GRYPHON MINERALS LIMITED

ABN 31 107 690 657

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Teranga Gold Corporation to Acquire Gryphon Minerals

Terms of the Transaction

- On the 20th of June 2016 Gryphon Minerals Limited entered into a Scheme Implementation Agreement (SIA) with Teranga Gold Corporation (Teranga) (TSX:TGZ) (ASX:TGZ) pursuant to which Teranga will acquire all of the ordinary shares of Gryphon (Gryphon Shares) by way of a scheme of arrangement under the Corporations Act between Gryphon and its shareholders (the Transaction).

- Under the SIA, each Gryphon Share will be exchanged for 0.169 common shares of Teranga (Teranga Shares) or 0.169 Teranga Shares in the form of ASX-listed CHESS Depositary Interests (CDIs).

- Based on the closing price of Teranga CDIs on Australian Securities Exchange (the ASX) on 17 June 2016 (Date the transaction was announced):
  - the Transaction values each Gryphon Share at A$0.206;
  - the Transaction implies a total equity value for Gryphon of approximately A$86 million on a fully-diluted basis; and
  - the consideration received by Gryphon shareholders represents a 53% premium over the closing price of Gryphon Shares on the ASX on 17 June 2016 and a premium of 45% over the 20-day volume weighted average price (VWAP) ending on the same date.

- Closing of the Transaction is expected to occur during October 2016.

About Teranga Gold Corporation

- Teranga owns and operates the Sabodala Gold mine, the only gold mine and mill in Senegal, West Africa. Located approximately 650km southeast of Dakar, the capital of Senegal, Sabodala has been in operation since 2009. As at 31 December 2015 Teranga's total proven and probable open pit reserves were 2.6 million ounces of gold, including measured and indicated open pit resources of 4.4 million ounces of gold and inferred open pit mineral resources of 0.94 million ounces of gold. The Sabodala Gold mine has a 13.5 year mine life based on current production and proven and probable reserves.

Benefits of the Transaction to Gryphon Shareholders

- Gain exposure to Teranga's gold production, cash flows and significant resources. For the year ended 31 December 2016, Teranga is forecast to produce 200,000 – 215,000 ounces of gold at a cash cost of US$600 - 650 per ounce and an all-in sustaining cost of US$900 - 975 per ounce. Gryphon Shareholders will become shareholders of a multi-jurisdiction, mid-tier gold producer.

- Retain economic exposure to the Banfora Gold Project, with the benefit of Teranga's financial position and its project development and mining expertise and experience. The Teranga management, mining and technical teams bring a track record of mine development and disciplined operating capabilities which could enhance the value of the Banfora Gold Project and reduce the risks associated with its development.

- Asset and geographic diversification improves overall risk profile of production and cash flows. The combined group will benefit from an improved risk profile driven by increased portfolio scale, operating and geographic diversification and stronger free cash flows, resulting in an overall increase in investor interest.

- Improved trading liquidity and capital markets access associated with the enhanced scale of the Combined Group. Gryphon Shareholders will benefit from Teranga's enhanced share market liquidity and capital markets access, and a market capitalisation scale which is expected to lead to increased interest from institutional investors and a greater following by the analyst community.

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Corporate Directory

Directors

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

Company Secretary

Mr Carl Travaglini

Principal Place of Business & Registered Office

288 Churchill Avenue Subiaco WA 6008

Contact Details

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Website:	www.gryphonminerals.com.au

Share Registry

Link Market Services Ltd
Central Park, Level 4, 152 St Georges Terrace, Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street, Subiaco WA 6008

Bankers

National Australia Bank
100 St Georges Terrace, Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange (“ASX”)
Home Exchange: Perth, Western Australia
Code: GRY

Chairman's Letter to Shareholders

"We are very pleased to be joining forces with Teranga Gold Corporation as we look to create a pre-eminent West African mid-tier gold producer. The combined company can leverage off its strong balance sheet and mining cash flows to help bring the 3.6Moz Banfora Gold Project into development and production in the near term. "

On behalf of the Board, it gives me great pleasure to talk about an outstanding year for Gryphon Minerals Limited.

In June 2016 the Company announced that it had entered into a Scheme Implementation Agreement (the SIA) with Teranga Gold Corporation (Teranga) (TSX:TGZ) (ASX:TGZ) pursuant to which Teranga will acquire all of the ordinary shares of Gryphon (Gryphon Shares) by way of a scheme of arrangement under the Corporations Act between Gryphon and its shareholders (the Transaction).

Under the SIA, each Gryphon Share will be exchanged for 0.169 common shares of Teranga (Teranga Shares) or 0.169 Teranga Shares in the form of ASX-listed CHESS Depositary Interests (CDIs).

Based on the closing price of Teranga CDIs on Australian Securities Exchange (the ASX) on 17 June 2016:

- the Transaction values each Gryphon Share at A$0.206;
- the Transaction implies a total equity value for Gryphon of approximately A$86 million on a fully-diluted basis and;
- the consideration received by Gryphon shareholders represents a 53% premium over the closing price of Gryphon Shares on the ASX on 17 June 20 and a premium of 45% over the 20-day volume weighted average price (VWAP) ending on the same date.

Teranga owns and operates the Sabodala Gold mine, the only gold mine and mill in Senegal, West Africa. Located approximately 650km southeast of Dakar, the capital of Senegal, Sabodala has been in operation since 2009. As at 31 December 2015 Teranga's total proven and probable open pit reserves were 2.6 million ounces of gold, including measured and indicated open pit resources of 4.4 million ounces of gold and inferred open pit mineral resources of 0.94 million ounces of gold. The Sabodala Gold mine has a 13.5 year mine life based on current production and proven and probable reserves.

We are very pleased to be joining forces with Teranga Gold Corporation as we look to create a pre-eminent West African mid-tier gold producer. This transaction gives an immediate uplift for Gryphon shareholders and provides significant exposure to Teranga's Sabodala gold mine in Senegal. The combined company can leverage off its strong balance sheet and mining cash flows to help bring the 3.6Moz Banfora Gold Project into development and production in the near term. The combination of the companies provides a great opportunity to leverage off the skill sets of both groups with Teranga's mining and development team and Gryphon's expertise and social licence to operate in Burkina Faso as well as its excellent track record on exploration and discovery.

I would like to thank the Managing Director and his management team who remained extremely dedicated to extract the best possible value for Gryphon shareholders.

I would also like to thank our shareholders and fellow board members for their support over the journey and I look forward to joining you as Teganga shareholders in October.

M. Ashton

Mel Ashton
Chairman

Corporate Social Responsibility

> *The Company continues to strive towards IFC performance standards and be leaders in environmental and corporate social responsibility.*

Gryphon recognises that corporate success encompasses not only economic indicators, but also environmental and social responsibility. Company stakeholders expect Gryphon to ensure it promotes fair and beneficial business practices, operates to the highest ethical standards, contributes to the growth and prosperity of the communities in which it operates, and responds positively to local needs.

A dedicated ESR Manager, based in Burkina Faso at the Banfora Gold Project, manages Gryphon's Environmental and Social Responsibility (ESR) portfolio. In addition, a Community Liaison Officer and Environmental Officer support project development and the implementation of International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability. Further support is provided through the regional administrative office in Ouagadougou, the capital city of Burkina Faso. This provides the Company with the resources to pro-actively manage the expectations of both the local communities and government administrations, as well as ensure sound ESR practices.

Environmental and Social

The Company continued to be firmly committed to meeting the legislative environmental requirements for all of its exploration and early construction activities, working on improving the management of health, safety, social, and environmental aspects of project development.

The Company progressed with the preparation of an Environmental and Social Impact Assessment (ESIA) to meet IFC Performance Standards, as well as related Social Management Plans (SMPs) that demonstrate how potential impacts will be managed throughout the life of the mine. SMPs include, for example, the Community Development Plan, the Local Employment Plan, and the Influx Management Plan. Development of the ESIA and SMPs will continue throughout 2016.

Considering the importance of the availability and quality of surface and ground water in the project area, and in line with the regulatory requirements, Gryphon's comprehensive water monitoring program continued. Level, flow, and quality of water is measured and analysed, providing robust technical baseline data. Water monitoring will continue for the duration of the project. Gryphon hosted a delegation from the Ministry of the Environment, taking its input into account in ensuring environmental performance.

The Company has emphasized the importance of engaging women in the workforce. To this end, gender considerations have been incorporated into employment policies and practices. As a next step, such considerations will also be incorporated into the local procurement policies and practices. Security risk assessments and related policies and practices have been updated to reflect the Voluntary Principles on Security and Human Rights.

Community

Gryphon appreciates the role it has in the communities in which it operates, and considers its active involvement in the local communities as integral to its social licence to operate. Significant activity occurred throughout the reporting period to strengthen community relationships in Burkina Faso, including:

Initiative:	Community Consultation Committee (CCC)
Location:	Local level, Burkina Faso
Key Benefits:	Informed participation of communities in the vicinity of the Project

Gryphon maintains proactive and open communication with local stakeholders through Community Consultation Committee (CCC) meetings, which are held on a regular basis. The CCC was formed in July 2013, and it continues to serve as a platform for joint decision-making on aspects of project development that have the potential to affect communities. It is composed of approximately eighty representatives from several levels of government and the project-affected communities. Its membership also includes non-government organizations focused on human rights and local capacity development, working together to ensure that the functioning of the CCC is appropriate for the project's operating context and that engagement with communities is on the basis of informed participation.

Corporate Social Responsibility

From July 2015 to June 2016, the CCC met to discuss various aspects of the project. Following extensive consultation, the CCC signed an agreement on the land chosen for the relocation site of Katolo. This was the fourth and final relocation site agreed upon by the community. Another significant point of discussion was community development activities for the year. While the feedback regarding the Literacy Program was positive, it was assessed that greater benefits would be realised through a Peer Health Education Program. The containers in which the literacy program was held will remain in communities to be used for community meetings and school tutoring, among other uses.

Initiative:	Improved Ovens for Women
Location:	Local level, Burkina Faso
Key Benefits:	Positive impact on women's daily life

During focus groups with women in preparation for relocation, improved kitchens were identified as a priority. Gryphon constructed stoves for testing by women in villages to be relocated. The design is energy efficient, reducing the amount of wood required for cooking. As a result, the impact of cooking on the environment will be lessened. Women and children will also spend less time collecting wood, enabling them to rest or engage in other productive activities. A final stove design will be agreed upon with mining affected communities later in 2016.

Initiative:	Micro-dams
Location:	Local level, part of the Burkina Faso Government's immunisation program
Key Benefits:	Increased availability of water during the dry season

Many local communities have constructed basic dams to retain water following the wet season, and some required repairs. Gryphon repaired existing dams in three villages. As a result of repairing dams, women can do market gardening, more water is available for livestock, and agriculture is improved. Micro-dams are repaired upon agreement of the community as a whole and a partnership approach is preferred. For example, youth in Bavigué-ka did their part by filling sandbags to line the dam in preparation for repairs done by Gryphon.

Initiative:	Literacy Program
Location:	Local level, Burkina Faso
Key Benefits:	Improving levels of education in local communities

In partnership with the Provincial Department of Education and Literacy, Gryphon delivered a Literacy program in 2015. In six villages, 46 women and 154 men participated. Both Dioula and French reading and writing were taught, providing participants with greater potential for success in their businesses and education, or when seeking employment. The Literacy Program wrapped up at the end of 2015 and received positive feedback. The program was held in containers donated by Gryphon to each impacted village, and these now used for multiple purposes such as studying, tutoring, and hosting small meetings in the community.

Initiative:	Sponsorships Program
Location:	Local level, Burkina Faso
Key Benefits:	Children's wellness and education

Gryphon has a responsive community sponsorships program to support activities initiated by mining-affected communities, benefitting children and youth in particular. In the past year Gryphon supported school celebrations and summer camps, football field improvements, women's group celebrations, and borehole repairs.

Corporate Social Responsibility

Working Safely and Responsibly

With an aim of zero lost time injuries in the workplace, the safety, health, and wellbeing of employees, contractors, and the community are core values for Gryphon. Zero lost time injuries (LTI) were again recorded this year, with total LTI man-hours at the Project reaching 1,557,509 by the end of June 2016.

Gryphon acknowledges the support of all our employees, especially in the field, for their continued vigilance and safe work practices across the company.

On-going health and safety activities on site include:

- induction programs for all workers and visitors;
- weekly tool-box meetings with a safety focus;
- interactive weekly contractor safety meetings;
- anti-malarial programs including awareness and fogging; and
- HIV awareness programs.

The Company has also been active in the training of local staff, including the following programs:

- introduction to specialised concreting;
- basic welding and fabrication; and
- basic computer skills.

Key Objectives for FY16

In collaboration with local stakeholders, it was assessed that a Peer Health Education Program would be beneficial for communities. Gryphon will work in partnership with the local health clinic and engage Community Health Officers, already present in mining affected villages, to deliver peer-to-peer education. A variety of techniques will be used, including home visits and interactive sessions with different stakeholder groups such as women, men, and children. To increase capacity, Gryphon will provide supplemental training and ensure there is at least one female Community Health Officer per village.

The environmental monitoring program will continue, as will updates to the ESIA and SMPs for compliance with IFC Performance Standards. Updates to the resettlement action plan will be included as related negotiations with communities are finalised.

Diversity and Equality

Gryphon is committed to workplace diversity by providing equal opportunity regardless of gender, age, ethnicity, or cultural background. We recognise the benefits to our operations that can be gained by the engagement of all available talent, including from within the communities where we operate.

The Company continues to create and provide employment to African nationals. As at 30 June 2016 the Company employed 143 Burkinabé, of which 70 were from directly impacted communities. 1 was from an African country other than Burkina Faso, and 4 were expats from outside of Africa. In total, 13 women were employed. These figures include both permanently employed staff and casual labourers.

Further information regarding employee diversity amongst permanent employees can be found in the Corporate Governance Statement and a copy of our Diversity Policy is available on our company website.

Directors' Report

1. Directors

The following persons were directors of Gryphon Minerals Limited during the whole of the financial year and up to the date of this report unless otherwise stated.

Name:	**Mr Mel Ashton**
Title:	Independent Non-Executive Chairman
Qualifications:	B.Com, FCA, FAICD
Experience and expertise:	Mr Ashton holds a Bachelor of Commerce degree from the University of Western Australia. He is a Chartered Accountant with over thirty years' experience.
Other current directorships:	Chairman for Empired Limited (since December 2005) and Venture Minerals Limited (since May 2006).
Former directorships (last 3 years):	Renaissance Minerals Limited (from February 2010 to March 2014) and Resource Development Group Ltd (from February 2011 to April 2015).
Special responsibilities:	None
Interests in shares:	1,000,000 fully paid ordinary shares
Interests in long-term incentives:	None

Name:	**Mr Stephen Parsons**
Title:	Managing Director
Qualifications:	B.Sc (Hons) Geology, AusIMM
Experience and expertise:	Mr Parsons graduated from the University of Canterbury in New Zealand with an Honours degree in Geology. He has previously held technical positions for a number of junior resource companies and major mining houses including CRA Exploration and Placer Dome, exploring for a wide variety of commodities. He listed Gryphon Minerals on the Australian Stock Exchange in 2004 which soon after discovered the 3.6Moz Banfora Gold Project in Burkina Faso which is now fully permitted and ready for construction.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	7,036,310 fully paid ordinary shares
Interests in long-term incentives:	218,530 share appreciation rights expiring 19 November 2016 3,333,333 share appreciation rights expiring 31 December 2016 5,000,000 performance rights expiring 31 December 2020

Name:	**Mr Didier Murcia AM**
Title:	Independent Non-Executive Director
Qualifications:	LLB, Bjuris
Experience and expertise:	Mr Murcia holds a Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and has over twenty five years' experience in corporate, commercial and resource law. Mr Murcia is the Honorary Consul for the United Republic of Tanzania and has extensive experience in Africa. Mr Murcia was made a Member of the Order of Australia in January 2014 in recognition of his significant service to the international community.
Other current directorships:	Non-Executive Chairman of ASX listed Centaurus Metals Limited (since April 2009), Non-Executive Chairman of ASX listed Alicanto Minerals Limited (since May 2012) and Non-Executive Chairman of ASX listed Strandline Resources Ltd (since October 2014).
Former directorships (last 3 years):	Rift Valley Resources Limited (from November 2010 until June 2013) and Cradle Resources Limited (from August 2013 to May 2016).
Special responsibilities:	None
Interests in shares:	402,173 fully paid ordinary shares
Interests in long-term incentives:	None

Name:	**Mr Bruce McFadzean**
Title:	Independent Non-Executive Director
Qualifications:	Dip. Mining, FAusIMM
Experience and expertise:	Mr McFadzean is a qualified mining engineer with more than thirty years of management, mining and processing experience. Mr McFadzean has broad technical, operating and corporate experience in commodities including gold, silver, nickel, copper, diamonds and iron ore mineral sands and has managed the construction and operation of a number of successful mines in Australian and overseas.
Other current directorships:	Non-Executive Director of ASX listed Venture Minerals Ltd (since June 2008) and Non-Executive Director of Indiana Resources Ltd, previously IMX Resources Ltd (since March 2015) and Managing Director of Sheffield Resources Ltd (since November 2015).
Former directorships (last 3 years):	Mawson West Limited (TSX:MWE) (from October 2012 until February 2015).
Special responsibilities:	None
Interests in shares:	None
Interests in long-term incentives:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

2. Company Secretary

Mr Carl Travaglini (B.Bus, CA, AGIA) has held the position of Company Secretary since 7 February 2014. Mr Travaglini is a Chartered Accountant, Chartered Company Secretary and also serves as the Company's Financial Controller. Prior to joining Gryphon in 2011, Mr Travaglini worked in assurance services for the mining and resources sector. He has more than eight years' experience in financial reporting, corporate governance and risk management.

3. Principal Activities

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

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

4. Dividends

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. Review of Operations

Teranga Gold Corporation to Acquire Gryphon Minerals Limited

On 20 June 2016 Gryphon entered into a Scheme Implementation Agreement (the SIA) with Teranga Gold Corporation (Teranga) (TSX:TGZ) (ASX:TGZ) pursuant to which Teranga will acquire all of the ordinary shares of Gryphon (Gryphon Shares) by way of a scheme of arrangement under the Corporations Act between Gryphon and its shareholders (the Transaction).

Under the SIA, each Gryphon Share will be exchanged for 0.169 common shares of Teranga (Teranga Shares) or 0.169 Teranga Shares in the form of ASX-listed CHESS Depositary Interests (CDIs).

Based on the closing price of Teranga CDIs on Australian Securities Exchange (ASX) on 17 June 2016:

- the Transaction values each Gryphon Share at A$0.206;
- the Transaction implies a total equity value for Gryphon of approximately A$86 million on a fully-diluted basis; and
- the consideration received by Gryphon shareholders represents a 53% premium over the closing price of Gryphon Shares on the ASX on 17 June 2016 and a premium of 45% over the 20-day volume weighted average price (VWAP) ending on the same date.

The number of Teranga Shares to be issued under the Transaction will be approximately 70.1 million, on the basis that all Gryphon performance rights will vest and be subject to the Transaction.

Teranga owns and operates the Sabodala Gold mine, the only gold mine and mill in Senegal, West Africa. Located approximately 650km southeast of Dakar, the capital of Senegal, Sabodala has been in operation since 2009. As at 31 December 2015 Teranga's total proven and probable open pit reserves were 2.6 million ounces of gold, including measured and indicated open pit resources of 4.4 million ounces of gold and inferred open pit mineral resources of 0.94 million ounces of gold. The Sabodala Gold mine has a 13.5 year mine life based on current production and proven and probable reserves.

Steve Parsons, Managing Director of Gryphon stated: "*We are very pleased to be joining forces with Teranga Gold Corporation as we look to create a pre-eminent West African mid-tier gold producer. This transaction gives an immediate uplift for Gryphon shareholders and provides significant exposure to Teranga's Sabodala gold mine in Senegal. The combined company can leverage off its strong balance sheet and mining cash flows to help bring the 3.6Moz Banfora Gold Project into development and production in the near term. The combination of the companies provides a great opportunity to leverage off the skill sets of both groups with Teranga's mining and development team and Gryphon's expertise and social licence to operate in Burkina Faso as well as its excellent track record on exploration and discovery".*

"*This acquisition is an exciting opportunity to add a second high quality gold asset to Teranga's asset base to create a geographically diversified company with an enhanced gold production profile, progressing the company towards its vision of becoming a mid-tier West African producer*," said Richard Young, Teranga President and Chief Executive Officer. "*Banfora provides excellent optionality with attractive economics over a variety of development scenarios along a highly prospective land package which we intend to purposefully explore. Banfora's similar mining characteristics to Sabodala allow us to leverage our experienced mine construction and operating teams with Gryphon's mine development and exploration teams to successfully develop and operate the new mine. Adding Banfora to our low-cost Sabodala operation should position Teranga to produce around 300,000 oz per year with all-in sustaining cash costs below industry average*.

The SIA has been unanimously approved by the boards of directors of Gryphon and Teranga and Gryphon received overwhelming shareholder approval on the 23rd of September 2016. The Transaction will be subject to, among other things, receipt of all necessary regulatory and Australian court approvals and the satisfaction of certain other conditions customary for a transaction of this nature. Full details of the conditions to the Transaction and all other material terms are in the SIA, a copy which was included in the ASX announcement dated 20 June 2016.

The SIA includes customary deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal, and a mutual reimbursement fee payable by Gryphon or Teranga in specified circumstances.

Closing of the Transaction is expected to occur during October 2016.

The Gryphon Directors unanimously recommend that Gryphon shareholders vote in favour of the Transaction in the absence of a superior proposal.

Benefits to Gryphon Shareholders

Shareholders of Gryphon are expected to realize the following benefits from the Transaction:

- Meaningful upfront premium to Gryphon shareholders (based on 17 June 2016 close prices of Teranga CDIs and Gryphon Shares on ASX) of 53%, and a 45% premium to the 20-day VWAP of Gryphon Shares on the same basis.
- Participation in a multi-jurisdiction mid-tier gold producer with combined potential for ~300,000 ounces of annual gold production over a 15+ year mine life.
- Significant exploration potential associated with the combined Sabodala, Banfora, Golden Hill and Gourma regions.
- Improved trading liquidity and capital markets access associated with the enhanced size of the combined group and a listing in the mining centric TSX.
- Access to Teranga's strong balance sheet and projected free cash flows from Sabodala to fund the development of Banfora.
- Combines highly skilled development, mine production and exploration teams with proven track records in West Africa.
- Ability to leverage board, management and social license to pursue further West African consolidation.
- Choice of consideration as CDIs listed on the ASX or Teranga Shares listed on the TSX.

Advisors

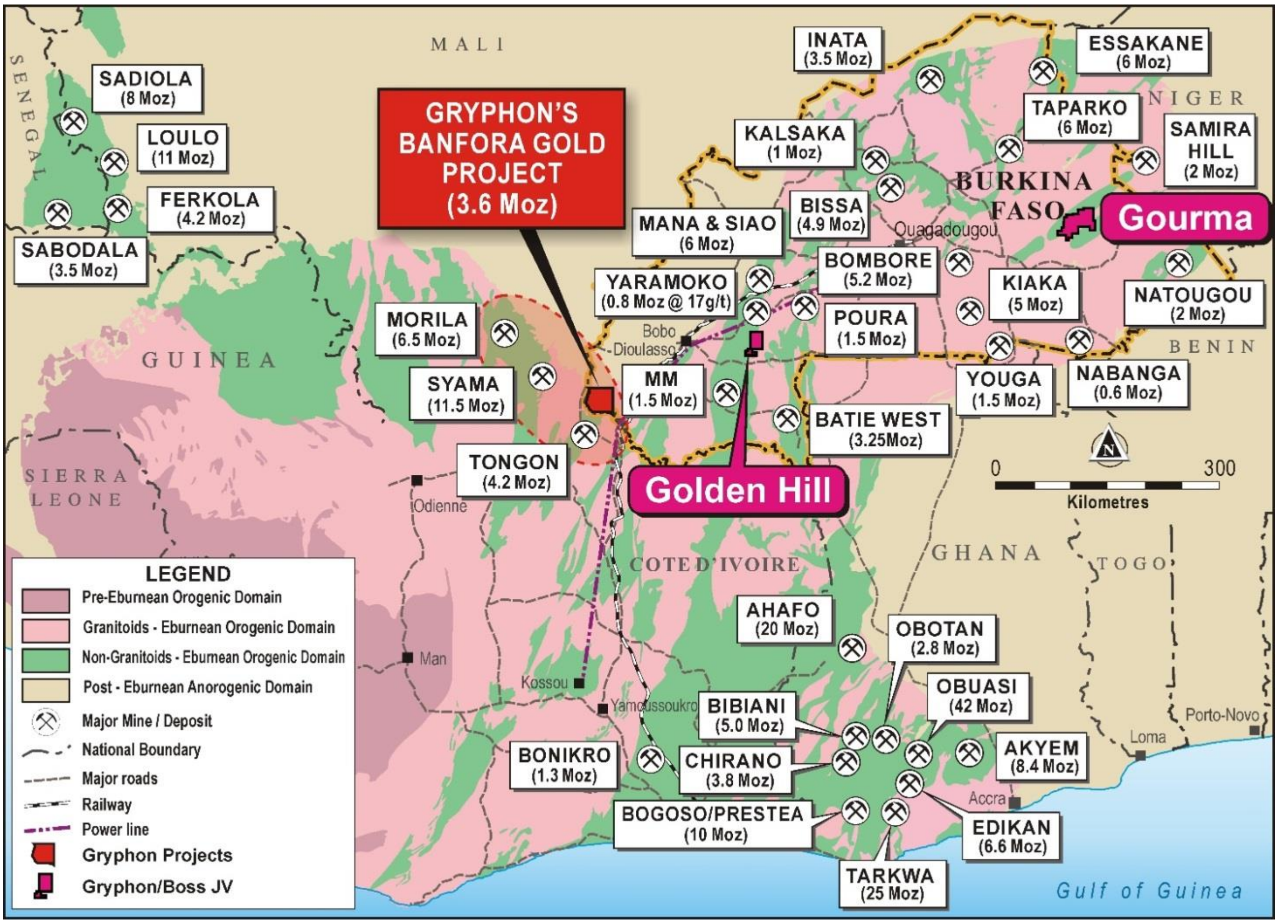
Gryphon's financial advisor is Maxit Capital LP, its Australian legal counsel is King & Wood Mallesons and its Canadian legal counsel is Blake, Cassels & Graydon LLP.

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 | Exploration

Nogbele Deposit RC Drilling Results

Results have been received from all drilling completed during the May/June Reverse Circulation (RC) drill program at the Nogbele and Fourkoura Deposits. In total 827 metres of drilling was completed at Fourkoura (refer ASX 13/7/2016 for results[1]) and 3,470 metres of drilling at Nogbele. Current work is focussing on the refinement and extension of the high grade domains hosted within the project with the potential to improve the Carbon-In-Leach (CIL) economics and reserve inventory. The drilling will be incorporated into a new resource estimate due for completion to accompany the scheduled Feasibility Study for a CIL operation in first half of 2017.

The drilling program has successfully reinforced the geological model at the Nogbele-Nangolo, North and West Deposits and at the Fourkoura North Deposit area confirmed shallow high grade plunging mineralisation with potential to further extend known mineralisation at depth. Drilling has also highlighted the potential for a significant strike extension (>180m along strike mineralisation intercepted) of the Tahiti Pit at Nogbele South with material expected to be closer to the average grade of the current resource over downhole widths up to 30 metres.

Following the success of the phase 1 drilling, work is currently being accelerated on site with two rigs operating including a Reverse Circulation rig and a Diamond Drill rig. Despite the onset of the rainy season drilling has continued unhindered at the main resource areas of Fourkoura, Nogbele and Samavogo. Further resource development work at the Stinger deposit including a structural geological study is being undertaken during the wet season, with further drilling at the deposit area awaiting the new field season.

Preparation work is being undertaken at the Kafina and Ouahiri Prospects (refer ASX 4/5/2016[1]) with drilling planned for mid-October at the end of the rainy season.

Underground Targeting Review

A review of the potential of the Nogbele North Deposit to host underground mining inventory for a CIL scenario was undertaken during the year. The review included a high level engineering review examining the potential extraction parameters and costs for the lode style high grade veins present at the deposit if continuity is proven at depth. Results indicated that there is potential for economic extraction by narrow vein underground mining techniques if further drilling confirms the continuity of the currently shallow lodes at depth.

The addition of economically extractable underground material would have a significant positive impact on project economics for the CIL development scenario, increasing the mine life without further increase to the project footprint or pre-production capital requirements. Nogbele North is adjacent to the site of the proposed heap leach and CIL processing facility.

Burkina Faso Exploration Pipeline | Houndé Belt & Regional Projects

Golden Hill and Gourma Joint Venture (51% ownership with pathway to 80%)

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. In January 2016 Gryphon received a controlling 51% holding in the Joint Venture.

Gryphon Minerals continues to apply proven low-cost exploration techniques to explore the two projects using an integrated exploration approach incorporating geology, regolith constrained geochemistry, geophysical interpretations, the use of remote sensing datasets supported by field work and mapping. This low cost approach will ultimately fast track discoveries and mineral inventories across the large land holding by directing higher costs activities such as drilling to those areas with the best chance of delivering economic mineral discoveries. Work during the year focused on mapping, prospecting and a small geophysical survey on the Golden Hill Project.

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 mine Samira Hill (1.9Moz). The Project consists of six contiguous permits 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.

Gryphon has undertaken high precision drainage geochemistry from which results, combined with robust understanding of the geology and regolith terrain has provided clear direction and focus for the low cost work the Company has been undertaking. The small efficient exploration team are rapidly working towards generating numerous high quality drill targets across the large land package which are steadily being de-risked ahead of drilling through focused field activities including sub-surface test work using the company owned auger rig.

Golden Hill Project

The Golden Hill Project is the most advanced of all the projects in the Joint Venture 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) Siou Deposit (reserves of 769,000oz @ 4.94 g/t gold) plus the high grade Yaramoko deposit owned by Roxgold (TSX.V: ROG) (790,000oz @ 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. The Golden Hill Project straddles the same structure and stratigraphy that host these high grade deposits.

Limited field work was undertaken during the year with work focused on refining the geological interpretation and understanding through field mapping, data reviews as well as a small amount of geochemical sampling.

Results from a small auger program comprising 89 holes completed south of the C-Zone Prospect and along strike of the A-Zone at the Pourey prospects returned results to 7.92g/t Au from residual clay. A ground magnetics and array of IP was undertaken across this area with the purpose of identifying the probable strike extensions of the bedrock mineralisation ahead of a maiden drill program next field season.

Banfora Gold Project - Operational

Site Works

The Company has maintained a low cost approach with minimal site works being undertaken during the year. The Company did not conduct any substantial pre-construction works this year.

Panel fabrication for re-location housing was completed for 22 houses and associated structures required for the first small village to be relocated.

Repair works also commenced on local access roads. The Company continues to work closely with the impacted communities to assist with road repairs on an as required basis.

Refer to the Corporate Social Responsibility section of this Annual Report for more details on the significant work undertaken by the Company for environmental and social responsibility.

Corporate

Placement

In July 2016, Gryphon completed a placement to Teranga whereby Teranga subscribed for 21.2 million fully paid ordinary shares in Gryphon for a total consideration of A$4.4 million (Placement).

The Placement price of A$0.206 per Gryphon share, which is equivalent to Teranga's offer price for one Gryphon share as part of the Proposed Gryphon Acquisition, represents a premium to Gryphon's closing share price on 15 July 2016 and results in Teranga owning 5% of Gryphon's issued and outstanding shares.

The funds from the Placement will be used to immediately start a resource conversion drill program and plant optimisation studies required to complete a fully optimised and de-risked feasibility study by the first half of 2017 and to update the tailings storage facility design and relocation action plan required as a result of the decision to move forward with a carbon-in-leach plant.

Divestment of Non-Core Assets - Mauritania

In February 2016, Gryphon Minerals received notice from TSX-V listed entity Algold Resources Ltd (TMX:ALG) that it had exercised its option to acquire 100% of Gryphon's interest in the Tijirit Gold and Akjoujt Copper/Gold Projects in Mauritania. Gryphon received a further 8,700,000 shares in Algold bringing the total number of shares held to 10,666,666.

As part of the agreement, Gryphon is entitled to the following milestone payments:

(i) C$1.5 million, payable at the option of Algold either in cash or Algold common shares upon the earlier of:

- the date that is 90 days after Algold announces that there is an NI 43-101 compliant mineral resource (of any one or more categories of measured, indicated or inferred) of 500,000 ounces on a gold equivalent ounces basis at any of the Properties or combination thereof; and
- the later of the following two dates:
  - the date which falls 15 months from the completion of the transaction; and
  - the date on which Algold receives, from the Mauritanian authorities, the documents evidencing the renewal of the licenses with respect to the tenements subject to the option agreement; and

(ii) C$1.5 million, payable within 90 days of achieving an NI 43-101 compliant mineral resource (of any one or more categories of measured, indicated or inferred) of 1,000,000 ounces on a gold equivalent ounces basis at any of the Properties.

Subsequent to 30 June 2016, the Company sold its 10,666,666 shares for $0.32 per share.

Audited Remuneration Report

A. Introduction

This remuneration report sets out the remuneration information for Directors and Key Management Personnel ('KMP') of the Company for the year ended 30 June 2016. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly including any director (whether executive or otherwise) of the parent.

The information provided within this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

To help preserve the company's cash position, the Board spent appropriate time focusing on its remuneration framework and policy reflecting on past feedback from stakeholders and significant cost reduction measures.

The Company has continued to listen to shareholders and as a result at the 2015 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015.

Specifically the Company implemented the following remuneration initiatives:

Non-Executive Directors

- As at 1 July 2015, all Non-Executive Directors agreed to a voluntary 25% reduction in fees. This was their second voluntary fee reduction in the past 2 years totalling 40% in reductions.
- The number of Non-Executive Directors has remained at three.

Key Management Personnel

- As at 1 July 2015, a further voluntary reduction in the Managing Director's base salary of 10%. This is the second year in a row for the Managing Director to take a voluntary reduction in salary totalling 28% over two years.
- All other KMP agreed to receive 10% of their base salary in shares, rather than cash for the 6 months ended 31 March 2016.
- Continued salary freeze on the base salaries of all KMP (fourth consecutive year).

The individuals included in this report are:

Non-Executive Directors

Mr M Ashton	Non-Executive Chairman
Mr D Murcia	Non-Executive Director
Mr B McFadzean	Non-Executive Director

Executive Director

Mr S Parsons	Managing Director

Key Management Personnel

Mr S Zaninovich	Chief Operating Officer
Mr M Naylor	Chief Financial Officer

All Directors and KMP held their positions for the entire financial year and up to the date of this report unless otherwise stated.

B. Remuneration Governance

During the prior reporting period the Board suspended the Nomination and Remuneration Committee due to the reduced size of the board. It was deemed appropriate for remuneration matters to be discussed during meetings of the full board, with directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances and reinstate the Nomination and Remuneration Committee when deemed appropriate.

The Board (operating under the formal charter of the Nomination and Remuneration Committee) is responsible for reviewing and recommending the remuneration arrangements for the Executive and Non-Executive Directors and KMP each year in accordance with the Company's remuneration policy. This includes an annual remuneration review and performance appraisal for the Managing Director and other executives, including their base salary, short and long-term incentives, bonuses, superannuation, termination payments and service contracts.

Further information relating to the role of the Nomination & Remuneration Committee, which has now been assumed by the Board, can be found within the Corporate Governance section of the Company's website, www.gryphonminerals.com.au.

C. Remuneration Framework

The Board recognises that the Company's performance and ultimate success in project delivery depends very much on its ability to attract and retain highly skilled, qualified and motivated people. At the same time, remuneration practices must be transparent to shareholders and be fair and competitive taking into account the nature and size of the organisation and its current stage of development.

> *"The Board spent considerable time focusing on its remuneration framework and policy reflecting on past feedback from stakeholders and significant cost reduction measures."*

The approach to remuneration has been structured with the following objectives:

- to attract and retain a highly skilled executive team at a critical stage in the Company's development of its projects who are motivated and rewarded for successfully delivering the short and long-term objectives of the Company, including successful project delivery;
- to link remuneration with performance, based on long-term objectives and shareholder return, as well as critical short-term objectives which are aligned with the Company's business strategy;
- to set clear goals and reward performance for successful project development in a way which is sustainable, including in respect of health & safety, environment and community based objectives;
- to be fair and competitive against the market;
- to preserve cash where necessary for exploration and project development, by having the flexibility to attract, reward or remunerate executives with an appropriate mix of equity based incentives;
- to reward individual performance and group performance - thus promoting a balance of individual performance and teamwork across the executive management team and the organisation;
- to have flexibility in the mix of remuneration, including offering a balance of conservative LTI instruments such as performance rights and more highly leveraged instruments such as performance rights or share appreciation rights to ensure executives are rewarded for their efforts, but also share in the upside of the Company's growth and are not adversely affected by tax consequences; and
- to recognise executives are taking on significant personal risk, hardships and challenges faced in pursuing Gryphon's business objectives in often remote offshore locations and in uncertain economic conditions.

Overview of Remuneration Framework

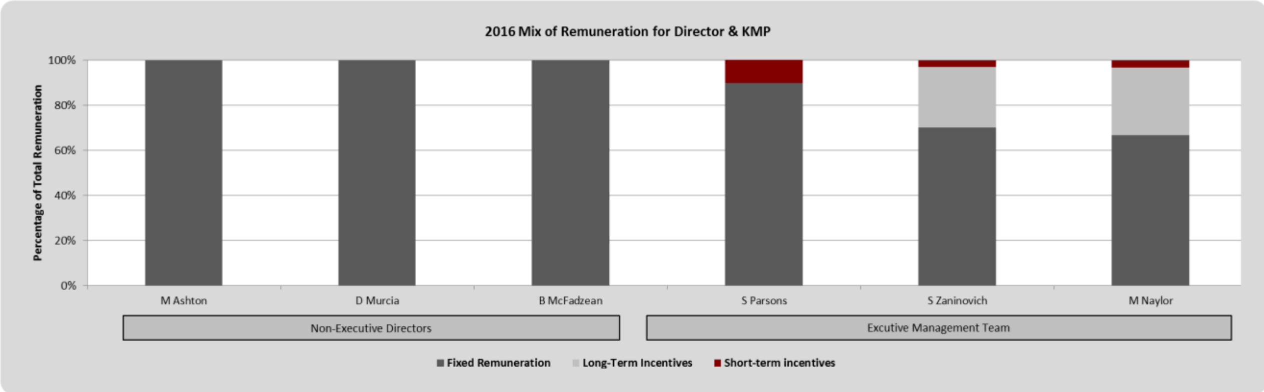
The remuneration framework provides a mix of fixed and variable "at risk" remuneration and a blend of short and long-term incentives.

The remuneration for executives has three components:
- Fixed remuneration, inclusive of superannuation and allowances;
- STIs under a performance based cash bonus incentive plan; and
- LTIs through participation in the Company's shareholder approved equity incentive plans.

As part of the remuneration framework, the Company adopted a shareholder approved Equity Incentive Plan ('the Plan') in June 2016. The Plan has enabled the Company to offer executives each year a mix of performance rights and/or share appreciation rights, subject to achievement of internal performance and total shareholder return outcomes achieved progressively over a three year vesting period.

Remuneration Mix

To link executive remuneration with the Company's performance, the Company's policy is to endeavour to provide an appropriate portion of each executive's total remuneration as "at risk". The following graph sets out the mix of remuneration for all KMP between fixed, short-term incentives and long-term incentives for the 2016 financial year.



D. Non-Executive Director Remuneration

There were no increases in fees for Non-Executive Directors for FY16. In fact, the Non-Executive Directors, as part of the Company's cost reduction measures, agreed to reduce its fees payable by 25% effective 1 July 2015. This is the second Non-Executive Director fee reduction in the past 2 years. In addition, no options or other equity based instruments were granted to Non-Executive Directors in the relevant period.

The policy of the Board is to remunerate Non-Executive Directors in the form of directors' fees at market rates for comparable companies based on their time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company to maintain independence and impartiality. In determining competitive remuneration rates, the Board have historically reviewed local and international trends among comparative companies and the industry generally.

Non-Executive Director fees are also determined within an aggregate fee pool which is subject to approval by shareholders. The aggregate fee pool is currently set at $500,000 per annum which was last approved at the Annual General Meeting in November 2009. As at the date of this report the level of total Non-Executive Director remuneration actually paid remains below the maximum amount payable.

No additional fees are currently paid to any Non-Executive Directors for membership of a committee, although this may change in the future as the Company evolves from pure exploration into development and a producer and as the responsibilities and commitments required of Non-Executive Directors increase.

	Directors Fees FY16	Directors Fees FY15	Directors Fees FY14[1]
Chairman	$72,000	$96,000	$96,000
Other Non-Executive Directors	$45,000	$60,000	$60,000

[1] Effective 1 August 2013

Fees paid do not include any required statutory payments such as superannuation, GST, and payroll tax. The Company does not pay retirement allowances to Non-Executive Directors in line with ASX Corporate Governance Recommendations.

E. Executive Remuneration

Fixed Remuneration

In FY16 the Company continued its remuneration freeze on the base salaries of all executives. This was the fourth consecutive year that executives did not receive an incremental adjustment to base salaries.

"The Company continued its remuneration freeze on base salaries of all executives."

The base salary of the Managing Director was voluntarily reduced by a further 10% (effective 1 July 2015) and two other executives, Messrs Zaninovich and Naylor, voluntarily agreed to receive 10% of their base salary in shares, rather than cash, for the 6 months ended 31 March 2016. These cost reduction initiatives have been agreed by these executives to demonstrate their commitment to the Company during difficult market conditions.

All executives receive a fixed base cash salary and other associated benefits. All executives also receive a superannuation guarantee contribution required by Australian legislation which was 9.5% in FY16. No executives receive any retirement benefits.

Fixed remuneration of executives will be set by the Board each year and is based on market relativity and individual performance.

In setting fixed remuneration for executives, individual performance, skills, expertise and experience are also taken into account to determine where the executive's remuneration should sit within the market range. Where appropriate, external remuneration consultants will be engaged to assist the Board to ensure that fixed remuneration is set to be consistent with market practices for similar roles.

Fixed remuneration for executives will be reviewed annually to ensure each executive's remuneration remains fair and competitive. However, there is no guarantee that fixed remuneration will be increased in any service contracts for executives.

Short-term Incentives

Under the Company's remuneration policy, the Managing Director and other executives were eligible to earn short-term cash bonuses upon achievement of significant performance based outcomes aligned with the Company's strategic objectives at that time. These performance based outcomes are considered to be an appropriate link between executive remuneration and the potential for creation of shareholder wealth.

The objective of the STI Plan is to provide the opportunity to earn a cash bonus by rewarding those executives who successfully achieve in the opinion of the Board the critical short-term objectives of the Company over a 12 month period. Those short-term objectives for each executive are pre-determined and approved by the Board each year as being aligned with the Company's stated strategy to derive shareholder return.

STI's will generally consist of annual cash bonuses paid on the following basis:

(i) Performance will be measured over a 12 month period each year.

(ii) A maximum threshold will apply for each executive set between 15% and 100% of their fixed remuneration depending on their role and seniority in the executive management team.

(iii) STIs will be paid at the discretion of the Board, but must be demonstrably linked to performance against critical pre-determined short-term goals of the Company. For FY16 these included:

   a. extracting value from the Gourma Gold and Golden Hill Projects and the Mauritanian assets by 30 September 2016;
   b. having more cash in the bank than outlined in the Board approved budget to 31 December 2015 and 30 June 2016; and
   c. securing a full funding solution for the Banfora Gold Project by 30 September 2016.

(iv) A combination of group and individual goals may apply for each executive with weightings for each goal approved by the Board - the number of short-term goals per participant will take into account the executive's role, responsibility and seniority - greater weighting is placed on more important goals.

Long-term Incentives

As part of the Company's remuneration policy and framework, the following principles apply for grants of LTIs issued under any of its shareholder approved LTI plans:

- Grants of non-cash LTIs will be made annually, and subject to a maximum percentage threshold amount of fixed remuneration.
- Larger ad hoc grants of LTIs are to be discouraged, however given the Company's current stage of development, they may be granted where considered appropriate by the Board as necessary to attract senior executives who have no significant exposure to equity.
- LTIs will only vest subject to performance measured against longer-term internal and external performance measures (i.e. vesting conditions) measured over a three year vesting period.

LTI awards are generally limited to executives, senior in-country managers and other key employees approved by the Board who influence or drive the strategic direction of the Company. However, due to the salary freeze, LTI's were issued to staff in FY16.

LTI's set for the FY16 year for the Managing Director and other executives were capped as a percentage of fixed remuneration and subject to predetermined performance and time based vesting conditions with each hurdle having a specific weighting attached. The table below sets out the number of LTI instruments issued in 2016.

	Performance Rights Issued
Mr Parsons	5,000,000[1,3]
Mr Zaninovich	3,400,000[2,3]
Mr Naylor	2,830,000[2,3]

Performance rights ("PRs") are an entitlement to receive one Share, subject to any Vesting Conditions, Performance Hurdles and/or Exercise Conditions having been satisfied under the Plan Rules.

PRs are valued based on the underlying share price on the date the rights are granted.

[1] As approved by shareholders at the General Meeting held on 28 June 2016. 50% vest upon the Board resolving to commence construction of the Banfora Gold Project on or before 31 December 2019. 50% vest upon first gold pour being achieved at the Banfora Gold Project on or before 31 December 2020.

[2] 50% vest upon commencement of construction at the Banfora Gold Project on or before 30 September 2017. 50% vest upon first gold pour at the Banfora Gold Project on or before 30 September 2018.

[3] The executive must also have continued employment up to the date of vesting. The Performance Rights vest on a change of control.

Company Performance

The remuneration framework is tailored to increase goal congruence between shareholders and executives.

As the Company is an exploration company emerging into development and production, it has no producing mines. As such measuring performance requires a pragmatic approach. The most meaningful measure of internal performance is against goals which have a project development focus. The most appropriate measure for external performance is a change in the share price.

Under the remuneration framework, executives will only be issued with LTIs upon achievement of longer term internal strategic goals and shareholder return measured throughout a 3 year vesting period.

	2012 (Restated)	2013 (Restated)	2014 (Restated)	2015	2016
Revenue	$3,045,247	$2,821,049	$2,590,812	$2,222,062	$2,112,433
Net loss	($19,501,259)	($32,216,418)	($51,382,320)	($14,521,293)	($9,327,049)
Share Price	$0.68	$0.13	$0.16	$0.06	$0.18
Dividends	Nil	Nil	Nil	Nil	Nil

F. Details of Remuneration

Details of the remuneration of the Director's and other KMP of the Company for the financial year are set out in the following table.

	Short-Term Benefits							
	Base Salary	Shares	Cash Incentives	Other[2]	Super-annuation	Eligible Termination Payments	Non-Cash Long-Term Incentives	Total $
2016								
Non-Executive Directors								
Mr M Ashton	72,000	-	-	2,417	-	-	-	74,417
Mr D Murcia	45,000	-	-	2,417	-	-	-	47,417
Mr B McFadzean	45,000	-	-	2,417	-	-	-	47,417
Executive Director								
Mr S Parsons	384,141	-	39,420	2,417	10,059	-	(64,897)	371,140
Key Management Personnel								
Mr S Zaninovich	318,375	17,375	15,768	2,417	35,104	-	142,562	531,601
Mr M Naylor	228,000	12,000	13,140	2,417	24,048	-	118,662	398,267
Total Remuneration	1,092,516	29,375	68,328	14,502	69,211	-	196,327	1,470,259
2015								
Non-Executive Directors								
Mr M Ashton	96,000	-	-	2,966	-	-	-	98,966
Mr D Murcia	60,000	-	-	2,966	-	-	-	62,966
Mr B McFadzean	60,000	-	-	2,966	-	-	-	62,966
Executive Director								
Mr S Parsons	408,000	-	-	2,966	30,000	-	92,403	533,369
Key Management Personnel								
Mr S Zaninovich	348,099	11,901	-	2,966	34,200	-	97,792	494,958
Mr M Naylor	239,823	-	-	2,966	20,864	-	25,857	289,510
Mr M Bowles[1]	125,304	9,531	-	1,390	18,193	165,003	(37,595)	281,826
Total Remuneration	1,337,226	21,432	-	19,186	103,257	165,003	178,457	1,824,561

[1] Mr Bowles resigned with effect from 18 December 2014.
[2] All other short-term benefits provided in the prior and current periods were non-monetary in nature.

G. Share Based Compensation

Issue of Shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	# of shares	Issue Price	$
Mr S Zaninovich	19 Jan 16	100,751	5.2c	5,239
Mr M Naylor	19 Jan 16	68,863	5.2c	3,580
Mr S Zaninovich	4 Apr 16	80,111	6.5c	5,207
Mr M Naylor	4 Apr 16	55,735	6.5c	3,622

Grant of Long-Term Incentives

The terms and conditions for each grant of long-term incentives affecting remuneration in the current or a future reporting period are as follows:

Instrument	Grant Date	Vesting and Exercise Date	Expiry Date	Notional Share Price	Value at Grant Date	Performance Achieved	Percentage Vested
SAR	20 Nov 13	Various	31 Dec 16	$0.235	$0.03-$0.04	No	0%
SAR	20 Jan 14	Various	31 Dec 16	$0.235	$0.04-$0.06	Partially	4%
PR	19 Nov 15	Various	30 Sep 18	$0.058	$0.05	No	0%
PR	28 Jun 16	Various	31 Dec 20	$0.180	$0.18	No	0%

Long-term incentives granted under the plan carry no dividend or voting rights. When exercisable, each performance right is convertible into one ordinary share of Gryphon whereas each share appreciation right is convertible into the number of shares representing the total premium between a notional share price and the share price at the date of exercise.

Details of share appreciation rights and performance rights provided as remuneration to each director and executive of the Group are set out below. The tables further shows the percentages of the share appreciation rights or performance rights granted under the Company's Equity Incentive Plan.

Share Appreciation Rights – Granted in FY14

Impact on year ended 30 June 2015								
Name	Calendar Year in which vest occurs	Granted during year (#)	Granted during year ($)	Vested during year (#)	Vested during year (%)	Expired during the year ($)	Expired during the year (#)	Expired during the year (%)
Mr S Parsons	2015	-	-	3,333,333	100	-	-	-
Mr M Naylor	2014-2016	-	-	-	-	(163,129)	2,900,000	100

Impact on year ended 30 June 2016								
Name	Calendar Year in which vest occurs	Granted during year (#)	Granted during year ($)	Vested during year (#)	Vested during year (%)	Expired during the year ($)	Expired during the year (#)	Expired during the year (%)
Mr S Parsons	2015	-	-	-	-	(85,122)	3,333,333	100

The assessed fair value at grant date of share appreciation rights and performance rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values are determined at grant date using an approved valuation technique.

There were no ordinary shares in the Company issued as a result of the vesting or exercise of options, performance rights or share appreciation rights during the financial year and up to the date of this report.

No options were exercised by any director or executive during the financial year or up to the date of this report.

H. Service Agreements

On appointment to the Board all Non-Executive Directors enter into a service agreement in the form of a letter of appointment. The letter sets out the Company's policies and terms including compensation relevant to the director.

Remuneration and other key terms of employment for the Managing Director and other executives are formalised in executive service agreements. The agreements provide for payment of fixed remuneration, performance related cash bonuses where applicable, other allowances and confirm eligibility to participle in the Company's STI and LTI plans. In accordance with section 300A of the Corporations Act, details of the agreements for each KMP are summarised below:

Executive	Term of Agreement	Base Salary	Notice Period By Employee	Termination Benefit
Mr S Parsons[1]	No fixed term	$500,000[2]	3 Months	12 Months
Mr S Zaninovich	No fixed term	$360,000	3 Months	12 Months
Mr M Naylor[3]	No fixed term	$300,000	3 Months	6 Months[4]

[1] Per the terms of Mr Parsons' employment agreement, in the event of a change of control of the Company, the Company will pay to Mr Parsons an amount equal to 1% of the Company's market capitalization as at the date of the change of control, but capped at $2.5 million.
[2] Mr Parson has voluntarily agreed to be remunerated at a reduced annual salary of $360,000.
[3] Mr Naylor signed a full time employment contract with the Company on 1 August 2014 but has agreed to work 80% of his designated working hours and hence receive 80% of his salary.
[4] In the event of a change of control this termination benefit is 9 months.

All executive agreements for KMP provide for immediate termination for circumstances involving gross misconduct, wilful neglect and serious or persistent breach of the agreement. Termination payments are payable on early termination by the Company other than for cause such as gross misconduct, wilful neglect, serious or persistent breach of the agreement and unless otherwise indicated are equal to the base salary for the notice period.

I. Remuneration Consultants

During the year ended 30 June 2016 the Board engaged the services of Ernst & Young (EY) to provide market practice information with respect to design considerations of executive remuneration and PricewaterhouseCoopers (PWC) to provide assistance in connection with the structure of the Gryphon Minerals Equity Incentive Plan. No remuneration recommendations, as defined in the Corporations Act, were made by EY or PWC as part of their engagement.

J. Additional disclosures relating to Directors and Key Management Personnel

Share holdings

The number of shares in the Company held during the financial year by each director of Gryphon Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year	Received in lieu of cash salary	(Disposals)/ Acquisitions	Balance at the end of the year
Non-Executive Directors				
Mr M Ashton	1,000,000	-	-	1,000,000
Mr D Murcia	402,173	-	-	402,173
Executive Director				
Mr S Parsons	7,036,310	-	-	7,036,310
Key Management Personnel				
Mr S Zaninovich	402,916	180,862	-	583,778
Mr M Naylor	-	124,598	-	124,598
	8,841,399	305,460	-	9,146,859

Directors and KMP not mentioned above did not hold shares during the year.

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Gryphon Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at start of year	Granted as remuneration	Exercised	Disposed/ Lapsed[1]	Balance at the end of the year	Vested and exercisable
Key Management Personnel						
Mr S Zaninovich	500,000	-	-	(500,000)	-	-

[1] The financial value of the lapsed share appreciation rights was nil.

Directors and KMP not mentioned above did not hold options during the year.

Share appreciation right holdings

The number of share appreciation rights held during the financial year by each director of Gryphon Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year	Granted as remuneration	Disposed/ Lapsed[1]	Balance at the end of the year	Vested
Executive Director					
Mr S Parsons	7,322,259	-	(3,770,396)	3,551,863	3,551,863
Key Management Personnel					
Mr S Zaninovich	104,895	-	-	104,895	104,895
	7,427,154	-	(3,770,396)	3,656,758	3,656,758

[1] The financial value of the lapsed share appreciation rights was nil.

Directors and KMP not mentioned above did not hold share appreciation rights during the year.

Performance right holdings

The number of Performance Rights held during the financial year by each director of Gryphon Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year	Granted as remuneration	Exercised	Disposed/ Lapsed[1]	Balance at the end of the year	Vested
Executive Director						
Mr S Parsons	172,218	5,000,000	-	(172,218)	5,000,000	-
Key Management Personnel						
Mr S Zaninovich	-	3,400,000	-	-	3,400,000	-
Mr M Naylor	-	2,830,000	-	-	2,830,000	-
	172,218	11,230,000	-	(172,218)	11,230,000	-

[1] The financial value of the lapsed performance rights was nil.

Directors and KMP not mentioned above did not hold performance rights during the year.

Other transactions with key management personnel and their related parties.

	2016 $'000	2015 $'000
Recharges to KMP related entities:		
Recharge of costs to Venture Minerals Ltd	27	20
Recharge of costs to Alicanto Minerals Ltd	26	17
Recharge of costs to Tawana Resources NL	36	16
	89	53
Purchases from KMP relates entities:		
Purchases for legal services from Murcia Pestell Hillard Lawyers	69	39
Recharge of shared costs from Venture Minerals Ltd	-	43
Purchases for contract engineering services from Zivvo Pty Ltd	-	108
Purchases for administration services from Zivvo Pty Ltd	21	-
	90	190
Outstanding balances arising from recharges/purchases with KMP related entities:		
Current receivables (recharged shared office expenditure)	21	20
Current payables (legal fees and administration services)	(57)	(31)

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Terms and conditions of related party transactions

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

K. Voting and comments made at the company's 2015 Annual General Meeting ("AGM")

At the 2015 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

This is the end of the audited Remuneration Report.

Matters subsequent to the end of the financial year

On the 20th of July 2016 The Company completed a placement to Teranga Gold Corporation (Teranga) (ASX,TSX: TGZ) whereby Teranga subscribed for 21.2 million fully paid ordinary shares in Gryphon for a total consideration of A$4.4million.

On the 23rd of September 2016 the Company's shareholders voted in favour of the Scheme of Arrangement (SIA) signed with Terang. The transaction is expected to be completed in October 2016.

On the 17th of August 2016 the Company sold its entire listed shareholding in Algold Resources Ltd (TSX: ALG).

No other matter or circumstance other than those mentioned above has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental Regulation

The consolidated entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work on all project areas throughout the world. The Directors have considered the National Greenhouse and Energy Reporting Act 2007 ('the NGER Act') and at the current stage of development and based on the locations of the Company's operations, the Directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

Meetings of Directors

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are as follows:

Director	Eligible	Attended
M Ashton	6	6
S Parsons	6	6
D Murcia	6	6
B McFadzean	6	6

Equity Incentives

At the date of this report unissued shares of the Group under option, or shares that may be issued as a result of share appreciation rights or performance rights vesting are as follows:

Instrument	Expiry Date	Exercise Price	Number
Share Appreciation Rights	19 November 2016	$0.87	218,530
Share Appreciation Rights	3 December 2016	$0.87	355,478
Share Appreciation Rights	31 December 2016	$0.235	5,275,833
Performance Rights	30 September 2018	N/A	11,390,000
Performance Rights	30 December 2020	N/A	5,000,000

Indemnity and Insurance of Officers

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings of Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's Independence & Non-Assurance Services

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31. No fees were paid or payable to the auditors for non-assurance services performed during the year ended 30 June 2016 (2015: Nil).

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of Amounts

The Company is of a kind referred to in the ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report of the Directors incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Stephen Parsons
Managing Director

Perth, Western Australia, 29 September 2016

Annual Mineral Resource & Ore Reserve Statement | Banfora Gold Project

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 released in the ASX announcement dated 4 February 2014[1] are shallow with 90% above 150 metres 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, with maximum depths at the Nogbele North pit and Samavogo south of close to 100 metres.

The current Mineral Resource estimate for the Banfora Gold Project reported at the 0.3g/t, 0.5g/t & 1.0g/t lower cut offs are as stated in the following table:

Banfora Gold Project Mineral Resource Estimate at 30 June 2016 and 30 June 2015:

Lower cut off	Measured			Indicated			Total Measured + Indicated			Inferred		
g/t	Tonnes Mt	Grade g/t Au	Gold Moz	Tonnes Mt	Grade g/t Au	Gold Moz	Tonnes Mt	Grade g/t Au	Gold Moz	Tonnes 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
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
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
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

Review of material changes

There are no changes to the Mineral Resource from the previous reporting statement.

Governance controls

All Minerals Resource Estimates are prepared by qualified professionals following JORC-compliant procedures that ensure representative and unbiased samples are obtained with appropriate QA/QC practices in place. All Mineral Resource Estimates quoted above have been estimated or independently verified by CSA Global Pty Ltd.

Ore Reserves Estimate for Banfora 2Mt Heap Leach Operation at 30 June 2016 and 30 June 2015:

Area	Oxidation	Cut-Off	Proved			Probable			Total		
		Au g/t	Tonnes	Grade Au g/t	Au koz	Tonnes Mt	Grade Au g/t	Au koz	Tonnes Mt	Grade Au g/t	Au koz
Nogbele	Oxide	0.3-0.4	2.4	1.1	88	4.8	1.1	166	7.2	1.1	253
	Transition	0.5-0.6	0.8	1.4	38	1.2	1.4	55	2.1	1.4	93
	Fresh	0.5-0.7	0.8	2.0	51	1.1	2.1	72	1.9	2.1	123
Fourkoura	Oxide	0.4	-	0.0	-	0.8	1.1	28	0.8	1.1	28
	Transition	0.6	-	0.0	-	0.5	1.6	25	0.5	1.6	25
	Fresh	0.9	-	0.0	-	0.5	2.0	33	0.5	2.0	33
Samavogo	Oxide	0.5	-	0.0	-	1.1	1.7	59	1.1	1.7	59
	Transition	0.6	-	0.0	-	0.5	1.9	33	0.5	1.9	33
	Fresh	0.7	-	0.0	-	1.3	2.3	92	1.3	2.3	92
Stinger	Oxide	0.4	-	0.0	-	1.4	1.5	67	1.4	1.5	67
	Transition	0.7	-	0.0	-	0.3	1.9	16	0.3	1.9	16
	Fresh	1.1	-	0.0	-	0.1	2.7	5	0.1	2.7	5
Total	Oxide		2.4	1.1	88	8.0	1.2	320	10.4	1.2	407
	Transition		0.8	1.4	38	2.5	1.6	128	3.3	1.5	166
	Fresh		0.8	2.0	51	2.9	2.2	202	3.7	2.1	252
	Grand Total		4.0	1.4	176	13.4	1.5	650	17.4	1.5	826

The cut-off grades used in the estimation of the Banfora Ore Reserves shown above are the non-mining, break-even gold grades taking into account mining recovery and dilution, metallurgical recovery, site operating costs, royalties and revenues. For reporting of Ore Reserves the calculated cut-off grades were rounded to the first decimal gram per tonne of gold. The cut-off grades vary depending on the material type and the pit location.

The grades and metal stated in the Ore Reserves Estimate released in the ASX announcement dated 4 August 2014 include estimates for mining recovery and dilution. The Ore Reserve Estimate is reported within the open pit designs prepared as part of the Feasibility Study. Contained within the pit designs on which the Ore Reserves are based, is a total of 59.4 Mt of waste material, resulting in an average waste:ore strip ratio of 3.4:1.

Outside the currently defined and evaluated deposits, the Project area remains highly prospective for further discoveries.

Review of material changes

There are no material changes to the project Ore Reserves from the last reporting period.

Governance controls

The heap leach Ore Reserves for the Banfora Gold Project have been derived by Cube Consulting Pty Ltd to a standard reportable in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2012). The Ore Reserve estimate is based on the Mineral Resources classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the operation. The Proved Ore Reserve has been derived from the Measured Mineral Resource, and the Probable Ore Reserve has been derived from the Indicated Mineral Resource.

Footnotes

[1] Refer to ASX announcement for full details. Gryphon Minerals is not aware of any new information or data that materially affects the information included in the said announcement.

Competent Persons Statement

The information in this report that relates to the exploration results at the Banfora Gold Project 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 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 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 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 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 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 Gryphon's Ore Reserves Estimate for the Banfora 2 Mtpa Heap Leach Operation (see section 4.2(a)) 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 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 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.

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF GRYPHON MINERALS LIMITED

As lead auditor of Gryphon Minerals Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2016

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The financial report covers the consolidated entity consisting of Gryphon Minerals Ltd and its subsidiaries. The financial report is presented in Australian dollars.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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

288 Churchill Avenue
Subiaco, Western Australia 6008

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 29 September 2016. The directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.gryphonminerals.com.au.

Consolidated Statement of Profit or Loss
& Other Comprehensive Income

For the year ended 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Revenue			
Revenue from continuing operations	5	358	824
Other income	6	1,754	1,398
		2,112	2,222
Expenses			
Administration expense		(1,135)	(1,018)
Consultancy expense		(518)	(389)
Employee benefits expense	7	(1,762)	(1,962)
Share based payment expense		(314)	(285)
Occupancy expense	7	(229)	(243)
Compliance and regulatory expense		(98)	(197)
Insurance expense		(96)	(178)
Interest expense		(3)	-
Depreciation expense	7	(639)	(753)
Exploration and evaluation expense		(6,544)	(12,727)
Fixed assets written off		(52)	(437)
Foreign exchange gain		(50)	1,446
		(11,440)	(16,743)
Loss before income tax		(9,328)	(14,521)
Income tax benefit/(expense)	8	-	-
Loss after income tax for the year		(9,328)	(14,521)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(63)	135
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets		2,104	(2,566)
Other comprehensive income/(loss) for the year		2,041	(2,431)
Total comprehensive loss for the year		(7,287)	(16,952)
Loss for the year is attributable to:			
Non-controlling interests		(509)	(24)
Members of Gryphon Minerals Ltd		(8,819)	(14,497)
		(9,328)	(14,521)
Total comprehensive loss for the year is attributable to:			
Non-controlling interests		(509)	(24)
Members of Gryphon Minerals Ltd		(6,778)	(16,928)
		(7,287)	(16,952)
Loss/Earnings per share for the year attributable to the members of Gryphon Minerals Ltd:			
Basic loss per share (cents)	28	(2.3)	(3.6)

The above consolidated statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	9,279	18,453
Trade and other receivables	10	325	928
Financial assets	11	3,847	-
Inventory		9	23
Total Current Assets		13,460	19,404
Non-Current Assets			
Trade and other receivables	10	256	267
Financial assets	11	-	540
Property, plant and equipment	12	2,251	2,878
Exploration and evaluation expenditure	13	6,075	5,139
Total Non-Current Assets		8,582	8,824
Total Assets		22,042	28,228
LIABILITIES			
Current Liabilities			
Trade and other payables	15	3,698	2,917
Total Current Liabilities		3,698	2,917
Non-Current Liabilities			
Provisions	16	403	420
Total Non-Current Liabilities		403	420
Total Liabilities		4,101	3,337
Net Assets		17,941	24,891
EQUITY			
Contributed equity	17	229,029	229,014
Reserves	19	9,886	7,531
Accumulated losses		(219,678)	(210,859)
Equity attributable to the members of Gryphon Minerals Ltd		19,237	25,686
Non-Controlling interest		(1,296)	(795)
Total Equity		17,941	24,891

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Contributed Equity $'000	Equity Incentive Reserve $'000	Financial Asset Revaluation Reserve $'000	Foreign Exchange Reserve $'000	Accumulated Losses $'000	Total $'000	Non-Controlling Interest $'000	Total Equity $'000
Balance at 1 July 2014 (Restated)	228,981	12,238	(2,786)	225	(196,362)	42,296	(771)	41,525
Loss for the year	-	-	-	-	(14,497)	(14,497)	(24)	(14,521)
Fair value adjustment of financial assets	-	-	(2,566)	-	-	(2,566)	-	(2,566)
Exchange differences on foreign operations	-	-	-	135	-	135	-	135
Total comprehensive loss for the year	-	-	(2,566)	135	(14,497)	(16,928)	(24)	(16,952)
Transactions with owners in their capacity as owners:								
Share based payment transactions	33	285	-	-	-	318	-	318
	33	285	-	-	-	318	-	318
Balance at 30 June 2015	229,014	12,523	(5,352)	360	(210,859)	25,686	(795)	24,891
Balance at 1 July 2015	229,014	12,523	(5,352)	360	(210,859)	25,686	(795)	24,891
Loss for the year	-	-	-	-	(8,819)	(8,819)	(509)	(9,328)
Fair value adjustment of financial assets	-	-	2,104	-	-	2,104	-	2,104
Exchange differences on foreign operations	-	-	-	(63)	-	(63)	-	(63)
Total comprehensive loss for the year	-	-	2,104	(63)	(8,819)	(6,778)	(509)	(7,287)
Transactions with owners in their capacity as owners:								
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	8	8
Share based payment transactions	15	314	-	-	-	329	-	329
	15	314	-	-	-	329	8	337
Balance at 30 June 2016	229,029	12,837	(3,248)	297	(219,678)	19,237	(1,296)	17,941

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Payments for exploration and evaluation		(6,059)	(13,504)
Refunded exploration and evaluation expense		-	541
Payments to administration suppliers and employees		(3,301)	(3,658)
Interest received		400	857
Interest paid		(3)	-
Proceeds from R&D grant		480	1,005
Net cash used in operating activities	27	(8,483)	(14,759)
Cash flows from investing activities			
Payments for exploration farm-ins		(1,044)	(1,326)
Purchase of property, plant and equipment		(63)	(263)
Refund of deposit paid on equipment		385	500
Proceeds from disposal of fixed assets		171	-
Payments for the acquisition of financial assets		(101)	-
Payments for tenement acquisitions		-	(12)
Refund of tenement fees		2	7
Net cash used in investing activities		(650)	(1,094)
Net decrease in cash and cash equivalents		(9,133)	(15,853)
Cash and cash equivalents at the beginning of the year		18,453	34,306
Exchange rate adjustment to cash		(41)	-
Cash and cash equivalents at the end of the year	9	9,279	18,453

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements cover Gryphon Minerals as a consolidated entity consisting of Gryphon Minerals Limited and the entities it controlled from time to time during the year ('Gryphon', 'Company', 'Group' or 'Consolidated Entity').

New and amended standards adopted by the group

There have been no new or amended standards adopted by the Group during the current reporting period.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gryphon as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributable to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative foreign currency translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM has been identified as the Board of Directors.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major business activities as follows:

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of the financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and, where applicable, adjustments recognised for prior periods.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Gryphon Minerals Ltd (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within the group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities win the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

The Group is entitled to claim special tax deductions and rebates on qualifying expenditure under the Research and Development Tax Incentive Scheme in Australia. The Group accounts for the rebate as an Income Tax Benefit/Income.

Discontinued Operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of 12 months from the date of the acquisition or when the acquirer receives all the information possible to determine fair value.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in a normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities in the consolidated statement of financial position.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value

Financial assets at fair value are non-derivative financial assets.

Financial assets at fair value are measured initially at fair value which includes transaction costs directly attributable to the acquisition of the financial asset. They are measured subsequently at fair value with movements in fair value being recognised in the profit or loss, unless:

- The financial asset is an equity investment, and
- The Group has made an irrevocable election to present gains and losses on the financial asset in other comprehensive income. This election has been made on an individual equity basis.

Profit or loss arising on the sale of equity investments is recognised in the profit or loss unless the election has been made to recognise fair value movements in other comprehensive income.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Further increases in estimates of cash flows adjust effective interest rates prospectively. Effective interest rates for financial assets reclassified to the loans and receivables category are determined at the reclassification date.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On disposal the cumulative gains or losses recognised on investments held at fair value through equity over the period the Company held the financial asset are transferred directly to retained earnings/accumulated losses and are not permitted to be recognised in profit or loss.

At initial recognition the Group may make an irrevocable election (on an instance by instance basis) to recognise the changes in fair value of investments in equity instruments in other comprehensive income. This election is only permitted for equity instruments that are not held for trading purposes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets held at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.
Financial assets held for trading are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets held for trading' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets held for trading is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

Financial assets held at fair value through equity are subsequently carried at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset classified as held for trading is impaired. A financial asset classified as held for trading is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Under AASB 9 financials assets held at fair value through equity are no longer required to be assessed for impairment.

Inventories

Inventories held by the Group are in the form of materials or supplies to be consumed in the ordinary course of business. Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Items of inventory are written down if those inventories are damaged or if they become partially or wholly obsolete.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
Depreciation on assets is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment - office 40.0%
- Plant and equipment - field 22.5%
- Motor vehicles 22.5%
- Office furniture and equipment 20.0%
- Leasehold improvements 12.5%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When re-valued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Exploration and evaluation assets

Exploration and evaluation expenditure is expensed as incurred other than those incurred for the acquisition of mineral property licenses or rights to explore which are capitalised and carried forward as an asset in the statement of financial position. Where a project or an area of interest has been abandoned, the capitalised expenditure incurred thereon is written off in the year in which the decision is made.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and the amount can been reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting in the passage of time is recognised as a finance cost.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave are expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefit obligations

The liability for long service leave and annual leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments

Under the Company's Equity Incentive Plan the Company provides benefits to employees of the Company in the form of share appreciation rights, performance rights and unlisted share options, whereby employees render services in exchange for rights over shares ('long-term incentives').

The cost of these long-term incentives is measured by reference to the fair value at the date at which they are granted. The fair value is determined using suitable valuation techniques that takes into account the exercise price, the term of the long-term incentive, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the long-term incentive.

If market conditions are taken into consideration when determining fair value, any awards subject to market conditions are considered to vest regardless of whether or not that market condition has been met, provided all other conditions are satisfied.

If a long-term incentive is modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If a long-term incentive is cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement long-term incentive is substituted for the cancelled long-term incentive, the cancelled and new long-term incentives are treated as if they were a modification.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

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

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in these financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Accounting Standards issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2016. They have not been adopted in preparing the financial statements for the year ended 30 June 2016, with the exception of *AASB 9 Financial Instruments* which was early adopted with effect from 1 July 2011, and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below.

AASB 9 Financial Instruments (issued December 2014)

Nature of change

Classification and measurement

AASB 9 amendments the classification and measurement of financial assets:

- Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).
- Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL.
- All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss.

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:

- Classification and measurement of financial liabilities, and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Impairment

The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.

Hedge accounting

Under the new hedge accounting requirements:

- The 80-125% highly effective threshold has been removed
- Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable
- An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure
- When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI
- When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI
- Net foreign exchange cash flow positions can qualify for hedge accounting.

Impact on initial application

The entity has financial assets classified as available-for-sale. The entity early adopted AASB 9 effective 1 July 2011, at which point the entity reclassified these into the fair value through other comprehensive income (FVTOCI) category. The cumulative fair value changes in the available-for-sale reserve will be reclassified into FVTOCI reserve and subsequent fair value changes will be recognised in other comprehensive income.

Application date

Annual reporting periods beginning on or after 1 January 2018

AASB 16 Leases (issued February 2016)

Nature of change

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.

Impact on initial application

To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

Application date

Annual reporting periods beginning on or after 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Parent entity financial information

Financial information for the parent entity, Gryphon Minerals Ltd, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the Group. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Gryphon Minerals Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation from 1 July 2011.

The head entity, Gryphon Minerals Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Gryphon Minerals Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement from 1 July 2011 under which the wholly owned entities fully compensate Gryphon Minerals Ltd for any current tax payable assumed and are compensated by Gryphon Minerals Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Gryphon Minerals Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Share based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2. Financial Instruments, Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also holds other financial instruments such as trade debtors and trade creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate, foreign currency, price, credit and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Market risk

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from expenditure in currencies other than the Group's measurement currency.

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States Dollar, Euro, British Pound and West African CFA Franc. The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements, and retains the right to withdraw from the foreign exploration commitments after the minimum expenditure targets have been met.

The Group's material exposures to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	USD	EUR	GBP	XOF	CAD
30 June 2016	A$'000	A$'000	A$'000	A$'000	A$'000
Cash & cash equivalents	-	-	-	93	-
Trade & other receivables	-	-	-	-	-
Trade & other payables	4	-	-	93	27
	4	-	-	186	27

	USD	EUR	GBP	XOF	CAD
30 June 2015	A$'000	A$'000	A$'000	A$'000	A$'000
Cash & cash equivalents	4	1	508	14	-
Trade & other receivables	-	-	-	-	-
Trade & other payables	134	4	-	40	-
	138	5	508	54	-

Sensitivity

The Group's main foreign exchange risk arises from cash and cash equivalents held in foreign currency denominated bank accounts, and trade and other payable amounts denominated in currencies other than the Group's functional currency. Based on the financial instruments held at 30 June 2016, had the Australian dollar strengthened/weakened by 10% against all of the above listed currencies with all other variables held constant, the Group's post-tax profit for the period would have been $21,694 higher/$19,722 lower (2015: $79,550 higher/$72,318 lower).

Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position either as held for trading or at fair value through equity. The Group is not exposed to commodity price risk. All of the Group's equity investments are publicly traded on the Australian Securities Exchange ('ASX').

Sensitivity

The table below summarises the impact of an increase/decrease in the ASX on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased by 25%/decreased by 25% (2015: 25% increase/25% decrease) with all other variables held constant and that all of the Group's equity instruments moved according to the historical correlation with the index.

	Impact on other components of equity	
	2016	2015
	$'000	$'000
Financial assets (Fair-valued through equity) increase	962	135
Financial assets (Fair-valued through equity) decrease	(1,194)	(168)

Interest rate risk

The Group's main interest rate risk arises from cash held on deposit by Australian financial institutions. Cash held in term deposits is subject to prevailing variable interest rates and expose the Group to cash flow interest rate risk. As at the end of the reporting period, the Group had $6,500,000 (2015: $16,500,000) on deposit in interest bearing accounts earning a weighted average interest rate of 2.90% (2015: 3.00%).

Sensitivity

At 30 June 2016, if interest rates had increased/decreased by 25 basis points from the year end rates, with all other variables held constant, post-tax profit for the period would have been $16,250 higher/lower (2015: $41,250 higher/lower), mainly as a result of higher/lower interest income earned from cash and cash equivalents.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of primarily dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. All cash equivalents are held with financial institutions with a credit rating of A1+ or above with the exception of $133,771 (2015: $18,166) held with financial institutions with a credit rating of A1, and $4,330 (2015: $8,773) which is not rated.

All trade and other receivables amounts are not rated. Note all credit ratings have been resourced from Moody's Investor Service.

Sensitivity

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics at the end of the reporting period. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and financial assets are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Consolidated Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of reporting date.

Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The following table presents the Group's assets and liabilities measured and recognised at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2016				
Financial assets held at fair value through equity	3,847	-	-	3,847
2015				
Financial assets held at fair value through equity	540	-	-	540

The fair value of financial instruments traded in active markets (such as publicly traded equities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the closing bid price on reporting date. These instruments are classified as level 1 financial assets. The Group has no other financial instruments for which fair value is derived without reference to unadjusted quoted prices in an active market for identical assets. There have been no changes or transfers of financial assets or liabilities between levels 1, 2 or 3 by the Group during the current financial year.

3. Critical Accounting Estimates and Judgements

The preparation of the financial statements requires that the Group make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Group continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Group bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, believed to be reasonable under current circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation expenditure

Acquisition related exploration and evaluation expenditure is capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to note 13 for further details.

Asset acquisition not constituting a business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 Income Taxes applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an asset acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3 Business Combinations. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

The Directors determined that the acquisition of Boss Minerals Pty Ltd and Askia Gold Pty Ltd on the 18th of January 2016 was an asset acquisition.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes option pricing model or another appropriate valuation methodology, using the assumptions detailed in note 18, and taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Group's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors pending an assessment by the Australian Taxation Office. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation.

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer to note 8 for further details.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Refer to note 12 for further details.

4. Operating Segments

Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the Board of Directors.

Based upon the current operations of the Group, the Board has identified four operating segments; being exploration for mineral resources within Burkina Faso, Mauritania, Regional and the Corporate function. The amounts provided to the Board of Directors with respect to total assets and profit or loss are measured in a manner consistent with that of the financial statements. Assets are allocated to a segment based on the operations of the segment and the physical location of the asset.

Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Exploration				
	Burkina Faso $'000	Mauritania $'000	Regional $'000	Corporate $'000	Total $'000
Year ended 2016					
Interest revenue	-	-	-	358	358
R&D grant	480	-	-	-	480
Sale of property, plant & equipment	-	1,272	-	-	1,272
Total segment revenue	480	1,272	-	360	2,112
Total segment loss before income tax	(5,157)	115	(464)	(3,822)	(9,328)
Year ended 2015					
Interest revenue	-	-	-	824	824
R&D grant	1,005	-	-	-	1,005
Total segment revenue	1,390	-	-	832	2,222
Total segment loss before income tax	(8,840)	(1,487)	(505)	(3,689)	(14,521)
Total segment assets					
30 June 2016	8,403	186	9	13,444	22,042
30 June 2015	8,065	602	30	19,531	28,228
Total segment liabilities					
30 June 2016	(2,471)	(59)	(2)	(1,569)	(4,101)
30 June 2015	(2,109)	(50)	(24)	(1,154)	(3,337)

Measurement of segment information

All information presented above is measured in a matter consistent with that in the financial statements.

Segment revenue

No inter-segment sales occurred during the current or previous financial year. The entity is domiciled in Australia. No revenue was derived from external customers in countries other than the country of domicile. Revenues of $357,970 (2015: $824,064) were derived from four Australian financial institutions during the year. These revenues are attributable to the corporate segment.

Reconciliation of segment information

Total segment revenue, total segment profit/(loss) before income tax, total segment assets and total segment liabilities as presented above, equal total entity revenue, total entity profit/(loss) before income tax, total entity assets and total entity liabilities respectively, as reported within the financial statements.

5. Revenue

	2016 $'000	2015 $'000
Revenue from continuing operations		
Interest revenue	358	824
Total revenue from continuing operations	358	824

6. Other Income

	2016 $'000	2015 $'000
Other income		
Refund on equipment purchase	-	385
Tenement fee refund	2	8
Proceeds from sale of fixed assets	171	-
Proceeds from sale of tenements	1,101	-
R&D grant	480	1,005
Total other income	1,754	1,398

7. Expenses

	2016 $'000	2015 $'000
Loss before income tax includes the following specific expenses:		
Depreciation of non-current assets		
Plant and equipment – office	38	73
Plant and equipment – field	497	577
Motor vehicles	74	55
Furniture and equipment - office	18	27
Leasehold improvements	12	21
Total depreciation expense	639	753
Employee benefits expense		
Salary and wages expense	1,666	1,817
Defined contribution superannuation expense	96	145
Total employee benefits expense	1,762	1,962
Occupancy expense		
Office lease expense	137	139
Other occupancy expenses	92	104
Total occupancy expense	229	243

8. Income Tax Expense

	2016 $'000	2015 $'000
Income tax gain/(expense)		
Current tax	-	-
Deferred tax	-	-
Total income tax gain/(expense)	-	-
Deferred income tax expense included in income tax expense comprises:		
Increase/(Decrease) in deferred tax assets	5,305	5,492
(Increase)/Decrease in deferred tax liabilities	(5,305)	(5,492)
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(9,327)	(14,521)
Tax at tax rate of 30% (2015: 30%)	(2,798)	(4,356)
Tax effects of amounts not deductible (taxable) in calculating taxable income:		
Share based payments	94	85
Other non-deductible amounts	1,178	788
Adjustment in respect of global tax rate differences	549	667
Deferred tax assets not brought to account	978	2,817
Income tax gain/(expense)	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	25,584	38,423
Potential tax benefit at 30%	7,675	11,527
Deferred tax assets		
Tax losses - Australian	4,538	6,165
Tax losses – non-Australian	3,137	5,377
Provision for loans - capital	46,758	40,961
Provisions – employee entitlements	199	166
Accruals	3	(14)
Depreciable plant & equipment	16	16
	54,651	52,671
Deferred tax assets not recognised	(43,517)	(46,842)
Deferred tax assets recognised at 30 June	11,134	5,829
Offset against deferred tax liability	(11,134)	(5,829)
Net deferred tax assets	-	-
Deferred tax liabilities		
Unrealised forex gains	(7)	(12)
Depreciable plant & equipment	-	(15)
Investments and financial assets	(1,045)	-
Other timing differences	(10,082)	(5,802)
	(11,134)	(5,829)
Offset by deferred tax assets	11,134	5,829
Net deferred tax liabilities	-	-

The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable non-permanent differences.

9. Cash & Cash Equivalents

	2016 $'000	2015 $'000
Cash & cash equivalents		
Cash at bank & in hand	2,779	1,953
Deposits at call	6,500	16,500
Total cash & cash equivalents	9,279	18,453

Cash at bank

Cash in hand is non-interest bearing. Cash at bank bears floating interest rates between 0.00% and 1.50% (2015: between 0.00% and 2.00%)

Deposits at call

Deposits at call bear interest rates between 2.85% and 2.93% (2015: between 2.90% and 3.17%)

Further information relating to credit risk and interest rate risk can be found at Note 2.

10. Trade & Other Receivables

	2016 $'000	2015 $'000
Current		
Receivables	233	661
Prepayments	92	267
Total current trade and other receivables	325	928
Non-current		
Deposits	256	253
Receivables	-	14
Total non-current trade and other receivables	256	267

Further information relating to credit risk and interest rate risk can be found at Note 2. Carrying values shown above also constitutes fair value of all receivable amounts. No amount (2015: Nil) included within current receivables is greater than 91 days past due. No receivables were impaired at the end of the current financial year.

11. Financial Assets

	2016 $'000	2015 $'000
Non- current financial assets held at fair value through equity		
Opening balance	540	3,106
Consideration for the disposal of assets	1,101	-
Purchases	102	-
Revaluation of financial assets	2,104	(2,566)
Reclassification to current financial assets held at fair value through equity	(3,847)	-
Total non-current financial assets held at fair value through equity	-	540
Current financial assets held at fair value through equity		
Opening balance	-	-
Reclassification from non-current financial assets held at fair value through equity	3,847	-
Total current financial assets held at fair value through equity	3,847	-

Changes in fair values of financials assets at fair value through equity are recorded in other comprehensive income. Information about the Group's exposure to price risk associated with the above financial assets is provided in note 2. In August 2016 the Company sold a component of its listed financial assets held at fair value through equity and reclassified all financial assets as current assets at the current reporting date.

12. Property, Plant & Equipment

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

	Plant & equipment-office	Plant & equipment-field	Motor vehicles	Office furniture & equipment	Leasehold improve-ments	Assets Under Construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2015							
Opening net book amount	127	2,410	306	126	226	239	3,434
Additions	48	425	65	7	6	121	672
Transfers	-	75	-	-	-	(75)	-
Disposals/write-offs	(15)	(203)	-	(15)	(114)	(164)	(511)
Depreciation charge	(73)	(577)	(55)	(27)	(21)	-	(753)
Effects of exchange rates	15	9	9	3	-	-	36
Closing net book amount	102	2,139	325	94	97	121	2,878
At 30 June 2015							
Cost	532	3,820	999	219	283	121	5,974
Accumulated depreciation	(430)	(1,681)	(674)	(125)	(186)	-	(3,096)
Net book amount	102	2,139	325	94	97	121	2,878
Year ended 30 June 2016							
Opening net book amount	102	2,139	325	94	97	121	2,878
Additions	-	116	9	12	-	29	166
Disposals/write-offs	(21)	(102)	(15)	(6)	-	(10)	(154)
Depreciation charge	(38)	(497)	(74)	(18)	(12)	-	(639)
Closing net book amount	43	1,656	245	82	85	140	2,251
At 30 June 2016							
Cost	253	3,466	614	182	118	140	4,773
Accumulated depreciation	(210)	(1,810)	(369)	(100)	(33)	-	(2,522)
Net book amount	43	1,656	245	82	85	140	2,251

13. Exploration & Evaluation Expenditure

	2016 $'000	2015 $'000
Non-current		
Opening balance	5,139	3,318
Capitalised acquisition expenditure at cost	928	1,821
Capitalised exploration and evaluation expenditure acquired (refer note 14)	8	-
Total non-current exploration & evaluation expenditure	6,075	5,139

The ongoing carrying value of the Group's interest in exploration and evaluation expenditure is dependent upon the continuance of the Group's rights to tenure of the areas of interest and the results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

14. Asset Acquisition

In January 2016 the Group successfully achieved the first earn-in milestone under the joint venture agreement with Boss Resources Limited (ASX:BOE) resulting in the Group obtaining 51% ownership in the underlying assets. This milestone was achieved by meeting minimum expenditure commitments under the agreement and maintaining the good standing of all exploration permits. As control was deemed to have been obtained during the period under *AASB 10 Consolidated Financial Statements* the Group is now required to account for the acquisition of the underlying assets and operations and include the associated results in the Group's consolidated financial statements.

Reconciliation of Golden Hill and Gourma Joint Venture acquisition costs:

	$'000
Non-controlling interest	(8)
Capitalised exploration and evaluation expenditure acquired	8
Total	-

The total assets and liabilities of the underlying subsidiaries at the date of acquisition were as follows:

	Askia Gold Pty Ltd $'000	Boss Minerals Pty Ltd $'000	Total $'000
Total assets	45	7	52
Total liabilities	(36)	-	(36)
Total deficiency in equity	9	7	16

No cash balances were acquired or foregone at the date of the acquisition.

15. Trade & Other Payables

	2016 $'000	2015 $'000
Current		
Trade payables	727	532
Accrued employee benefits	574	255
Other payables	2,397	2,130
Total current trade and other payables	3,698	2,917

Amounts shown as current are expected to be settled within 12 months. Information relating to the Group's exposure to foreign exchange risk is provided in Note 2.

16. Provisions

	2016 $'000	2015 $'000
Non-current		
Provision for employee benefits	403	420
Total non-current provisions	403	420

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Based on past experience, the Group does not expect that any employees will take the full amount of accrued long service leave or require payment within the next 12 months. As such the entire amount is presented as non-current.

17. Contributed Equity

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Share capital				
Ordinary shares – fully paid	401,596,447	401,290,987	229,029	229,014
Total share capital	401,596,447	401,290,987	229,029	229,014

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholder meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Equity incentives

Information relating to equity incentives including details of equity incentives exercised and lapsed during the financial year and equity incentives outstanding at the end of the financial year, is set out in note 18.

Capital management

The Group's objectives when managing capital are to ensure that the Group can continue as a going concern in order to provide benefits for shareholders and other stakeholders. Due to the nature of the Group's activities being mineral exploration, the primary source of funding to the activities is equity raisings. The focus for the Group's capital risk management is the current working capital position against the Group's requirements to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements with a view to raise capital when required. The working capital position of the Group at 30 June 2016 is as follows:

	2016 $'000	2015 $'000
Cash and cash equivalents	9,279	18,453
Trade and other receivables	325	928
Trade and other payables	(3,698)	(2,917)
Available for sale listed investments	3,847	540
Working capital position	9,753	17,004

	Date	Number of Shares	Issue Price cents	$'000
Opening Balance 1 July 2014		401,011,505		228,981
Shares issued in lieu of executive salary	8 Aug 14	104,430	15.8	17
Shares issued in lieu of executive salary	7 Nov 14	69,489	14.3	10
Shares issued in lieu of executive salary	22 Jan 15	105,563	5.7	6
Closing Balance 30 June 2015		401,290,987		229,014
Opening Balance 1 July 2015		401,290,987		229,014
Shares issued in lieu of executive salary	19 Jan 16	169,614	5.2	8
Shares issued in lieu of executive salary	4 Apr 16	135,846	6.5	7
Closing Balance 30 June 2016		401,596,447		229,029

18. Equity Incentives

The Company's Equity Incentive Plan gives executives and employees of the Company an opportunity, in the form of unlisted share options, share appreciation rights and performance rights, to subscribe for ordinary shares in the Company.

Performance rights

The fair value at grant date of performance rights ('PRs') issued during the year ended 30 June 2016 was determined using the closing share price valuation method.

Two separate tranches of PRs were issued during the year ended 30 June 2016. Terms and conditions attached to PRs issued are as follows:

Tranche 1

- Service criteria:
  i. Continued employment through to date of vest.
- Performance criteria:
  i. 50% vest upon commencement of construction at the Banfora Gold Project on or before 30 September 2017.
  ii. 50% vest upon first gold pour at the Banfora Gold Project on or before 30 September 2018.
- Change of control:
  i. In the event of a change of control of the Company, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms.

Tranche 2

- Service criteria:
  i. Continued employment through to date of vest.
- Performance criteria:
  i. 50% vest upon commencement of construction at the Banfora Gold Project on or before 31 December 2019.
  ii. 50% vest upon first gold pour at the Banfora Gold Project on or before 31 December 2020.
- Change of control:
  i. In the event of a change of control of the Company, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms.

Set out below are summaries of PR movements under the plan:

	2016		2015	
	Average exercise price per PR	Number of PRs	Average exercise price per PR	Number of PRs
As at 1 July	N/A	172,218	N/A	323,770
Granted during the year	N/A	16,390,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	N/A	(172,218)	N/A	(151,552)
As at 30 June	N/A	16,390,000	N/A	172,218
Vested and exercisable at 30 June	-	-	-	-

Reversal of expenses arising from the issue of PRs recognised during the current year totalled $497,807 (2015: $6,937).

PRs outstanding at the end of the year have the following expiry date and exercise prices:

			PRs	PRs
Grant date	Expiry date	Exercise price	30 June 2016	30 June 2015
20 November 2012	19 November 2016	N/A	-	172,218
19 November 2015	30 September 2018	N/A	11,390,000	-
28 June 2016	31 December 2020	N/A	5,000,000	-
Total			16,390,000	172,218
Weighted average remaining contractual life of PRs outstanding at end of period			2.94 years	2.41 years

Share appreciation rights

Set out below are summaries of share appreciation rights movements under the plan:

	2016		2015	
	Average exercise price per SAR	Number of SARs	Average exercise price per SAR	Number of SARs
As at 1 July	$0.310	12,675,237	$0.256	41,545,684
Granted during the year	-	-	-	-
Lapsed during the year	$0.270	(7,937,896)	$0.243	(28,870,447)
As at 30 June	$0.312	4,737,341	$0.286	12,675,237
Vested and exercisable at 30 June	$0.312	4,737,341	$0.310	4,879,841

Reversal of expenses arising from the issue of SARs recognised during the current year totalled ($184,157) (2015: $61,518).

Share appreciation rights outstanding at the end of the year have the following expiry date and exercise prices:

			SARs	SARs
Grant date	Expiry date	Exercise price	30 June 2016	30 June 2015
20 November 2012	19 November 2016	$0.87	218,530	655,592
4 December 2012	3 December 2016	$0.87	355,478	355,478
20 November 2013	31 December 2016	$0.235	3,333,333	6,666,667
20 January 2014	31 December 2016	$0.235	830,000	4,997,500
Total			4,737,341	12,675,237
Weighted average remaining contractual life of SARs outstanding at end of period			0.49 years	1.50 years

Unlisted share options

There were no unlisted share options ('options') issued during the reporting period. Set out below is a summary of option movements under the plan:

	2016		2015	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
As at 1 July	$1.81	500,000	$1.84	650,000
Granted during the year		-		-
Lapsed during the year	$1.81	(500,000)	$1.96	(150,000)
As at 30 June		-	$1.81	500,000
Vested and exercisable at 30 June		-	$1.81	500,000

There were no unlisted share options outstanding at the end of the year.

19. Reserves

	2016 $'000	2015 $'000
Equity incentive reserve	12,837	12,523
Financial asset revaluation reserve	(3,248)	(5,352)
Foreign exchange reserve	297	360
Total reserves	9,886	7,531

Changes in the fair value and exchange differences arising on translation of investments, including financial assets held at fair value through equity are recognised in other comprehensive income as described in note 1 and accumulated in a separate reserve in equity. Amounts are reclassified to the statement of profit or loss and other comprehensive income when the associated assets are sold or impaired.

The functional currency translation reserve records exchange difference arising on translation of the Company's foreign controlled subsidiaries. Amounts are recorded in other comprehensive income and are accumulated in a separate reserve within equity. Upon disposal of the foreign controlled operation the cumulative amount within the reserve is reclassified to profit or loss.

	2016 $'000	2015 $'000
Equity incentive reserve		
Opening balance	12,523	12,238
Current year share based payment expense	498	951
Accelerated share based payment expense	-	96
Reversed share based payment expense	(184)	(762)
Closing balance	12,837	12,523

The equity incentive reserve records items recognised on valuation of director, employee and contractor equity incentives. Information relating to the Group's Equity Incentive Plan, including details of equity incentives issued, exercised and lapsed during the financial year and equity incentives outstanding at the end of the financial year, is set out in note 18.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

20. Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2016 $	2015 $
Short-term employee benefits	1,204,721	1,377,844
Post-employment benefits	69,211	103,257
Termination payments	-	165,003
Long-term incentives	196,327	178,457
Total key management personal remuneration	1,470,259	1,824,561

Detailed remuneration disclosures are provided within the audited remuneration report which can be found on pages 16 to 25 of the Directors' Report.

21. Remuneration of Auditors

The following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2016 $'000	2015 $'000
BDO Audit (WA) Pty Ltd – Assurance services	51	54
BDO & Co Ltd (Mauritius) - Assurance services	5	-
Total remuneration of BDO	56	54

22. Contingent Liabilities

Net Smelter Royalty
In 2008 Gryphon finalised the 100% acquisition of the Banfora Gold Project. Pursuant to this agreement Sanembaore Sarl Pty Ltd (the acquiree) retained of a one percent net smelter royalty on all Banfora production.

Employment Termination Claims
The Company has received claims from former employees in Burkina Faso regarding termination payments under local employment law. The Company believes it has abided by all Burkina Faso employment laws and will vigorously defend its position. The directors have disclosed the existence of the matter due to the inherent nature of disputes and the potential risk for arbitration to be unfavourable.

Executive Remuneration
During the financial year ended 30 June 2013 the Managing Director deferred payment of a short-term incentive payment until the achievement of first gold pour at the Banfora Gold Project, at which time an amount of $325,000 will become payable.

23. Commitments

	2016 $'000	2015 $'000
Lease commitments		
Not longer than one year	271	240
Longer than one year, but not longer than five years	-	386
Longer than five years	-	-
Total lease commitments	271	626

The Group did not have any capital commitments at the current or prior reporting dates.

24. Related Party Transactions

Parent entity
The ultimate parent entity of the Group is Gryphon Minerals Limited.

Subsidiaries
Interests in other entities are set out in note 25.

Key management personnel
Disclosures relating to key management personnel (KMP) are set out in note 21 and section F of the remuneration report in the directors' report.

Terms & conditions
Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

25. Interests in Other Entities

Material subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1.

			Equity holding[1]	
Name of entity	Country of Incorporation	Class of Shares	2016 (%)	2015 (%)
Gryphon Minerals West Africa Pty Ltd	Australia	Ordinary	100	100
Gryphon Minerals Burkina Faso Pty Ltd	Australia	Ordinary	100	100
Espial Minerals Pty Ltd	Australia	Ordinary	100	100
Gryphon France Pty Ltd	Australia	Ordinary	100	100
Espial Holdings Pty Ltd	Australia	Ordinary	100	100
Gryphon (Shield) Mining Ltd	Australia	Ordinary	100	100
BF Minerals Pty Ltd	Australia	Ordinary	100	100
Gryphon Discovery Pty Ltd	Australia	Ordinary	100	100
Gryphon Minerals Mali Pty Ltd	Australia	Ordinary	100	100
Gryphon Mauritania Holdings Ltd	Isle of Man	Ordinary	100	100
Gryphon Saboussiri Holdings Ltd	Isle of Man	Ordinary	100	100
Société Minière Gryphon SA	Burkina Faso	Ordinary	90	90
Gryphon Minerals Burkina Faso Sarl	Burkina Faso	Ordinary	100	100
Sama Minerals Sarl	Burkina Faso	Ordinary	100	100
Burkina Faso Minerals Sarl	Burkina Faso	Ordinary	100	100
Gryphon Minerals Mali Sarl	Mali	Ordinary	100	100
Gryphon Mining Mauritania SA	Mauritania	Ordinary	100	100
Shield Saboussiri Mining Mauritania SA	Mauritania	Ordinary	60	60
Gryphon Minerals Côte d'Ivoire Sarl	Côte D'Ivoire	Ordinary	100	100
Boss Minerals Pty Ltd	Australia	Ordinary	51[2]	0
Askia Gold Pty Ltd	Australia	Ordinary	51[2]	0
Boss Minerals Sarl	Burkina Faso	Ordinary	51[2]	0
Boss Gold Sarl	Burkina Faso	Ordinary	51[2]	0

[1] Ownership interest is directly proportionate to voting interest.

[2] In January 2016 Gryphon reached its first earn-in milestone under the Boss Resources Ltd (ASX:BOE) Joint Venture, earning a controlling 51% holding with a pathway to 80% ownership

Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Shield Saboussiri Mining Mauritania SA		Askia Gold Pty Ltd	Boss Minerals Pty Ltd
	2016 $'000	2015 $'000	2016 $'000	2016 $'000
Summarised statement of financial position				
Current assets	26	69	50	5
Current liabilities	(8)	(14)	(33)	(33)
Current net assets/(liabilities)	18	55	17	(28)
Non-current assets	89	105	2,646	775
Non-current liabilities	(4,857)	(4,504)	(3,076)	(1,021)
Non-current net assets/(liabilities)	(4,768)	(4,399)	(430)	(246)
Net liabilities	(4,750)	(4,344)	(413)	(274)
Accumulated NCI	(954)	(795)	(206)	(136)
Summarised Statement of profit or loss and other comprehensive income				
Revenue	-	-	-	-
Gain/(loss) for the period	(396)	(60)	(410)	(273)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(396)	(60)	(410)	(273)
Gain/(loss) allocated to NCI	(159)	(24)	(201)	(134)
Dividends paid to NCI	-	-	-	-
Summarised Cash flows				
Cash flows from operating activities	(97)	(289)	(1,319)	(118)
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	96	287	1,319	118
Net decrease in cash and cash equivalents	(1)	(2)	-	-

26. Events Occurring After the Reporting Period

On the 20th of July 2016 The Company completed a placement to Teranga Gold Corporation (Teranga) (ASX,TSX: TGZ) whereby Teranga subscribed for 21.2 million fully paid ordinary shares in Gryphon for a total consideration of A$4.4million.

On the 23rd of September 2016 the Company's shareholders voted in favour of the Scheme of Arrangement (SIA) signed with Teranga. The transaction is expected to be completed in October 2016.

On the 17th of August 2016 the Company sold its entire listed shareholding in Algold Resources Ltd (TSX: ALG).

No additional matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

27. Reconciliation of profit after income tax to net cash from operating activities

	2016 $'000	2015 $'000
Loss after income tax for the year	(9,328)	(14,521)
Adjustments for:		
Depreciation	639	753
Share based payments	314	285
Fixed assets written off	52	437
Shares issued in lieu of salary	15	32
Foreign exchange gains/(losses)	(243)	1,466
Changes in assets and liabilities:		
Increase in operating receivables & prepayments	(697)	(1,601)
Increase/(decrease) in trade and other payables	765	(1,610)
Net cash outflows from operating activities	(8,483)	(14,759)

28. Earnings Per Share (EPS)

	2016	2015
Loss for the period		
Loss used in the calculation of basic EPS	($9,327,049)	($14,521,293)
Weighted average number of ordinary shares ('WANOS')		
WANOS used in calculation of basic earnings per share	401,399,112	401,195,501
Basic loss per share (cents)	(2.3)	(3.6)

Diluted earnings per share is not shown or calculated as the Company is in a loss position.

29. Parent Entity Information

	2016 $'000	2015 $'000
Assets		
Current assets	13,143	18,640
Non-current assets	449	32,520
Total assets	13,592	51,160
Liabilities		
Current liabilities	(1,147)	(736)
Non-current liabilities	(404)	(420)
Total liabilities	(1,551)	(1,156)
Equity		
Contributed equity	229,009	228,994
Accumulated losses	(226,556)	(186,161)
Total reserves	9,588	7,171
Total equity	12,041	50,004
Total comprehensive income/(loss) for the year		
Loss for the year	(40,395)	(22,022)
Other comprehensive gain/(loss) for the year	2,104	(2,566)
Total comprehensive loss for the year	(38,291)	(24,588)

Other information

The parent entity has not guaranteed any loans for any entity during the current or previous financial year. The parent entity did not have contingent liabilities at the end of the current or prior financial year other than disclosed at Note 22. The parent entity did not have contractual commitments at the end of the current or prior financial year other than disclosed in Note 23.

This is the end of the Financial Report.

Directors' Declaration

For the year ended 30 June 2016

In the Directors' opinion:

(a) The financial report and notes set out on pages 32 to 70 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date, and

(b) There are reasonable grounds to believe that Gryphon Minerals Limited will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the relevant persons as required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

Stephen Parsons
Managing Director

Perth, Western Australia, 29 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Gryphon Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Gryphon Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

(a) the financial report of Gryphon Minerals Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 25 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Gryphon Minerals Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 29 September 2016

Additional Shareholder Information

For the year ended 30 June 2016

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be found on the Company's website.

Refer to http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance.

The shareholder information set out below was applicable as at 24 August 2016.

Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Holding	Number of holders
1 – 1,000	548
1,001 – 5,000	841
5,001 – 10,000	562
10,001 – 100,000	1,229
100,001 and over	292
	3,472

There were 879 holders of less than a marketable parcel of ordinary shares.

Equity Security Holders

The names of the twenty largest ordinary fully paid shareholders as at 24 August 2016 are as follows:

	Number held	% of issued shares
HSBC Custody Nominees (Australia) Limited	58,267,863	13.78
Citicorp Nominees Pty Limited	57,831,765	13.68
Buttonwood Nominees Pty Ltd	45,944,895	10.87
J P Morgan Nominees Australia Limited	30,350,241	7.18
Merrill Lynch (Australia) Nominees Pty Limited	24,960,833	5.90
Teranga Gold Corporation	21,200,000	5.01
ABN Amro Clearing Sydney Nominees Pty Ltd	7,560,828	1.79
Denman Income Limited	3,750,000	0.89
Home Capital Finance Pty Ltd	3,000,000	0.71
Woodross Nominees Pty Ltd	2,819,713	0.67
National Nominees Limited	2,706,332	0.64
Mrs Kristin Phillipe & Mr Justin Gare	2,659,163	0.63
BNP Paribas Noms Pty Ltd	2,653,995	0.63
Mr Stephen Parsons	2,500,001	0.59
Symorgh Investments Pty Ltd <Symorgh Superannuation Fund>	2,500,000	0.59
Kane Diamonds & Pearls Pty Ltd	2,337,638	0.55
Dr Steven G Rodwell	2,227,456	0.53
Symorgh Investments Pty Ltd <Symorgh A/C>	2,036,309	0.48
Mr Rubindran Kuppusamy	1,912,795	0.45
Mr Benjamin Chun Ming Seeto & Mrs Shirley Seeto	1,807,000	0.43
	279,026,827	66.00

Additional Shareholder Information

For the year ended 30 June 2016

Substantial Holders

Substantial holders in the Company are set out below:

Ordinary Shares	Number held	% of issued shares
MM Asset Management Inc.	49,199,608	11.64
Global X Management Company	34,969,617	8.27
Teranga Gold Corporation	21,200,000	5.01

Voting Rights

In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly appointed representative has one vote. On a poll every member present or by proxy or attorney or duly authorised representative has one vote for every fully paid share held. Option holders have no voting rights.

Schedule of Minerals Tenements

As at 30 June 2016

Project	Tenement	Interest	Status
Banfora	Wahgnion	100%	Granted
	Nogbele	100%	Granted
	Nianka	100%	Granted
	Dierisso	100%	Granted
	Nianka Nord	100%	Granted
	Zeguedougou	100%	Granted
	Nogbele Sud	100%	Granted
Gourma	Boutouanou	51% | Earn-in JV	Granted
	Diabatou	51% | Earn-in JV	Granted
	Tyara	51% | Earn-in JV	Granted
	Foutouri	51% | Earn-in JV	Granted
	Tyabo	51% | Earn-in JV	Granted - Transfer in progress[1]
	Kankandi	51% | Earn-in JV	Granted - Transfer in progress[1]
Golden Hill	Baniri	51% | Earn-in JV	Granted
	Intiedougou	51% | Earn-in JV	Granted
	Mougue	51% | Earn-in JV	Granted
Saboussirri	EL879	60%	Granted[2]
	EL1074	60%	Granted[2]
North-West	Odienne	100%	Granted
Côte d'Ivoire	Samaminkan (FNW)	100%	Granted

Notes:
[1] Tenements currently being transferred into Gryphon's name at 30 June 2016.
[2] Relinquished in July 2016.
EL: Exploration Licence