information included in the said announcement.

4 Availability of the Project Loan Facilities is subject to due diligence, credit approval, entering into documentation and satisfaction of conditions precedent. Refer to announcement on 4 June 2014.

5 Refer to ASX announcement dated 6 July 2015. 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.

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 C1 cash costs as set out by Mackenzie Wood.

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 Akjoujt project, Mauritania, 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.

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.

Appendix 1 | Gryphon Minerals Tenements

Mining Tenements held

Project	Tenement	Location
Banfora	Wahignon	Burkina Faso
	Nogbele	Burkina Faso
	Nianka	Burkina Faso
	Dierisso	Burkina Faso
	Nianka Nord	Burkina Faso
	Zeguedougou	Burkina Faso
	Nogbele Sud	Burkina Faso
Gourma Project	Boutouanou	Burkina Faso
	Diabatou	Burkina Faso
	Tyara	Burkina Faso
	Foutouri	Burkina Faso
	Tyabo	Burkina Faso
	Kankandi	Burkina Faso
Golden Hill Project	Baniri	Burkina Faso
	Intiedougou	Burkina Faso
	Mougue	Burkina Faso
Saboussiri	EL236	Mauritania
	EL879	Mauritania
	EL1074	Mauritania
Tijirit	EL447	Mauritania
	EL1117	Mauritania
Akjoujt	EL448	Mauritania
North-West Côte d'Ivoire	Odienne	Côte d'Ivoire
	Samaminkan (FNW)	Côte d'Ivoire

Mining Tenements disposed

Nil

Beneficial percentage interests held in farm-in or farm-out agreements

Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed

Acquired
Nil

Disposed
Withdraw from the option to Joint Venture Samatiguila and Agnibilikrou Permits in Côte d'Ivoire.

Appendix 2 | Tables for JORC 2012

Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Rock samples are grab samples collected by hand by a geologist. • Soil samples were collected by digging a shallow hole to 30cm depth by hand and taking a slice taken down the face of the hole to collect material from depths of 5 to approximately 30cm depth. The samples were sieved to <2mm with approximately 600grams sent to the laboratory for analysis by CN leach. • Auger samples were collected using a 3.5 inch diameter auger flute with blade bit. Two horizons were targeted for sampling: base of laterite and recognisable saprolite. Sampling involved spearing approximately 1kg of sample from 1m intervals of the targeted regolith horizons. The samples were then sent to the lab, dried, pulverised to generate a 50g charge for fire assay.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Auger samples were collected using a 3.5 inch diameter auger flute with blade bit using a Landcruiser mounted auger rig.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Auger sampling is inherently imprecise and runs the risk of smearing and contamination from within the hole, but it does allow geochemical sampling from deeper in the regolith profile. Material can be lost off the auger flutes, which has the potential to upgrade or downgrade the assays where mineralised material is encountered. Efforts were made to obtain a quality sample through careful rotation of the rods and methodical clearance around the top of the hole, aiding sample recovery. The assays are a guide to the presence or absence of mineralisation in the vicinity of the hole, little more.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* •	• All sample materials, auger, rock and soil samples were geologically logged on site prior to submission to the laboratory. • Logging is qualitative • All samples logged • The entire length of the auger holes was logged.

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No core holes reported here • Auger samples were dry or moist and sampled using a plastic 'spear' • Soils were collected with tight regolith terrain control, limiting sampling to appropriate parts of the terrain and materials. Sieving to <2mm removed the biota and larger rock and regolith fragments which could bias or dilute the assays. • Rock samples were limited to in-situ bedrock; no float samples • Auger sampling targeted in-situ bedrock to gain lithic-specific samples as well as overlying residual laterite with the potential to detect mineralisation between the holes as a result of hydrodynamic geochemical dispersion associated with lateritic weathering processes. • 1 kgs of rock chips and auger samples undergo fine crushing with 70% <2mm followed by riffle split, then 1000g crushed so that 85% are <75 microns. • No field duplicates collected for rock chip. • Field duplicates collected for soil and auger samples at a rate of 2%, with a further 2% blanks and 2% reference standards inserted.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Gold analysis involved 50g sample undergoing fire assay with gravity finish. • Not applicable • Reference materials, blanks and duplicates are regularly inserted into the sample preparation and analysis process with approximately 6% of all samples being related to quality control. • Data is reviewed before being accepted into the database. Any batches failing QAQC analysis resubmitted for check assays. Dataset QAQC contains acceptable levels of precision and accuracy.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Individual samples are reported, not intervals. The holes reported have not been resampled. • No auger holes with significant assays have been twinned. • All sample data is recorded to paper forms at the time of collection. Data is then keypunched into controlled excel templates with validation. The data is then provided to an internal database manager for loading using Datashed. • No adjustment is made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used* • *Quality and adequacy of topographic control.*	• All rock chip, soil and auger holes are surveyed by handheld GPS. Surveys are accurate to < 5m in horizontal precision. • All Banfora and Golden Hill samples are collected to WGS 84 datum UTM Zone 30 N projection and Gourma Project samples are collected to WGS84 datum UTM Zone 31 north. • No topographic control applied to the rock chip, soil or auger samples.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Auger drill hole results reported were from variable spacing of 10m, 20m, 40m or 80m on lines of 200m to 400m apart depending upon the regolith terrain type and anticipated target size and geochemical dispersion. • All the sampling reported is focused on simply locating the more mineralised parts of the terrain and none of the new auger, soil or rock chip results can be used to establish or even infer grade continuity for Mineral Resource or Ore Reserve estimation. Localised compositing has been applied consistent with industry practice for rock grab samples, with samples collected from a radius of 5m from the sample location. No sample compositing has been applied to the soil or auger samples.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Rock chip samples are from visually altered or mineralized material and therefore the sampling method is biased to the detection of mineralization and provides no indication of the potential average grade of the sampled structures. • The auger drilling involved vertical sampling at 1m intervals from areas often with no previous drilling or outcrop exposures. There is a possibility that the drilling is down dip, but this is still to be determined.
Sample security	• *The measures taken to ensure sample security.*	• Samples are removed from the field immediately upon collection and stored in a secure compound for sub sampling and preparation for lab dispatch. Sample submission forms are sent in paper form with the samples as well as electronically to the laboratory. Reconciliation of samples occurs prior to commencement of sample preparation of dispatches.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• All Gryphon Minerals Ltd QA/QC data is reviewed in an ongoing basis and reported in monthly summaries.

Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Boss JV comprises 2 separate regions and a total of 7 permis. Gourma- 2012-074/MCE/SG/DGMGC Boutouanou Arrete 2012-076/MCE/SG/DGMGC Diabatou Arrete 2013-0112/MME/SG/DGMG Tyara Arrete 2013-090/MME/SG/DGMG Foutouri Arrete Golden Hill-2013-031 /MME/SG/DGMG Baniri Arrete 2013-030 /MME/SG/DGMG Intiedougou Arrete 2013-018 /MME/SG/DGMG Mougue Arrete • Boss Resources is 100% holder of the permis. The Mougue Arrete (most southern of the Golden Hill Project) is wholly within the "Reserve partielle de Nabere" Exploration activities are allowed to take place within the partial forest reserve, but special environmental permitting would likely be required as part of any Mining License Application. The Kankandi and Tyabo Permits are currently in the process of being transferred from the previous land holder to Boss Resources, after which they will form part of the Boss JV (Refer ASX Announcement 28 January 2015).
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration completed by Boss Resources included soil, auger, rock and drill sampling and airborne magnetic and radiometric surveys. Refer to Boss announcements (ASX:BOE) on 4/12/2012, 30/01/2013 and 8/03/2013 for drilling details and other significant results.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Boss Resources Joint Venture concerns two projects hosted in granite/greenstone belts of the Proterozoic Birimian Shield in Burkina Faso. Exploration is targeting orogenic style gold mineralisation systems.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• The drill hole data referred to in this document is historical coming from Boss Resources and Gryphon Resources. Summaries of the results are contained in previous releases, notably (ASX:BOE), 4/12/2012, 30/01/2013, 8/03/2013 reported under JORC Code 2004 and Gryphon Resources, notably (ASX:GRY), 15/05/2013 and 06/05/2015 referring to reserve infill drill results.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Only new rock chip results reported. • No metal equivalent reporting is applicable to this announcement
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable to these rock or soil results, and no grade width potentials should be drawn from these results.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Maps of exploration data accompany this announcement, these are restricted to plan maps. As work completed by Gryphon Minerals progresses and geological and mineralization models are developed and drilling verified, prospect scale details will be released.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Rock chips and soils are used to detect for presence or absence of mineralization. Null samples are not considered relevant to reporting.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data that has been collected is considered meaningful to this announcement in the context.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Infill auger sampling, soil and rock chip sampling will continue ahead of a decision to complete shallow drilling or trenching to better define the grade width of the mineralisation. • To be assessed

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