2010 ANNUAL REPORT

GRYPHON
MINERALS LIMITED

ABN 31 107 690 657

Contents

Non-Executive Chairman	Mel Ashton
Managing Director	Stephen Parsons
Non-Executive Directors	Didier Murcia Steven Zaninovich
Company Secretary	Brett Dunnachie
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Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153
Auditors	Bentleys Level 1, 12 Kings Park Road WEST PERTH WA 6005
Bankers	National Australia Bank 50 St Georges Terrace PERTH WA 6000
Stock Exchange Listing	Australian Securities Exchange (ASX) (Home Exchange: Perth, Western Australia) Ticker code: GRY
Website Address	www.gryphonminerals.com.au

Dear Gryphon shareholders,

On behalf of the directors of Gryphon Minerals Limited ('Gryphon'), I am pleased to present to shareholders the Company's annual report for the year ending 30 June 2010. The 2010 financial year has been both exciting and eventful as the Company continues to spread its wings in West Africa.

In June of this year the Company successfully divested its Australian assets to newly-formed gold exploration company Renaissance Minerals Limited ('Renaissance') (ASX: RNS). The decision by Gryphon to divest its Australian projects supports the Company's strategy to become a significant gold exploration and, over time, mining company in West Africa.

In conjunction with Gryphon's strategy of expanding its West African footprint, the Company launched an off-market takeover offer ('Offer') for Shield Mining Limited ('Shield') in June of this year. The Offer was successfully completed in late August and is currently in the final stages of compulsory acquisition proceedings.

The acquisition of Shield has significantly enhanced Gryphon's tenement holdings to in excess of 3,600km^2 and places the combined entity in a very strong position with a well resourced and highly capable team ready to explore the Company's highly prospective exploration assets. The board also looks forward to welcoming Mr David Netherway to the board of Gryphon in the very near future. Mr Netherway was previously the Chief Executive Officer of Shield and brings to Gryphon extensive experience in developing mines in West Africa.

Following on from a very uncompromising exploration program during the year, in September the Company was pleased to announce an increase in the gold resource estimation to 21Mt @ 2.2g/t gold for 1,500,000oz at the Banfora Gold Project. Key items of note in relation to this upgrade are:

- Mineralisation remains open at depth and along strike,
- The resource is shallow with 80% above 100 meters depth,
- Less than US$10 per ounce discovery costs, and
- Excellent metallurgical recoveries

Gryphon views this latest resource upgrade as an interim estimation with significant potential to define further ounces and to potentially establish a multi-million ounce gold district through the Company's aggressive on-going drilling programs at the Banfora Gold Project.

During 2010 Gryphon also undertook maiden reverse circulation ('RC') and reconnaissance rotary air blast ('RAB') drilling on the first target areas within close proximity of the Nogbele deposit, intersecting significant shallow gold mineralisation at Samavogo and Ouahiri:

- Samavogo 'satellite' discovery including 8m @ 9.07g/t from 12m, 8m @ 4.34 g/t from 20m and 4m @ 8.24g/t from 4m are from a new parallel mineralised zone over 2500m strike and open and forms part of a 12km regional shear zone; and
- Ouahiri regional shear zone, containing multiple shallow zones of mineralisation with results from the first 10km portion, that remains untested for a further 20km, including 15m @ 5.09 g/t from surface, 17m @ 2.55g/t from 16m and 6m @ 5.5g/t from 43m.

These results are very significant as they are new targets outside of the current known resources at the Banfora Gold Project.

The Gryphon team have worked diligently over the previous 12 months and we have emerged with strong cash reserves, a world class, multi-million ounce potential gold project and a pipeline of new and exciting exploration opportunities throughout West Africa. I would like to thank all management and staff for their hard and loyal work over the past 12 months.

I would also like to thank our long standing shareholders for their continued support and welcome our more recent shareholders, which include many shareholders of Shield. The coming year promises to be very exciting for the Company and I look forward to meeting with you at the forthcoming Annual General Meeting.

M. Ashton

Mel Ashton
Non-Executive Chairman

The directors of Gryphon Minerals Limited ('the Company') submit herewith their report of the Company and its controlled entities ('Gryphon Minerals', 'the consolidated entity' or 'the group') for the financial year ended 30 June 2010 in order to comply with the provisions of the *Corporations Act 2001*. The Directors Report is as follows:

1. Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

Mel Ashton	Non-Executive Chairman
Stephen Parsons	Managing Director
Didier Murcia	Non-Executive Director
Steven Zaninovich	Non-Executive Director (appointed 28 January 2010)

Mel Ashton — Non-Executive Chairman

Qualifications: B.Com, FCA, FAICD

Experience: Mr Ashton holds a Bachelor of Commerce degree from the University of Western Australia, is a fellow of the Institute of Chartered Accountants and a fellow of the Australian Institute of Company Directors. Mr Ashton also currently holds a number of board appointments, including a National Director of the Institute of Chartered Accountants, Director of The Hawaiian Group of Companies and Chairman of Cullen Wines (Australia) Pty Ltd. He is also currently the Chairman for Empired Limited and Venture Minerals Limited and is a non-executive director of Renaissance Minerals Limited.

Interest in Securities

Fully Paid Ordinary Shares	800,000
30 cent Options expiring 11 June 2011	500,000
35 cent Options expiring 11 June 2011	500,000

Other Directorships

Empire Beer Group Limited (From 21 June 2006 to 18 March 2009)
Empired Limited (since 21 December 2005)
Venture Minerals Limited (since 12 May 2006)
Renaissance Minerals Limited (since 16 February 2010)

Stephen Parsons — Managing Director

Qualifications: BSc (Hons) Geology, MAusIMM

Experience: Mr Parsons is the Managing Director of Gryphon Minerals. Gryphon successfully listed on the Australian Securities Exchange in April 2004 with high quality nickel and gold exploration projects located within Western Australia. Mr Parsons graduated from the University of Canterbury in New Zealand with an Honours degree in Geology. He has 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 throughout Australia before listing Gryphon in April 2004.

Interest in Securities

Fully Paid Ordinary Shares	5,490,601
30 cent Options expiring 11 June 2011	1,750,000
35 cent Options expiring 11 June 2011	1,750,000

Other Directorships

Avonlea Minerals Limited (Alternate Non-Executive director since 22 May 2009)

1. Directors (continued)

Didier Murcia	**Non-Executive Director**
Qualifications	LLB, BJuris
Experience	Mr Murcia holds a Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, and has over twenty years experience in corporate, commercial and resource law. Mr Murica is a Director of Aminex PLC, listed on the London Stock Exchange and Chairman of Centaurus Metals Limited listed on the Australian Securities Exchange. He is also Chairman of Perth law firm Murcia Pestell Hillard and the Honorary Consul for the United Republic of Tanzania.

Interest in Securities	Fully Paid Ordinary Shares	150,000
	30 cent Options expiring 11 June 2011	250,000
	35 cent Options expiring 11 June 2011	250,000

Listed Directorships	Animex plc (since 1998) Gindalbie Metals Limited (from 2 February 1998 to 31 January 2010) Target Energy Limited (from 1 February 2006 to 31 December 2009) Centaurus Metals Limited (since 16 April 2009)

Steven Zaninovich	**Non-Executive Director**
Qualifications	B Eng (Civil)
Experience	Mr Zaninovich has over 19 years experience in senior management, engineering consultancy and project management in all stages of project development from concept to completion including significant experience in numerous West African gold mining projects.
Interest in Securities	Nil
Listed Directorships	None

2. Company Secretary

The following person held the position of company secretary at the end of the financial year:

Brett Dunnachie - B.Com CA. Mr Dunnachie is a Chartered Accountant and holds a Bachelor of Commerce degree. Mr Dunnachie is the acting Chief Financial Officer of the Company and was appointed Company Secretary in February 2007. Prior to joining Gryphon Minerals he was an audit manager at PricewaterhouseCoopers. He is also the Company Secretary for Venture Minerals Limited, Renaissance Minerals Limited and Avonlea Minerals Limited.

3. Principal Activities

The principal activity of Gryphon Minerals during the financial year was mineral exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

4. Operating Results

The loss of the consolidated entity after providing for income tax amounted to $3,156,935 (2009: $2,326,376).

5. Dividends Paid or Recommended

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.

6. Summary Review of Operations

Banfora Gold Project, Burkina Faso

Gryphon Minerals during the past twelve months has been active in exploring its flagship Banfora Gold Project in Burkina Faso. The project is located in a major gold producing district, host to such world class gold deposits as Randgold's Tongon (4.2Moz) Resolute's Syama (5Moz mined & 6.5M oz resources) and Anglo/Randgold's Morila (6.5Moz) gold deposits. Results from drilling at the Banfora Gold Project continue to impress and demand that further drilling be undertaken for the upcoming year.

In September 2010, the Company announced an increase of the JORC inferred resource estimate on Nogbele and Fourkoura deposits at the Banfora Gold Project to 21 million tonnes at 2.2g/t gold for 1.5 Million oz of gold, with the majority of the resource shallow and above 100 metres depth. Mineralisation remains open along strike and at depth increasing the probability of adding further ounces and increasing the resource in the near term.

To date the total resource estimate is located only at the Nogbele and Fourkoura deposits and it is the Company's view that this is an interim estimation with significant potential to define further ounces and to potentially establish a multi-million ounce gold district through the Company's aggressive on-going drilling programs at the Banfora Gold Project.

The Company continues to explore aggressively with ongoing drilling at both the Nogbele and Fourkoura deposits. Recent initial drilling targeting mineralisation to only 150 meters depth at Nogbele intercepted high grade gold, including 20m @ 3.30g/t, 14m @ 5.09g/t & 10m @ 4.20g/t gold confirming significant mineralisation continues at depth.

The ongoing drilling programmes will continue to target high grade gold mineralisation outside of the current resource estimate. Further results from these drilling programmes will be made available at the earliest opportunity. The Company is anticipating a new resource estimate after the completion of this drilling campaign in early 2011.

The Company also continued regional exploration of the 1,200km^2 Project area, resulting in the discovery of two new regional shear zones. Over 120km of highly prospective shear zones have been delineated at Banfora and to date only 5% have received any drilling and 95% remain to be tested.

The Samavogo 'satellite' discovery, 20kms north east of Nogbele, is a new parallel mineralised zone over 2,500m strike and open and forms part of a 12km regional shear zone. Initial results from the first 2.5km of the 12km structural target intercepted shallow high grade gold mineralisation including 8m @ 9.07g/t from 12m, 8m @ 4.34 g/t from 20m and 4m @ 8.24g/t from 4m.

The Ouahiri regional shear zone, located just 5kms west of Nogbele contains multiple shallow zones of gold mineralisation. Initial drill results including 15m @ 5.09 g/t from surface, 17m @ 2.55g/t from 16m and 6m @ 5.5g/t from 43m.

The results from the two new regional discoveries are very significant as they are new targets outside of the current known resources at the Banfora Gold Project and are the first of several targets from our regional exploration.

The Company believes that the drill results released to date confirm the potential for the Banfora Gold Project to host world class gold mineralization similar to other major deposits in West Africa.

Tijirit Gold Project, Mauritania

The Tijirit Gold Project located in the north-west of Mauritania, West Africa in a highly prospective and underexplored gold district that hosts Kinross/Redback Mining's world class gold Tasiast (11Moz) gold deposit.

The project is owned 100% by Gryphon Minerals and contains continuous exploration licenses covering approximately 1,400km^2 of a highly prospective and underexplored gold district. The project is easily accessible by road and only 300kms from the capital of Nouakchott.

Drilling results on the Tijirit Gold Project included:

- 6m @ 17.63g/t Au from 10m
- 6m @ 10.47g/t Au from 16m
- 2m @ 24.90g/t Au from 56m

The majority of the Tijirit Gold Project has been drilled to less than 50m vertical depth, intersecting major mineralised zones over 150m wide.

6. Summary Review of Operations (continued)

Corporate

In November 2009 the Company completed a $20,000,000 capital raising and 10 months later in September 2010 the Company announced a further capital raising of $48,200,000, both of which targeted overseas and institutional investors including a number of UK, European and North American based international resource funds.

The Company completed the divestment of its Australian gold and nickel assets to Renaissance Minerals Limited, following Renaissance's successful listing on ASX. Gryphon holds 10,000,000 shares in Renaissance representing approximately 16% of the total issued capital of the Company. The transaction allows Gryphon to focus on the Banfora and Tijirit Gold Projects and the Company's West African growth strategy.

On 30 June 2010, the Company announced a recommended takeover offer for ASX listed Shield Mining Limited, which held projects in Mauritania, West Africa including the highly prospective and under explored Tijirit Gold Project located adjacent to Kinross/Redback Mining's world class Tasiast (+11Moz) gold mine.

Gryphon was also announced winner of the prestigious 'Explorer of the Year Award for 2009' by the highly regarded Gold Mining Journal magazine. The Award is selected based on votes from a cross-section of independent industry professionals.

Banfora Gold Project (100%), Burkina Faso

The Banfora Gold Project owned 100% by Gryphon Minerals Ltd is located in the south-west of Burkina Faso, West Africa, in a major gold producing district, host to the world class gold deposits of Tongon (4.2 Million oz Au) only 30km to the south, Syama (5 Million oz Au mined & 6.5 Million oz Au in resources) 50km to the West, and Morila (6.5 Million oz Au) 75km to the North West. The project area contains six exploration licenses covering a total of 1,150km2 and encapsulates the entire "Loumana" Birimian greenstone belt within Burkina Faso.

The Project area is easily accessible by road and in close proximity to the town of Banfora. A 100km sealed road connects Banfora town to the city of Bobo Diolasso and a further 350km to Burkina Faso's capital city Ouagadougou. Grid power supplied by hydro–electricity is located approximately 30km from the eastern boundary of the project.
Since Gryphon commenced exploration at the Banfora Gold Project approx 95% of all drilling has been focussed in and around the large grano-diorite intrusion known as the Nogbele (Nog-bee-lee) and Fourkoura (Four-core-a) gold deposits.

In September 2010 the Company was pleased to announce an increase in the inferred resource estimation at the Company's flagship Banfora Gold Project in Burkina Faso - West Africa (refer to Table 1).

The Company views this resource as an interim estimation with significant potential to define further shallow ounces from the on-going drilling programmes at both the Nogbele and Fourkoura deposits. Key points in regard to the Inferred Resource estimate for the Nogbele & Fourkoura deposits are:

- 21Mt @ 2.2g/t for 1,500,000oz Gold
- 80% above 100 meters depth
- Mineralisation remains open at depth and along strike
- Less than US$10 per ounce discovery costs
- Excellent metallurgical recoveries

Table 1: Banfora Gold Project Resource Estimate

Deposit	Category	Tonnage (Mt)	Grade Au (g/t)	Contained Gold (Million Ounces)
Nogbele	Inferred	16	2.2	1.2
Fourkoura	Inferred	4.4	2.1	0.3
Total Banfora Gold Project	Inferred	21	2.2	1.5

Note: For full details on key assumptions, parameters and methods used to estimate the minerals resource please refer to ASX announcement dated 1 September 2010.

Nogbele Deposit

The resource estimate within the Nogbele Deposit incorporates primarily two mineralization orientations, east-west trending zones and northwest-southeast trending zones. The east-west mineralized zones consist typically of multiple parallel and sub-parallel zones of broad hematite and / or magnetite, silica and pyritic alteration, sericitic schist's and lode quartz veins that dip between 10 and 60 degrees to the north "wrapping" around the "nose" of the Nogbele granodiorite into the sediments and mafics.

The northwest-southeast mineralized zones are shear hosted with little or no quartz veining and strong to moderate hematite, carbonate, sericite and pyritic alteration and are typically higher grade.

'Deeper holes' recently drilled at Nogbele approximately 150 meters vertical depth confirm high grade mineralisation continues, at depth.

6. Summary Review of Operations (continued)

Nogbele Deposit (continued)

Significant results from initial holes targeting mineralisation at 150 metres vertical depth include:

- 20m @ 3.30g/t gold from 172m
- 2m @ 9.60g/t gold from 187m
- 9m @ 3.30g/t gold from 160m
- 14m @ 5.09g/t gold from 149m
- 10m @ 4.27g/t gold from 191m

A major shear zone on the western margin of the Nogbele granodiorite continues south for 30 kilometres to Randgold's world class 4.2 Million ounce Tongan gold deposit.

Ongoing drilling programmes will continue at the Nogbele deposit stepping along strike, down dip and testing further mineralised zones.

Fourkoura Deposit

The Fourkoura Deposit is only 7 kilometres from the Nogbele Deposit and is located on the intersection of a major shear corridor and a zoned dolerite intrusive believed similar in style to the Golden Mile dolerite in Western Australia. The dolerite unit extends to approximately 4 kilometres of which only 30% has so far been drilled. Gold mineralization is associated within single and multiple sub parallel sheers with intense silica, magnetite and pyrite alteration and quartz veining within a felsic intrusive and the dolerite intrusive. Mineralization remains open and requires further step out drill testing.

Banfora Regional

Regionally within the 1200km^2 project area there remain numerous untested high priority targets. During 2010 Gryphon undertook maiden RC and reconnaissance RAB drilling on the first of these target areas within close proximity of the Nogbele deposit, intersecting significant shallow gold mineralisation at Samavogo and Ouahiri.

- Samavogo 'satellite' discovery including 8m @ 9.07g/t from 12m, 8m @ 4.34 g/t from 20m and 4m @ 8.24g/t from 4m are from a new parallel mineralised zone over 2500m strike and open and forms part of a 12km regional shear zone; and
- Ouahiri regional shear zone, containing multiple shallow zones of mineralisation with results from the first 10km portion, that remains untested for a further 20km, including 15m @ 5.09 g/t from surface, 17m @ 2.55g/t from 16m and 6m @ 5.5g/t from 43m.

These results are very significant as they are new targets outside of the current known resources at the Banfora Gold Project.

The Company completed a detailed aeromagnetic survey on 100 meter line spacing's across the entire project area and also continued regional mapping and soil geochemical sampling programmes which highlighted additional new and previously untested areas on the Banfora Project.

During 2011 Gryphon intends to undertake reconnaissance RAB drilling targeting new high priority regional targets which will test sections of the 120km of highly prospective shear zones within the project. The Company also intends to undertake reverse circulation drilling programs at the new Samavogo and Ouahiri discoveries as well as ongoing resource drilling at the Nogbele and Fourkoura deposits with the objective to increase the current interim resource.

Mauritanian Projects

Tijirit Gold Project (100%)

The Tijirit Gold Project is located in the north-west of Mauritania, West Africa in a highly prospective and underexplored gold district that hosts the world class gold Tasiast (+11Moz) deposits.

The project is owned 100% by Gryphon Minerals and contains continuous exploration licenses covering approximately 1,460km^2 of a highly prospective and underexplored gold district. The project is easily accessible by road and only 300kms from the capital of Nouakchott.

First pass historical drilling results included:

- 6m @ 17.63g/t Au from 10m
- 6m @ 10.47g/t Au from 16m
- 2m @ 24.90g/t Au from 56m

The majority of the Project has been drilled to less than 50m vertical depth, intersecting major mineralised zones over 150m wide. The Company is very excited by the prospectivity of the Tijirit Project and will undertake a detailed review and target generation exercise that will include initial detailed aeromagnetic surveys before commencing drilling in early 2011.

6. Summary Review of Operations (continued)

Akjoujt Copper Gold Project (100%)

The Akjoujt Copper Gold Project permits cover approximately 750km^2 of ground located 30km west of the Guelb Moghrein gold/copper mine operated by First Quantum Minerals Ltd. The Guelb Moghrein mineralisation is classified as an Iron Oxide Copper Gold (IOCG) deposit and has characteristic carbonate and magnetite alternation signature.

An airborne gravity survey over the Akjoujt Project was completed on the property in February 2010 in conjunction with First Quantum Minerals Ltd, targeting both copper and gold mineralisation. A number of highly prospective gravity anomalies were identified and the Company intends to follow these up during the next 12 months.

Saboussiri Gold Project (60%)

The Saboussiri Gold/Copper Project permit covers approximately 200km^2 of ground in the southern Mauritanides close to the border with Senegal.

A number of copper prospects have been identified on the property including a drill ready copper/gold target at Diaguili together with a strong gold anomaly at Toumbou. The Company intends to follow these up during the next 12 months.

7. Financial Position

The consolidated entity held $19,338,881 in cash assets at 30 June 2010 (2009: $12,015,383) which the Directors believe puts the consolidated entity in a sound financial position with sufficient capital to effectively explore its current landholdings.

8. Business Strategies & Prospects for the Forthcoming Year

Gryphon Minerals is currently focused upon aggressive exploration throughout West Africa with the aim of discovering and increasing the current resources at it's flagship gold project in West Africa – the Banfora Gold Project as well as continuing to develop the Tirijit, Akjoujt and Saboussiri exploration areas. Gryphon Minerals may also continue to identifying new mineral exploration opportunities within West Africa for further potential acquisitions which may offer value enhancing opportunities for shareholders.

9. Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the consolidated entity occurred during the financial year:

- On 21 September 2009 Gryphon announced a JORC inferred resource estimate on the Nogbele & Fourkoura deposits at the Banfora Gold Project of 14Mt @ 2.4g/t for 1.1 Million oz of gold.
- On 3 December 2009 Gryphon confirmed that it had completed Tranche 1 of a share capital placement being 24,800,000 shares at $0.50 to raise $12,400,000. Tranche 2 of the Placement being the issue of a further 15,200,000 shares at $0.50 was completed on 14 January 2010 following shareholder approval.
- On 11 June 2010 Gryphon successfully divested its Australian assets to newly-formed gold exploration company Renaissance Minerals Limited (Renaissance) (ASX: RNS). Renaissance was admitted to the Official List of ASX Limited on 9 June 2010 and official quotation of its securities commenced at 1.00pm EST on 11 June 2010. Following the listing of Renaissance on ASX, Gryphon received 10,000,000 ordinary shares equating to a 16.47% direct equity interest in Renaissance.
- On 30 June 2010 the Company announced an off-market takeover offer for Shield Mining Limited ('Shield'). The Offer was announced unconditional on 30 July 2010 and on 17 August 2010 the Share Offer closed with Gryphon holding 94% of the total issued capital of Shield. On 24 August 2010 the Option Offer closed and compulsory acquisition proceedings commenced for the remaining Shield shares and Shield Bid Options.

10. Matters Subsequent to the end of the Financial Year

There have been the following material events subsequent to reporting date:

- On 30 June 2010 the Company announced an off-market takeover offer for Shield Mining Limited ('Shield'). The Offer was announced unconditional on 30 July 2010 and on 17 August 2010 the Share Offer closed with Gryphon holding 94% of the total issued capital of Shield. On 24 August 2010 the Option Offer closed and compulsory acquisition proceedings commenced for the remaining Shield shares and Shield Bid Options.
- On 1 September 2010 Gryphon announced a JORC inferred resource estimate on the Nogbele & Fourkoura deposits at the Banfora Gold Project of 21Mt @ 2.2g/t for 1.5 Million oz of gold.
- On 24 September 2010 Gryphon announced a $45.2 million capital raising via the issue of 36,137,000 ordinary fully paid shares at $1.25 each. The Company will also undertake a Share Purchase Plan raising a further $3.0 million at an issue price of $1.25.

There are no other material events subsequent to reporting date.

11. Likely Developments and Expected Results of Operations

The consolidated entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources. Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in the annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the group.

12. 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') which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the consolidated entity for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

13. Audited Remuneration Report

This report details the nature and amount of remuneration for all key management personnel of Gryphon Minerals Limited and its subsidiaries. The information provided within this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

(a) Remuneration Policy

The remuneration policy of Gryphon Minerals has been designed to align executive, non-executives and key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The board of Gryphon Minerals believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives to run and manage the group, as well as create goal congruence between executives and shareholders. The board's policy for determining the nature and amount of remuneration for key management personnel is as follows:

(i) Executive Directors & Company Executives

The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Managing Director and approved by the board after seeking professional advice from independent external consultants. In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans.

Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits. The executive directors and company executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. Certain Board members however acquired and were issued shares as part of the terms of the Initial Public Offer. Board members have retained these securities which assist in aligning their objectives with overall shareholder value.

Options have been issued to Board members to provide a mechanism to participate in the future development of the group and an incentive for their future involvement with and commitment to the group. Options and performance incentives may also be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can then be used as measurements for assessing Board performance.

All remuneration paid to executives is valued at the cost to the consolidated entity. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

(ii) Non-Executive Directors

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Managing Director in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

13. Audited Remuneration Report (continued)

(iii) Short-term Incentives

Short-term incentives may be paid to both executives and employees from time to time as determined by the board. These incentives may be based on predetermined criteria as approved by the board of directors, or may be at the board of directors discretion.

(b) Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of shares and options to the majority of the directors and executives to encourage the alignment of personal and shareholder interest. The Managing Director receives short term cash incentives (bonuses) by achieving pre-determined performance criteria (e.g. resource upgrades etc.) as determined by the Board on an annual basis. The Board may also pay bonuses to executives upon the achievement of group milestones at its discretion.

(c) Details of remuneration

Details of the remuneration of the director's and key management personnel of the group of Gryphon Minerals Limited are set out in the following table. There have been no changes to the below named key management personnel since the end of the reporting period.

	Short Term Benefits				Post Employment	Securities Issued	Total
	Cash Salary	Cash Bonus	Consulting fees	Other	Superannuation	Options	$
Non Executive Directors							
Mel Ashton - Non-Executive Chairman[1]							
2010	75,000	-	27,500	5,052	-	-	107,552
2009	75,000	-	-	-	-	82,671	157,671
Didier Murcia - Non-Executive Director[2]							
2010	45,000	-	-	5,052	-	-	50,052
2009	45,000	-	-	-	-	41,335	86,335
Steven Zaninovich - Non-Executive Director[3]							
2010	19,355	-	-	2,245	-	-	21,600
2009	-	-	-	-	-	-	-
Kent Hunter - Non-Executive Director[4]							
2010	-	-	-	-	-	-	-
2009	15,330	-	-	-	1,380	-	16,710
Executive Director							
Stephen Parsons - Managing Director							
2010	373,847	277,500	-	5,052	76,621	-	733,020
2009	274,652	200,000	-	-	24,719	289,347	788,718
Other Key Management Personnel							
Michael Fox - West Africa Exploration Manager							
2010	163,000	16,300	-	-	16,137	-	195,437
2009	147,327	-	-		13,259	20,668	181,254
Brett Dunnachie - Company Secretary & Chief Financial Officer							
2010	81,000	18,000	-	5,052	8,920	-	112,972
2009	80,814	-	-	-	7,273	10,334	98,421
Matthew Bowles[5] - Chief Development Officer							
2010	134,969	-	-	-	12,147	52,526	199,642
2009	-	-	-	-	-	-	-
Total Key Management Personnel Compensation							
2010	892,171	311,800	27,500	22,453	113,825	52,526	1,420,275
2009	638,123	200,000	-	-	46,631	444,355	1,329,109

1. An aggregate amount of $75,000 (2009: $75,000) was paid, or was due and payable to Mentoring Services for Business Pty Ltd, a company controlled by Mr Mel Ashton, for the provision of directorship services to the Company.
2. An aggregate amount of $45,000 (2009: $45,000) was paid, or was due and payable to Murcia Consulting Pty Ltd, a company controlled by Mr Didier Murcia, for the provision of directorship services to the Company.
3. Mr Steven Zaninovich was appointed as Non-Executive Director on 28 January 2010.
4. Mr Kent Hunter resigned on 5 November 2008.
5. Mr Matthew Bowles was appointed Chief Development Officer on 23 November 2009.

No retirement benefits were paid or payable, nor were any equity securities issued to any director or other key management personnel during the current or previous financial year.

13. Audited Remuneration Report (continued)

(d) Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Gryphon Minerals to increase goal congruence between executives, directors and shareholders.

Details of options over ordinary shares in the Company provided as remuneration to each director of Gryphon Minerals Limited and each of the key management personnel of the parent entity and group are set out below. Further information on the options is set out in note 17 of the financial statements.

	Number Granted During the Year	Granted as Part of Remuneration ($)	Total Remuneration Represented by Options	Options Exercised	Options Lapsed	Total
2010						
Non-Executive Directors						
Mel Ashton	-	-	-	-	(800,000)	(800,000)
Kent Hunter[1]	-	-	-	-	-	-
Didier Murcia	-	-	-	-	(800,000)	(800,000)
Steven Zaninovich[2]	-	-	-	-	-	-
Executive Directors						
Stephen Parsons	-	-	-	-	(1,600,000)	(1,600,000)
Other Key Management Personnel						
Michael Fox	-	-	-	-	-	-
Matthew Bowles[3]	300,000	52,526	26%	-	-	300,000
Brett Dunnachie	-	-	-	(62,500)	(200,000)	(262,500)
2009						
Non-Executive Directors						
Mel Ashton	1,000,000	82,671	52%	-	-	1,000,000
Kent Hunter[1]	-	-	-	-	-	-
Didier Murcia	500,000	41,335	48%	-	-	500,000
Steven Zaninovich[2]	-	-	-	-	-	-
Executive Directors						
Stephen Parsons	3,500,000	289,347	37%	-	-	3,500,000
Other Key Management Personnel						
Michael Fox	250,000	20,668	11%	-	-	250,000
Matthew Bowles[3]	-	-	-	-	-	-
Brett Dunnachie	125,000	10,334	10%	-	-	125,000

1. Kent Hunter resigned on 5 November 2008.
2. Steven Zaninovich was appointed Non-Executive Director on 28 January 2010.
3. Mr Matthew Bowles was appointed as Chief Development Officer on 23 November 2009.

The value at grant date is calculated in accordance with AASB 2 *Share Based Payments*. The assessed fair value at grant date of options granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. The following factors and assumptions were used in determining the fair value of options issued to key management personnel on grant date:

Grant Date	Expiry Date	Date Vested & Exercisable	Exercise Price	Value per Option at Grant Date	Estimated Volatility	Risk Free Interest Rate	Dividend Yield
16 Oct 09	16 Oct 11	16 Oct 11	$0.480	$0.175	80.00%	4.82%	-

Estimated volatility approximates historic volatility. When exercisable, each option is convertible into one ordinary share of Gryphon Minerals Limited.

13. Audited Remuneration Report (continued)

(e) Service agreements

Remuneration and other key terms of employment for the Managing Director, Company Secretary and other key management personnel are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

Mr Stephen Parsons, Managing Director

- Term of agreement – unspecified.
- Base salary, exclusive of superannuation of $375,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 3 months base salary, being payment in lieu of the specified termination period.
- Eligible for the payment of cash based short-term incentives based on predetermined specified notice criteria.
- Eligible to participate in the Company's Employee Incentive Scheme, subject to relevant shareholder approvals.

Mr Brett Dunnachie, Company Secretary

- Term of agreement - 1 year.
- Base salary, inclusive of superannuation of $69,000.
- Payment of a termination benefit on early termination by the company, other than for gross misconduct, equal to 3 months base salary, being payment in lieu of the specified termination notice period.
- Eligible to participate in the Company's Employee Incentive Scheme.

Mr Matthew Bowles, Chief Development Officer

- Term of agreement – unspecified.
- Base salary, exclusive of superannuation of $229,358.
- Payment of a termination benefit on early termination by the company, other than for gross misconduct, equal to 3 months base salary, being payment in lieu of the specified termination notice period.
- Eligible to participate in the Company's Employee Incentive Scheme.

Mr Michael Fox, Exploration Manager

- Term of agreement – unspecified.
- Base salary, exclusive of superannuation of $163,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month's base salary, being payment in lieu of the specified termination notice period.
- Eligible to participate in the Company's Employee Incentive Scheme.

(f) Options issued as part of remuneration (continued)

During the financial year and up to the date of this report the Company issued options to key management personnel as follows:

Name	Expiry Date	Exercise Price	Number of Options
30 June 2010			
Matthew Bowles	16 Oct 2011	$0.48	300,000
30 June 2009			
Mel Ashton	11 Jun 2011	$0.30	500,000
	11 Jun 2011	$0.35	500,000
Stephen Parsons	11 Jun 2011	$0.30	1,750,000
	11 Jun 2011	$0.35	1,750,000
Didier Murcia	11 Jun 2011	$0.30	250,000
	11 Jun 2011	$0.35	250,000
Michael Fox	11 Jun 2011	$0.30	125,000
	11 Jun 2011	$0.35	125,000
Brett Dunnachie	11 Jun 2011	$0.30	62,500
	11 Jun 2011	$0.35	62,500

13. Audited Remuneration Report (continued)

(g) Shares provided on exercise of remuneration options

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of Gryphon Minerals Limited and other key management personnel of the group are set out below:

Name	Date of exercise of options	No. of shares issued on exercise of options	Value at exercise date[1]
30 June 2010			
Brett Dunnachie	08 Apr 2010	62,500	$24,688

1. Refers to the intrinsic value of the underlying option on the date of option exercise.

The amounts paid per ordinary share by each director and key management personnel on the exercise of options at the date of exercise were as follows:

Exercise date	Amount paid per share
08 April 2010	$0.30

No amounts are unpaid on any shares issued on the exercise of options.

14. Meetings of Directors

The number of directors' meetings (including committees) held during the financial year each director held office during the financial year and the number of meetings attended by each director is set out below.

	Directors Meetings	
Director	Number Eligible to Attend	Meetings Attended
M Ashton	7	7
S Parsons	7	7
S Zaninovich	4	3
D Murcia	7	7

The company does not have a formally constituted audit committee as the board considers that the company's size and type of operation do not warrant such a committee.

15. Insurance of Officers

During the financial year, Gryphon Minerals Limited paid a premium of $22,453 (2009: $11,892) to insure the directors and secretary of the company and its controlled entities.

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 company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

16. Shares under Option

Unissued ordinary shares of Gryphon Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry Date	Exercise Price	Number under Option
11 Jun 2009	11 Jun 2011	$0.30	3,875,000
11 Jun 2009	11 Jun 2011	$0.35	3,937,500
16 Oct 2009	16 Oct 2011	$0.48	300,000
01 Apr 2010	01 Apr 2012	$0.69	100,000
27 Aug 2010	16 Aug 2012	$0.91	1,000,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

17. Shares issued on the exercise of options

The following ordinary shares were issued during the year ended 30 June 2010 and up to the date of this report on the exercise of options granted under the Gryphon Minerals Limited employee option plan. No amounts are unpaid on any of the shares issued.

Date options granted	Issue Price of Shares	Number of shares issued
11 Jun 2009	$0.30	202,500
11 Jun 2009	$0.35	40,000
19 Dec 2008	$0.25	50,000

18. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of these proceedings. The group was not a party to any such proceedings during the year.

19. Auditor's Independence Declaration & Non-Assurance Services

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16. No fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2010 (2009: nil).

This report of the Directors incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

Stephen Parsons
Managing Director

Perth, Western Australia, 30 September 2010

Information in this report from data collection to wireframe interpretation, at Nogbele and Fourkoura Prospects and geostatistical modelling calculations is based on work by Mr Sam Brooks which was reviewed by Mr Michael Fox. Mr Brooks is a full time employee of Gryphon Minerals, and a member of the AIG. Mr Fox is a full time employee of Gryphon Minerals and a member of the AIG with sufficient experience relevant to the style of mineralisation and type of deposit to qualify as competent person defined by the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Fox consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Stephen Parsons, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stephen Parsons is a full-time employee of the company. Mr Stephen Parsons has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stephen Parsons consent to their inclusion in the report of the matters based on his information in the form and context in which it appears.

Bentleys
Thinking ahead

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our audit of the financial report of Gryphon Minerals Limited and Controlled Entities for the year ended 30 June 2010 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 30th day of September 2010

Contents

These financial statements cover Gryphon Minerals as a consolidated entity consisting of Gryphon Minerals Limited and its subsidiaries ('Gryphon Minerals', 'the consolidated entity' or 'the group'). The financial statements are presented in the Australian currency.

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

Gryphon Minerals Limited
Freemasons Building
181 Roberts Road
Subiaco WA 6008

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 6 to 9 in the directors' report, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 September 2010. The company has the power to amend and reissue the financial statements.

Through the use of the internet, the group has ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the group. All press releases, financial statements and other information are available on our website www.gryphonminerals.com.au.

For the Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Revenue from continuing operations	3	910,515	521,747
Other income	4	80,056	142,869
Administrative costs	5	(1,359,170)	(511,048)
Consultancy expenses		(166,415)	(123,939)
Employee benefits expense		(1,504,115)	(774,922)
Share based payment expenses		(70,057)	(666,633)
Occupancy expenses		(157,640)	(123,334)
Compliance and regulatory expenses		(83,087)	(55,536)
Insurance expenses		(59,736)	(72,869)
Depreciation expense	5	(57,229)	(64,191)
Other expenses	5	-	(15,161)
Exploration written off	13	(690,057)	(583,359)
Profit/(Loss) before income tax		(3,156,935)	(2,326,376)
Income tax (expense)/benefit	8	-	-
Loss for the year attributable to owners		**(3,156,935)**	**(2,326,376)**
Other comprehensive income:			
Revaluations of available for sale financial assets		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to owners		**(3,156,935)**	**(2,326,376)**
Basic loss per share (cents per share)	20	(1.6)	(1.9)
Diluted loss per share (cents per share)	20	N/A	N/A

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

As at 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Current Assets			
Cash and cash equivalents	9	19,338,881	12,015,383
Trade and other receivables	10	466,346	409,120
Financial assets	11	171,825	129,711
Total Current Assets		**19,977,052**	**12,554,214**
Non Current Assets			
Trade and other receivables	10	165,000	223,194
Financial assets	11	2,000,000	-
Property, plant and equipment	12	256,568	276,060
Exploration and evaluation expenditure	13	28,027,017	18,958,133
Total Non Current Assets		**30,448,585**	**19,457,387**
Total Assets		**50,425,637**	**32,011,601**
Current Liabilities			
Trade and other payables	14	2,270,143	1,906,111
Provisions	15	303,147	165,262
Total Current Liabilities		**2,573,290**	**2,071,373**
Total Liabilities		**2,573,290**	**2,071,373**
Net Assets		**47,852,347**	**29,940,228**
Equity			
Contributed equity	16	57,433,883	36,413,893
Option reserve	18	2,049,204	2,000,140
Available for sale asset reserve	18	-	-
Accumulated losses		(11,630,740)	(8,473,805)
Total Equity		**47,852,347**	**29,940,228**

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

For the Year Ended 30 June 2010

Consolidated	Contributed Equity $	Accumulated Losses $	Available for Sale Reserve $	Option Reserve $	Total $
Balance at 1 July 2008	**26,949,237**	**(6,147,429)**	**-**	**1,333,507**	**22,135,315**
Total comprehensive income for the year	-	(2,326,376)	-	-	(2,326,376)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	9,646,656	-	-	-	9,464,656
Equity settled share based payment transactions	-	-	-	666,633	666,633
	9,646,656	**-**	**-**	**666,633**	**10,131,289**
Balance at 30 June 2009	**36,413,893**	**(8,473,805)**	**-**	**2,000,140**	**29,940,228**
Balance at 1 July 2009	**36,413,893**	**(8,473,805)**	**-**	**2,000,140**	**29,940,228**
Total comprehensive income for the year	-	(3,156,935)	-	-	(3,156,935)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	20,998,997	-	-	-	20,998,997
Exercise of employee share options	20,993			(20,993)	-
Equity settled share based payment transactions		-	-	70,057	70,057
	21,019,990	**-**	**-**	**49,064**	**21,069,054**
Balance at 30 June 2010	**57,433,883**	**(11,630,740)**	**-**	**2,049,204**	**47,852,347**

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

For the Year Ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Cash Flows from Operating Activities			
Receipts from management fees & recharges		166,984	820,000
Payments to suppliers and employees		(2,861,144)	(1,676,419)
Interest received		743,531	313,211
Payments for exploration and evaluation		(11,857,133)	(4,867,174)
Net cash inflow/(outflow) from operating activities	21	**(13,807,762)**	**(5,410,382)**
Cash Flows From Investing Activities			
Purchases of property, plant and equipment		(67,737)	(37,117)
Proceeds from divestment of project areas		200,000	-
Net cash inflow/(outflow) from investing activities		**132,263**	**(37,117)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and other equity securities		22,074,750	10,000,000
Share issue transaction costs		(1,075,753)	(639,344)
Net cash inflow/(outflow) from financing activities		**20,998,997**	**9,360,656**
Net increase/(decrease) in cash held		**7,323,498**	**3,913,157**
Cash and cash equivalents at beginning of financial year		12,015,383	8,102,226
Cash and cash equivalents at end of financial year	9	**19,338,881**	**12,015,383**

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

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the 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 ('group' or consolidated entity').

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(b) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes as presented comply with International Financial Reporting Standards (IFRS).

(c) Financial Statement Preparation

The group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group has changed the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(d) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets.

(e) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gryphon Minerals Limited as at 30 June 2010 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. A list of controlled entities is contained in Note 29 to the financial statements. The acquisition method of accounting is used to account for business combinations by the group. Refer to note 1(w) for further information.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Accounting policies of subsidiaries are consistent with the accounting policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Joint ventures

Joint Venture Entities

A joint venture entity is an entity in which the group holds a long-term interest and which is jointly controlled by the consolidated entity and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

Jointly controlled assets

The group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants and not a separate entity carrying on a trade or a business of its own.

The financial statements of the group include its share of the assets, liabilities and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the group's interest in the joint venture operations.

1. Summary of Significant Accounting Policies (continued)

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

The group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments, as presented, are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the business activities as follows:

(i) Interest income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Management revenue

Management revenue is recognised in the accounting period in which the services are rendered.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1. Summary of Significant Accounting Policies (continued)

(j) Impairment of assets

At each reporting date the group assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that were subject to an historical impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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, and bank overdrafts.

(l) Trade and other receivables

Trade and other receivables are initially recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

(m) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(n) 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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 (note 1(j)). Gains and losses on disposals are determined by comparing proceeds with carrying amount, with the resultant gain or loss recognised in the statement of comprehensive income.

1. Summary of Significant Accounting Policies (continued)

(o) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term. Assets in this category are classified as current assets.

Available for sale financial assets

Available-for-sale financial assets, comprising marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(ii) Reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. 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. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Investments classified as financial assets at fair value through profit and loss are initially recognised at fair value with transaction costs being expensed through the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred to a third party. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Gains or losses arising from changes in the fair value of the ‘available for sale financial assets’ category are presented in other comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group’s right to receive payments is established.

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

(v) Impairment of investments and other financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss. If there is evidence of impairment for any of the group’s financial assets carried at amortised cost, the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset’s original effective interest rate. The loss is recognised in profit or loss.

1. Summary of Significant Accounting Policies (continued)

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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.

(iii) Share-based payments

The company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There is currently an Employee Incentive Scheme ('EIS'), which provides benefits to directors and senior executives. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, 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 option.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of Gryphon Minerals Limited ('market conditions').

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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 year.

(ii) 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 tax effect of interest and other financing costs associated with the 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.

1. Summary of Significant Accounting Policies (continued)

(u) 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 taxation 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 taxation authority is included with other receivables or payables in the balance sheet. 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 taxation authority, are presented as operating cash flow.

(v) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Gryphon Mineral's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency 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 at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised as a separate component of equity.
- On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(w) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1. Summary of Significant Accounting Policies (continued)

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. The group has not yet decided when to adopt AASB 9.

(ii) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the group or the parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the group has not entered into any debt for equity swaps since that date.

2. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. 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.

(a) Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that, at balance sheet date, has not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas.

(b) 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 an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 26.

(c) 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.

(d) Taxation

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

(e) Fair value determination

The group carries its financial assets (financial assets at fair value through profit and loss and available for sale financial assets) at fair value. As the group's financial assets are equity securities traded on an Australian Securities Exchange, fair value is determined with reference to the last sale price of each respective equity security on the balance sheet date.

		Consolidated 2010 $	2009 $
3.	**Revenue**		
(a)	From continuing operations		
	Interest received	743,531	301,686
	Management revenue	166,984	220,061
	Total revenue from continuing operations	910,515	521,747
4.	**Other income**		
(a)	Other income derived during the financial year		
	Profit on divestment of project areas	37,942	-
	Revaluation of financial assets at fair value through profit and loss	42,114	-
	Foreign exchange gains/(losses)	-	142,869
	Total other income	80,056	142,869
5.	**Expenses**		
(a)	Depreciation of non-current assets		
	Plant and equipment - office	25,541	29,986
	Plant and equipment - field	4,476	5,124
	Office furniture and equipment	10,735	11,546
	Leasehold improvements	16,477	17,535
	Total depreciation expense	57,229	64,191
(b)	Finance costs		
	Finance charges paid and/or payable	10,520	9,708
	Total finance costs expensed	10,520	9,708
(c)	Net loss on revaluation of financial assets		
	Revaluation of financial assets at fair value through profit and loss	-	15,161
	Total (gain)/loss on revaluation of financial assets	-	15,161
6.	**Auditor Remuneration**		
(a)	Remuneration of the auditor of the group		
	Auditing and reviewing the financial statements	32,600	28,175
	Total auditor remuneration	32,600	28,175
7.	**Key Management Personnel Remuneration**		
(a)	Summary key management personnel remuneration		
	Short-term employee benefits	1,253,924	838,123
	Post-employment benefits	113,825	46,631
	Long-term benefits	-	-
	Share-based payments	52,526	444,355
	Total key management personnel remuneration	1,420,275	1,329,109

Detailed remuneration disclosures are provided within the audited remuneration report which can be found on pages 10 to 14 of the directors' report.

(b) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, are provided within the audited remuneration report which can be found on pages 10 to 14 of the directors' report.

(c) Loans to key management personnel

No loans were made to any director or other key management personnel of the group, including their personally related parties during the financial year.

(d) Other transactions with key management personnel

Information relating to other transactions with any director or other key management personnel can be found at note 25.

7. Key Management Personnel Remuneration (continued)

(e) 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 the year	Granted as remuneration	Exercised	Other changes	Balance at end of the year	Vested and exercisable
2010						
Directors of Gryphon Minerals Limited						
Mel Ashton	1,800,000	-	-	(800,000)	1,000,000	1,000,000
Stephen Parsons	5,100,000	-	-	(1,600,000)	3,500,000	3,500,000
Didier Murcia	1,300,000	-	-	(800,000)	500,000	500,000
Steven Zaninovich	-	-	-	-	-	-
Other Key Management Personnel						
Michael Fox	250,000	-	-	-	250,000	250,000
Brett Dunnachie	325,000	-	(62,500)	(200,000)	62,500	62,500
Matthew Bowles[1]	-	300,000	-	-	300,000	300,000
2009						
Directors of Gryphon Minerals Limited						
Mel Ashton	1,550,000	1,000,000	-	(750,000)	1,800,000	1,800,000
Stephen Parsons	3,100,000	3,500,000	-	(1,500,000)	5,100,000	5,100,000
Didier Murcia	1,300,000	500,000	-	(500,000)	1,300,000	1,300,000
Kent Hunter[2]	650,000	-	-	(250,000)	-	400,000
Other Key Management Personnel						
Michael Fox	500,000	250,000	-	(500,000)	250,000	250,000
Brett Dunnachie	400,000	125,000	-	(200,000)	325,000	325,000

1: Matthew Bowles was appointed Chief Development Officer on 23 November 2009.
2: Kent Hunter resigned on 5 November 2008. The above shares disclosed are those held at that date.

(f) 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. There were no shares granted during the period as compensation.

	Balance at the start of the year	Received on exercise of options	Other changes	Balance at the end of the year
2010				
Directors of Gryphon Minerals Limited				
Mel Ashton	1,000,000	-	(200,000)	800,000
Stephen Parsons	5,490,601	-	-	5,490,601
Didier Murcia	150,000	-	-	150,000
Steven Zaninovich	-	-	-	-
Other Key Management Personnel				
Michael Fox	-	-	-	-
Brett Dunnachie	-	62,500	(62,500)	-
Matthew Bowles[2]	-	-	-	-
2009				
Directors of Gryphon Minerals Limited				
Mel Ashton	1,000,000	-	-	1,000,000
Stephen Parsons	5,093,936	-	396,665	5,490,601
Didier Murcia	150,000	-	-	150,000
Kent Hunter[1]	850,000	-	-	850,000
Other Key Management Personnel				
Michael Fox	-	-	-	-
Brett Dunnachie	-	-	-	-

1: Matthew Bowles was appointed Chief Development Officer on 23 November 2009.
2: Kent Hunter resigned on 5 November 2008. The above shares disclosed are those held at that date.

		Consolidated 2010 $	2009 $
8.	**Income Tax Expense**		
(a)	**Income tax expense**		
	Current tax	-	-
	Deferred tax	-	-
	Total income tax expense	-	-
	Deferred income tax expense included in income tax expense comprises:		
	(Increase) in deferred tax assets (note 8(d))	2,505,026	1,462,696
	Increase in deferred tax liabilities (note 8(e))	(2,505,026)	(1,462,696)
			-
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Profit from continuing operations before income tax expense	(3,156,935)	(2,326,376)
	Tax at the tax rate of 30% (2009: 30%)	(947,080)	(699,805)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Share based payments	21,017	199,990
	Other non-deductible amounts	19,160	15,001
		40,177	214,991
	Adjustments for current tax of prior periods	2,313	4,482
	Unrecognised tax losses	904,590	480,332
	Income tax expense	-	-
(c)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognized	21,948,549	5,435,683
	Potential tax benefit at 30%	6,584,565	1,630,705
(d)	**Deferred tax assets**		
	Tax Losses[1]	7,864,815	5,394,355
	Employee benefits	90,944	49,579
	Accruals	15,066	9,231
	Other	25,929	38,563
		7,996,754	5,491,728
	Set-off deferred tax liabilities (note 8(e))	(7,996,754)	(5,491,728)
	Net deferred tax assets	-	-
(e)	**Deferred tax liabilities**		
	Exploration expenditure	7,996,085	5,490,670
	Other	669	1,058
		7,996,754	5,491,728
	Set-off deferred tax assets (note 8(d))	(7,996,754)	(5,491,728)
	Net deferred tax liabilities	-	-

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

		Consolidated 2010 $	2009 $
9.	**Cash & Cash Equivalents**		
(a)	Total cash & cash equivalents		
	Cash at bank & in hand	4,338,881	9,015,383
	Deposits at call	15,000,000	3,000,000
	Total cash & cash equivalents	19,338,881	12,015,383

(b) Cash at bank

Cash in hand is non-interest bearing. Cash at bank are bearing floating interest rates between 0.00% and 4.75% (2009: between 0.00% and 3.50%)

(c) Deposits at call

Deposits at call bear interest rates between 5.69% and 5.88% (2009: 3.90%)

		2010 $	2009 $
10.	**Trade & Other Receivables**		
(a)	Current		
	Other receivables	332,351	332,290
	Prepayments	133,995	76,830
	Total current trade and other receivables	466,346	409,120
(b)	Non-current		
	Deposits	165,000	223,194
	Total non-current trade and other receivables	165,000	223,194

		2010 $	2009 $
11.	**Financial Assets**		
(a)	Current financial assets at fair value through profit & loss		
	Opening balance	129,711	144,872
	Acquisitions	-	-
	Revaluation of financial assets at fair value through profit and loss	42,114	(15,161)
	Disposals	-	-
	Total current financial assets at fair value through profit & loss	171,825	129,711

The group has not designated any financial assets as at fair value through profit and loss. Changes in fair values of financial assets at fair value through profit and loss are recorded in other income or other expenses in the statement of comprehensive income.

		2010 $	2009 $
(b)	Non-current available for sale financial assets		
	Opening balance	-	-
	Acquisitions (consideration for divestment of project areas)	2,000,000	-
	Revaluation of available for sale financial assets (note 18(b))	-	-
	Disposals	-	-
	Total non-current available for sale financial assets	2,000,000	-

Changes in fair values of available for sale financial assets are recorded in the available for sale reserve and included within other comprehensive income.

(c) Risk exposure

Information about the group's exposure to price risk associated with the above financial assets is provided in note 19.

Consolidated		Land $	Leasehold Imp'ments $	Plant & Equipment Office $	Plant & Equipment Field $	Office Furniture & Equip $	Total $
12.	Property, Plant & Equipment						
(a)	Year ended 30 June 2009						
	Opening net book amount	30,000	138,074	60,884	23,788	50,388	303,134
	Additions	-	7,898	17,060	2,314	9,845	37,117
	Disposals/write-offs	-	-	-	-	-	-
	Depreciation charge	-	(17,535)	(29,986)	(5,124)	(11,546)	(64,191)
	Closing net book amount	30,000	128,437	47,958	20,978	48,687	276,060
	At 30 June 2009						
	Cost	30,000	202,656	137,043	36,912	81,347	487,958
	Accumulated depreciation	-	(74,219)	(89,085)	(15,934)	(32,660)	(211,898)
	Net book amount	30,000	128,437	47,958	20,978	48,687	276,060
(b)	Year ended 30 June 2010						
	Opening net book amount	30,000	128,437	47,958	20,978	48,687	276,060
	Additions	-	5,480	50,082	-	12,175	67,737
	Disposals/write-offs	(30,000)	-	-	-	-	(30,000)
	Depreciation charge	-	(16,477)	(25,541)	(4,476)	(10,735)	(57,229)
	Closing net book amount	-	117,440	72,499	16,502	50,127	256,568
	At 30 June 2010						
	Cost	-	208,136	187,125	36,912	93,522	525,695
	Accumulated depreciation	-	(90,696)	(114,626)	(20,410)	(43,395)	(269,127)
	Net book amount	-	117,440	72,499	16,502	50,127	256,568

		Consolidated 2010 $	 2009 $
13.	Exploration & Evaluation Expenditure		
(a)	Non-current		
	Opening balance	18,958,133	14,020,910
	Exploration and acquisition costs	11,890,998	5,520,582
	Write-offs/provisions	(690,057)	(583,359)
	Divestment of project areas	(2,132,057)	-
	Total non-current exploration & evaluation expenditure	28,027,017	18,958,133

The ongoing carrying value of the group's interest in exploration 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.

		2010	2009
14.	Trade & Other Payables		
(a)	Current		
	Trade payables	1,751,230	1,519,474
	Other payables	518,914	386,637
	Total current trade and other payables	2,270,144	1,906,111
15.	Provisions		
(a)	Current		
	Accrued employee benefits	303,147	165,262
	Total current provisions	303,147	165,262

		Consolidated 2010 Shares	Consolidated 2009 Shares	Consolidated 2010 $	Consolidated 2009 $
16.	Contributed Equity				
(a)	Share capital				
	Ordinary shares - fully paid	216,231,598	165,989,098	57,433,883	36,413,893
	Total share capital	216,231,598	165,989,098	57,433,883	36,413,893

(b) 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 shareholders 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.

(c) Options

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

(d) 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 2010 is as follows:

	2010 $	2009 $
Cash and cash equivalents	19,338,881	12,015,383
Trade and other receivables	631,346	409,120
Trade and other payables	(2,270,144)	(1,906,111)
Working capital position	17,700,083	10,518,392

		Date	Consolidated Number of Shares	Consolidated Issue Price	Consolidated $
16.	Contributed Equity				
(e)	Movements in contributed equity				
	Opening Balance 1 July 2008		114,689,098		26,949,237
	Acquisition of Banfora Gold Project	30 Jan 09	1,300,000	$0.08	104,000
	Equity issue	01 May 09	15,900,000	$0.20	3,180,000
	Equity issue	12 Jun 09	34,100,000	$0.20	6,820,000
	Transaction costs				(639,344)
	Closing Balance 30 June 2009		165,989,098		36,413,893
	Opening Balance 1 July 2009		165,989,098		36,413,893
	Equity issue	17 Aug 09	10,000,000	$0.20	2,000,000
	Equity issue	03 Dec 09	24,800,000	$0.50	12,400,000
	Equity issue	14 Jan 10	15,200,000	$0.50	7,600,000
	Option exercise	08 Apr 10	62,500	$0.30	18,750
	Option exercise	20 Apr 10	100,000	$0.30	30,000
	Option exercise	08 Jun 10	15,000	$0.30	4,500
	Option exercise	08 Jun 10	15,000	$0.35	5,250
	Option exercise	15 Jun 10	25,000	$0.30	7,500
	Option exercise	15 Jun 10	25,000	$0.35	8,750
	Option exercise premium				20,993
	Transaction costs for the year				(1,075,753)
	Closing Balance 30 June 2010		216,231,598		57,433,883

	Expiry date	Exercise price	Balance at start of year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable
17.	Unlisted share options							
(a)	Consolidated 2010							
	30 Nov 09	$0.62	2,700,000	-	-	(2,700,000)	-	-
	30 Nov 09	$0.75	2,700,000	-	-	(2,700,000)	-	-
	31 Aug 10	$0.25	50,000	-	-	-	50,000	50,000
	11 Jun 11	$0.30	4,077,500	-	(202,500)	-	3,875,000	3,875,000
	11 Jun 11	$0.35	3,977,500	-	(40,000)	-	3,937,500	3,937,500
	16 Oct 11	$0.48	-	300,000	-	-	300,000	300,000
	01 Apr 12	$0.69	-	100,000	-	-	100,000	100,000
	Total		13,505,000	400,000	(242,500)	(5,400,000)	8,262,500	8,262,500
	Weighted average exercise price		$0.47	$0.53	$0.31	$0.69	$0.33	$0.33
(b)	Consolidated 2009							
	23 Nov 08	$0.35	500,000	-	-	(500,000)	-	-
	3 Nov 08	$0.35	4,000,000	-	-	(4,000,000)	-	-
	31 Dec 08	$0.40	12,364,346	-	-	(12,364,346)	-	-
	14 Feb 09	$0.45	250,000	-	-	(250,000)	-	-
	19 Feb 09	$0.35	200,000	-	-	(200,000)	-	-
	30 Mar 09	$0.33	550,000	-	-	(550,000)	-	-
	27 Jul 09	$0.40	100,000	-	-	(100,000)	-	-
	30 Nov 09	$0.62	2,700,000	-	-	-	2,700,000	2,700,000
	30 Nov 09	$0.75	2,700,000	-	-	-	2,700,000	2,700,000
	31 Aug 10	$0.25	-	50,000	-	-	50,000	50,000
	11 Jun 11	$0.30	-	4,077,500	-	-	4,077,500	4,077,500
	11 Jun 11	$0.35	-	3,977,500	-	-	3,977,500	3,977,500
	Total		23,364,346	8,105,000	-	(17,964,346)	13,505,000	13,505,000
	Weighted average exercise price		$0.45	$0.32	n/a	$0.39	$0.47	$0.47

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.96 years (2009 - 1.33 years).

	Consolidated 2010 $	2009 $
18. Reserves		
(a) Unlisted option reserve		
Opening balance	2,000,140	1,333,507
Exercise of unlisted options	(20,993)	-
Unlisted options issued as remuneration during the year	70,057	666,633
Closing balance	2,049,204	2,000,140

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options. Information relating to the Gryphon Minerals Limited Employee Incentive Scheme "IOS", including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 26.

	2010 $	2009 $
(b) Available for sale asset reserve		
Opening Balance	-	-
Revaluation of non-current available for sale financial assets	-	-
Closing balance	-	-

Changes in the fair value and exchange differences arising on translation of investments, such as equities classified as available for sale financial assets are recognised in other comprehensive income as described in note 1(x) and accumulated in a separate reserve in equity. Amounts are reclassified to the statement of comprehensive income when the associated assets are sold or impaired.

	2010 $	2009 $
(c) Total reserves		
Unlisted option reserve	2,049,204	2,000,140
Available for sale asset reserve	-	-
Total reserves	2,049,204	2,000,140

19. Financial Instruments, Risk Management Objectives and Policies

Gryphon Mineral'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 Consolidated Entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Consolidated Entity's policy not to trade in financial instruments.

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

(a) Interest Rate Risk

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2010	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest $	Non-interest Bearing $	Total $
Financial Assets					
Cash & cash equivalents	5.37	3,729,237	15,000,000	609,644	19,338,881
Trade & other receivables (current)	0.00	-	-	332,351	332,351
Trade & other receivables (non-current)	4.22	-	165,000	-	165,000
Financial assets	0.00	-	-	2,171,825	2,171,825
		3,729,237	15,165,000	3,113,820	22,008,057
Financial Liabilities					
Trade & other payables (current)	0.00	-	-	2,270,144	2,270,144
		-	-	2,270,144	2,270,144

19. Financial Instruments, Risk Management Objectives and Policies (continued)

(a) Interest Rate Risk (continued)

2009	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest $	Non-interest bearing $	Total $
Financial assets					
Cash & cash equivalents	3.19	8,708,509	3,000,000	306,874	12,015,383
Trade & other receivables (current)	0.00	-	-	332,290	332,290
Trade & other receivables (non-current)	2.70	-	165,000	58,194	223,194
Financial assets	0.00	-	-	129,711	129,711
		8,708,509	3,165,000	827,069	12,700,578
Financial Liabilities					
Trade & other payables (current)	0.00	-	-	1,906,111	1,906,111
		-	-	1,906,111	1,906,111

(i) Group sensitivity analysis

The group's main interest rate risk arises from cash and cash equivalents with variable and fixed interest rates. At 30 June 2010, and 30 June 2009 the group's exposure to interest rate risk is not considered material.

(b) Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from exploration commitments 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 US Dollar and Euro. 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.

(i) Group sensitivity analysis

Based on the financial instruments held, had the Australian dollar weakened/strengthened by 10% the following impact on profit and loss and other components of equity, with all other variables held constant would occur:

Currency	Impact on post-tax profit 2010	Impact on post-tax profit 2009	Impact on equity 2010	Impact on equity 2009
United States Dollar - increase 10%	84,340	6,466	84,340	6,466
United States Dollar - decrease 10%	(76,673)	(5,290)	(76,673)	(5,290)
Euro - increase 10%	27,777	-	27,777	-
Euro - decrease 10%	(25,252)	-	(25,252)	-

The group's exposure to other foreign exchange movements (Burkina Faso Cefa) is not material.

(c) 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, 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 Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of balance sheet date.

19. Financial Instruments, Risk Management Objectives and Policies (continued)

(d) Price risk

The group is exposed to equity securities price risk. This risk arises from investments held by the group and classified as financial assets at fair value through profit or loss or available for sale financial assets. The group is not exposed to commodity price risk. The majority of the group's equity investments are publicly traded on the Australian Securities Exchange (ASX).

(i) Group sensitivity analysis

Based on the financial instruments held, had the applicable equity price increased/decreased by 10% the following impact on profit and loss and other components of equity, with all other variables held constant would occur:

Equity Security	Impact on post-tax profit		Impact on equity	
	2010	2009	2010	2009
Adamus Resources (ASX: ADU) - increase 10%	17,183	12,971	17,183	12,971
Adamus Resources (ASX: ADU) - decrease 10%	(15,620)	(11,792)	(15,620)	(11,792)
Renaissance Minerals (ASX: RNS) - increase 10%	-	-	200,000	-
Renaissance Minerals (ASX: RNS) - decrease 10%	-	-	(181,818)	-

(e) 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 only 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. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available):

Consolidated	Credit Rating %	2010 $	2009 $
Financial assets			
Cash & cash equivalents	AA[1]	19,195,789	11,798,232
Cash & cash equivalents	A1+[2]	68,028	213,000
Cash & cash equivalents	NR[3]	7,036	4,151
Trade and other receivables	NR[3]	631,345	632,314
		19,902,198	12,647,697

1: Fitch's external credit rating of the financial institutions in which the cash and cash equivalents are held.
2: Global Credit Rating Co's external credit rating of the financial institution in which the cash and cash equivalents are held.
3: No external credit rating available for counterparty.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. 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.

(f) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

Consolidated	2010		2009	
	Carrying Amount $	Net fair Value $	Carrying Amount $	Net fair Value $
Financial assets				
Cash & cash equivalents	19,338,881	19,338,881	12,015,383	12,015,383
Trade & other receivables (current)	332,351	332,351	332,290	332,290
Trade & other receivables (non-current)	165,000	165,000	223,194	223,194
Financial assets (fair value through profit & loss)	171,825	171,825	129,711	129,711
Financial assets (available for sale)	2,000,000	2,000,000	-	-
	22,008,057	22,008,057	12,700,578	12,700,578
Financial liabilities				
Trade & other payables	2,270,144	2,270,144	1,906,111	1,906,111
	2,270,144	2,270,144	1,906,111	1,906,111

The maturity date for all cash, current receivables and trade and other payable financial instruments included in the above tables is one year or less from balance date. The maturity for the non-current receivables is between 1 and 3 years from balance date.

19. Financial Instruments, Risk Management Objectives and Policies (continued)

(g) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. As of 1 July 2009, the group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the fair value measurement hierarchy:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); or
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following tables present the group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new requirements.

Consolidated	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit and loss	171,825	-	-	171,825
Available for sale financial assets	2,000,000	-	-	2,000,000
Total fair value assets	2,171,825	-	-	2,171,825

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 last sale price on balance sheet 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.

	Consolidated 2010 $	Consolidated 2009 $
20. Earnings per Share ('EPS')		
(a) Earnings/(Loss)		
Earnings/(loss) used in the calculation of basic EPS	(3,156,935)	(2,326,376)
(b) Weighted average number of ordinary shares ('WANOS')		
WANOS used in the calculation of basic earnings per share	195,528,948	119,541,598
21. Cash Flow Information		
(a) Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:		
Profit/(loss) from ordinary activities after income tax	(3,156,935)	(2,326,376)
Depreciation	57,229	64,191
Share based payments	70,057	666,633
Unrealised loss on investment	(42,114)	15,161
Divestment of tenements	(37,942)	
Changes in assets and liabilities:		
(Increase) in operating receivables & prepayments	968	654,437
(Increase) in capitalised exploration	(11,200,942)	(4,833,223)
(Decrease)/Increase in trade and other payables	501,917	348,795
Net cash (outflows) from Operating Activities	(13,807,762)	(5,410,382)

(b) Non-cash investing and financing activities

The company acquired 10,000,000 ordinary fully paid shares in Renaissance Minerals Limited during the year in consideration for Gryphon divesting its Australian assets. No cash was outlaid to acquire these shares and the shares have been classified as an available for sale financial asset. There were no other non-cash investing or financing activities during the current or previous financial year.

		Consolidated 2010 $	Consolidated 2009 $
22.	**Commitments**		
(a)	**Exploration commitments**		
	Not longer than one year	1,012,074	2,101,345
	Longer than one year, but not longer than five years	1,048,740	3,713,436
	Longer than five years	-	112,316
		2,060,814	5,927,097

In order to maintain rights of tenure to mining tenements subject to these agreements, the group would have the above discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable per the above maturities. If the group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

23. Segment Information

(a) 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. The board monitors the entity primarily from a geographical perspective, and has identified three operating segments, being exploration for mineral reserves within Africa, exploration for mineral reserves within Australia and the corporate/head office function.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2010 and 30 June 2009 is as follows:

	Exploration Africa $	Exploration Australia $	Corporate $	Total $
2010				
Total segment revenue	-	-	910,515	910,515
Interest revenue	-	-	743,531	743,531
Depreciation and amortisation expense	4,476	-	52,753	57,229
Revaluation of financial assets	-	-	42,114	42,114
Total segment profit/(loss) before income tax	3,296	(652,115)	(2,508,116)	(3,156,935)
Total segment assets	28,138,901	11,391	22,275,345	50,425,637
Additions to property, plant and equipment	-	-	67,737	67,737
Additions to exploration expenditure	11,032,397	858,601	-	11,890,998
Total segment liabilities	(1,775,426)	-	(797,864)	(2,573,290)
2009				
Total segment revenue	-	-	521,747	521,747
Interest revenue	-	-	301,686	301,686
Depreciation and amortisation expense	2,443	-	61,748	64,191
Revaluation of financial assets	-	-	15,161	15,161
Total segment profit/(loss) before income tax	(6,094)	(583,359)	(1,736,923)	(2,326,376)
Total segment assets	17,147,861	1,974,759	12,888,981	32,011,601
Additions to property, plant and equipment	2,314	-	34,803	37,117
Additions to exploration expenditure	5,366,072	154,510	-	5,520,582
Total segment liabilities	(1,471,604)	-	(599,769)	(2,071,373)

23. Segment Information (continued)

(c) Measurement of segment information

All information presented in part (b) above is measured in a manner consistent with that in the financial statements.

(d) 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 $743,531 (2009: $301,686) were derived from two Australian financial institutions during the year. These revenues are attributable to the corporate segment.

(e) Reconciliation of segment information

Total segment revenue, total segment profit/(loss) before income tax, total segment assets and total segment liabilities as presented in part (b) 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.

24. Events Occurring After the Balance Sheet Date

There have been the following material events subsequent to balance date:

- On 30 June 2010 the Company announced an off-market takeover offer for Shield Mining Limited ('Shield'). The Offer was announced unconditional on 30 July 2010 and on 17 August 2010 the Share Offer closed with Gryphon holding 94% of the total issued capital of Shield. On 24 August 2010 the Option Offer closed and compulsory acquisition proceedings commenced for the remaining Shield shares and Shield Bid Options.
- On 1 September 2010 Gryphon announced a JORC inferred resource estimate on the Nogbele & Fourkoura deposits at the Banfora Gold Project of 21Mt @ 2.2g/t for 1.5 Million oz of gold.
- On 24 September 2010 Gryphon announced a $45.2 million capital raising via the issue of 36,000,000 ordinary fully paid shares at $1.25 each. The company will also undertake a Share Purchase Plan raising a further $3.0 million at an issue price of $1.25.

There are no other material events subsequent to balance date.

25. Related Party Information

(a) Parent entity

The ultimate parent entity of the group is Gryphon Minerals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 7.

(d) Transactions with director related entities

	Consolidated	
	2010	2009
	$	$
Recharges to director related entities:		
Recharge of shared costs to Venture Minerals Limited	392,586	343,501
Recharge of shared costs to Avonlea Minerals Limited	113,101	22,784
Recharge of shared costs to Renaissance Minerals Limited	143,395	-
Recharge of costs to Black Peak Holdings Pty Ltd	15,927	-
Recharge of costs to Mentoring Services for Business Pty Ltd	2,826	-
Purchases from director related entities:		
Purchases for rent and variable outgoings from 181 Roberts Road Syndicate	265,306	226,422
Purchases for legal services from Murcia Pestell Hillard Lawyers	27,966	6,383
Recharge of shared costs from Venture Minerals Limited	8,931	-
Recharge of shared costs from Renaissance Minerals Limited	37,194	-
Outstanding balances arising from recharges/purchases with Director Related Parties:		
Balances are outstanding at the reporting date in relation to transactions with director related parties:		
Current receivables (recharged expenditure)	151,280	89,922
Current payables (recharged expenditure)	66,493	-

No provisions for doubtful debts have 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.

25. Related Party Information (continued)

(f) Terms & 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.

(g) Loans to subsidiaries

	Company 2010 $	Company 2009 $
Opening balance	17,374,941	12,497,253
Funds advanced	10,658,588	5,132,936
Funds repaid	-	-
Amounts written-off	(27,189)	(255,248)
Closing balance	28,006,340	17,374,941

26. Share Based Payments

The Employee Incentive Scheme ('EIS') was approved by shareholders on 3 November 2006. The purpose of the Scheme is to give employees, directors, executive officers and consultants of the Company an opportunity, in the form of options, to subscribe for ordinary shares in the Company. The Directors consider the Scheme will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

Fair value of options granted:
The weighted average fair value of the options granted during the year was 16.65 cents (2009: 8.2 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

Weighted average exercise price (cents) 53.25 (2009: 32.4)
Weighted average life of the option (years) 2.00 (2009: 2.00)
Weighted average underlying share price (cents) 49.88 (2009: 29.4)
Expected share price volatility between 65% and 80% (2009: 65%)
Risk free interest rate between 4.82% and 4.94% (2009: between 2.77% and 4.06%)

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated 2010 $	Consolidated 2009 $
Options issued to directors, employees and consultants	70,057	666,633

Details of other options movements and balances are set out in Note 17.

27. Interest in Joint Venture Operations

(a) Mount Rankin & Collurabbie Project

In February 2007, the company entered into a Farm in and Joint Venture (JV) agreement with major nickel producer Minara Resources Ltd ('Minara') to primarily explore for sulphide nickel mineralisation on the Collurabbie and Mount Rankin Projects. On 11 February 2009, Gryphon announced that it had received notification from Minara of its withdrawal from the Joint Venture with Gryphon. Minara had sole funded $2,700,000 since the inception of the Joint Venture. In March 2010 Gryphon successfully divested the Mount Rankin and Collurabbie Projects. Its beneficial and ownership interest at 30 June 2010 is nil.

28. Contingent Liabilities

There are no contingent liabilities outstanding at the end of the year.

29. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(e):

Name of entity	Country of incorporation	Class of shares	Equity holding[1] 2010 %	Equity holding[1] 2009 %
Gryphon Minerals West Africa Pty Ltd	Australia	Ordinary	100	100
Gryphon Minerals Burkina Faso Pty Ltd	Australia	Ordinary	100	100
BF Minerals Pty Ltd[2]	Australia	Ordinary	100	-
Gryphon Discovery Pty Ltd[2]	Australia	Ordinary	100	-
Espial Holdings Pty Ltd[2]	Australia	Ordinary	100	-
Espial Minerals Pty Ltd	Australia	Ordinary	100	100
Gryphon Uranium Pty Ltd	Australia	Ordinary	100	100
Gryphon Minerals Côte D'Ivoire Sarl[2]	Côte D'Ivoire	Ordinary	100	-
Gryphon Minerals Burkina Faso Sarl	Burkina Faso	Ordinary	100	100

1: The proportion of ownership interest is equal to the proportion of voting power held.
2: Subsidiary was incorporated during the current financial year.

	Company 2010 $	Company 2009 $
30. Parent Entity Information		
(a) Assets		
Current assets	19,698,454	12,056,790
Non-current assets	30,603,310	19,968,895
Total assets	50,301,764	32,025,685
(b) Liabilities		
Current liabilities	2,413,195	2,043,563
Non-current liabilities	-	-
Total liabilities	2,413,195	2,043,563
(c) Equity		
Contributed equity	57,433,883	36,413,893
Accumulated losses	(11,594,518)	(8,431,911)
Total reserves	2,049,204	2,000,140
Total equity	47,888,569	29,940,228
(d) Total comprehensive income/(loss) for the year		
Profit/(loss) for the year	(3,163,982)	(2,332,683)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	(3,163,982)	(2,332,683)
(e) Commitments		
Not longer than one year	396,684	844,320
Longer than one year, but not longer than five years	707,026	1,981,251
Longer than five years	-	112,316
Total capital commitments	1,103,710	2,937,887

(f) Other information

The parent entity has not guaranteed any loans for any entity during the current or previous financial year. The parent entity does not have any contingent liabilities at the end of the current or previous financial year.

In the directors' opinion:

(a) the financial statements and notes set out on pages 17 to 43 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 2010 and of its performance for the financial year ended on that date;

(b) the audited remuneration disclosures set out on pages 10 to 14 of the directors' report comply with section 300A of the Corporations Act 2001; and

(c) at the date of this declaration, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable; and

(d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Stephen Parsons
Managing Director

Perth, Western Australia, 30 September 2010

Bentleys
Thinking ahead

Independent Auditor's Report

To the Members of Gryphon Minerals Limited

Bentleys Audit
& Corporate (WA) Pty Ltd
ABN 33 121 222 802

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12 Kings Park Road
West Perth WA 6005

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We have audited the accompanying financial report of Gryphon Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a statement of accounting policies, other selected explanatory notes 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 Gryphon Minerals Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 entity's preparation and fair presentation of the financial report 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 entity'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 followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. The financial report of Gryphon Minerals Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company and the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

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 within the report of the directors for the year ended 30 June 2010. The directors of Gryphon Minerals Limited 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.

Auditor's Opinion

In our opinion the Remuneration Report of Gryphon Minerals Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 30th day of September 2010

Shareholding

The distribution of members and their holdings of equity securities in the holding company as at 15 September 2010 was as follows:

Number Held as at 15 September 2010	Class of Equity Securities Fully Paid Ordinary Shares
1- 1,000	237
1,001 - 5,000	915
5,001 - 10,000	528
10,001 - 100,000	889
100,001 and over	161
	2,730

Holders of less than a marketable parcel: 41

Substantial Shareholders

The names of the substantial shareholders listed on the company's register as at 15 September 2010:

Shareholder	Number
Baker Steel Capital Managers LLP	19,185,500
Genesis Asset Managers LLP	14,328,890

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 15 September 2010 are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
HSBC Custody Nominees Australia Limited	64,027,095	25.79%
National Nominees Ltd	18,413,219	7.42%
ANZ Nominees Ltd	15,306,646	6.17%
International Finance Corporation	12,272,868	4.94%
Stacey Radford	10,070,000	4.06%
Geared Investments Pty Ltd	7,803,677	3.14%
Citicorp Nominees Pty Ltd	7,217,827	2.91%
Zero Nominees Pty Ltd	5,536,908	2.23%
Macquarie Bank Limited	5,385,393	2.17%
JP Morgan Nominees Australia Limited	5,285,012	2.13%
Cogent Nominees Pty Ltd	3,731,411	1.50%
Stephen Parsons	2,500,001	1.01%
David George Metford	2,311,000	0.93%
HSBC Custody Nominees (Australia) Limited	1,802,316	0.73%
Wexford Spectrum Trading	1,661,617	0.67%
HSBC Custody Nominees Australia Limited	1,575,060	0.63%
Freya Cheffers	1,500,000	0.60%
Symorgh Investments Pty Ltd	1,490,600	0.60%
Idameneo No. 97 Nominees Pty Ltd	1,423,236	0.57%
Mark Ashley Gibson	1,396,667	0.56%
	170,710,553	68.76%

Voting Rights - Ordinary Shares

In accordance with the holding company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.4.10
Recommendation 2.1 Independent Directors	1.2 and 1.3
Recommendation 2.2 Independent Chairman	1.2 and 1.3
Recommendation 2.3 Role of the Chairman and CEO	1.2 and 1.3
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Evaluation of Board, Committees and Directors	1.4.10
Recommendation 2.6 Reporting on Principle 2	1.2, 1.4.6, 1.4.10, 2.3.1 and the Directors' Report
Recommendation 3.1 Code of Conduct	1.1 and 3
Recommendation 3.2 Company Security Trading Policy	1.4.9
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9, 3
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Reporting on Principle 6	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Managing and Implementing Risk Management	2.1.3
Recommendation 7.3 Attestations by CEO and CFO	2.1.3
Recommendation 7.4 Reporting on Principle 7	2.1.3
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Executive and Non-Executive Director Remuneration	2.2.3.1 and 2.2.3.2
Recommendation 8.3 Reporting on Principle 8	1.2, 2.2.1 and 2.2.3.2

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors, Officers and staff in the performance of their roles. A copy is available for inspection on the Company's website.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Ashton, Mr Murcia and Mr Zaninovich are Non-Executive Directors, and are independent directors as they meet the following criteria for independence adopted by the Company.
An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Material is defined as being where the relationship accounts for more than two percent of consolidated gross expenditure per annum of the Company.

Mr Murcia is a Non-Executive Director of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Zaninovich is a Non-Executive Director of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Ashton is the Non-Executive Chairman of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Parsons is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated either the Managing Director or the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company has a Continuous Disclosure Policy which is available for inspection on the Company's website.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. The Company has a Shareholder Communication Policy which is available for inspection on the Company's website.

1.4.9 Trading in Company Shares

The Company has a formal Share Trading Policy in place and a copy of the policy is available for inspection on the Company's website.

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct annual evaluations of its effectiveness and that of individual Directors. Each Director's performance is appraised personally by the Chairman and in a meeting led by one other independent Director, the Chairman's performance is assessed.

The evaluation process in the current year was overseen by the Chairman. The evaluation process of the Chairman was led by the other independent Director in conjunction with the Managing Director. The objective of this evaluation is to provide best practice corporate governance to the Company.

2. Board Committees

2.1 Audit Committee

During the financial year ending 30 June 2010, the full Board undertook the role of the Audit Committee due to the size and scale of operations of the Company. However subsequent to year end the Board has established an Audit Committee and adopted a formal Audit Committee Charter, a copy of the Charter is available for inspection on the Company's website.

As the Audit Committee was established subsequent to year end, no formal Audit Committee meetings were held other than as a Board as a whole. The Audit Committee members consist of Mr Murcia who is the Chairman of the Audit Committee, Mr Ashton and Mr Zaninovich. All members are independent Non-Executive Directors and are financially literate with appropriate understanding of the industry in which the Company operates. All details of the members' qualifications can be found in the Directors' Report. The Audit Committee Charter which is available for inspection on the Company's website details the Roles and Responsibilities of the Audit Committee however a summary is detailed below.

2.1.1 Role
The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Audit Committee sets aside time to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Responsibilities
The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

2.1.3 Risk Management Policies
The Audit Committee is responsible for ensuring there is a sound system for overseeing and managing risk.

A risk management plan has been developed and implemented by Gryphon. The plan provides a framework for systematically understanding and identifying the types of business risks threatening Gryphon as whole and specific business activities within the Company. A risk register has been developed through the implementation and review of the risk management plan which has identified material business risk of the Company. The risk register provides the controls to mitigate the material business risks and management's assessment of residual risk.

The Audit Committee believes that it has a thorough understanding of the Company's key risks and is managing them appropriately. The Audit Committee is responsible for reviewing annually its risk management system. This includes reviewing operational, financial, compliance, systems and risk management procedures. The directors confirm they have completed their annual review for 2010. A copy of the Company's risk management statement is available from the corporate governance section of the company's website.

On 30 September 2010 Mr Stephen Parsons (Managing Director) and Mr Brett Dunnachie (Company Secretary) provided the Board with a declaration in accordance with S295A of the Corporations Act that the financial statements are founded on a sound system of risk management and internal compliance. Their statement assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

2.2 Remuneration Committee
2.2.1 Remuneration Committee
During the financial year ending 30 June 2010, the full Board undertook the role of the Remuneration Committee due to the size and scale of operations of the Company. However subsequent to year end the Board has established a Remuneration Committee and adopted a formal Nomination and Remuneration Committee Charter, a copy of the Charter is available for inspection on the Company's website.

As the Remuneration Committee was established subsequent to year end, no formal Remuneration Committee meetings were held other than as a Board as a whole.

The Remuneration Committee members consist of Mr Ashton who is the Chairman of the Remuneration Committee, Mr Murcia and Mr Zaninovich. Mr Ashton, Mr Murcia and Mr Zaninovich are independent Non-Executive Directors.

The Remuneration Committee Charter which is available for inspection on the Company's website details the Roles and Responsibilities of the Remuneration Committee however a summary is detailed below.

2.2.2 Role and Responsibilities
The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting goals with the Chief Executive Officer and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, the remuneration of senior executives may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses however they do participate in option schemes. Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.3.3 Current Director Remuneration

Full details regarding the remuneration of Directors is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Nomination Committee

During the financial year ending 30 June 2010, the full Board undertook the role of the Nomination Committee due to the size and scale of operations of the Company. However subsequent to year end the Board has established a Nomination Committee and adopted a formal Nomination and Remuneration Committee Charter, a copy of the Charter is available for inspection on the Company's website.

As the Nomination Committee was established subsequent to year end, no formal Nomination Committee meetings were held other than as a Board as a whole.

The Nomination Committee members consist of Mr Ashton who is the Chairman of the Nomination Committee, Mr Zaninovich and Mr Parsons. Mr Ashton and Mr Zaninovich are independent Non-Executive Directors.

The Nomination Committee Charter which is available for inspection on the Company's website details the Roles and Responsibilities of the Nomination Committee however a summary is detailed below.

2.3.2 Role and Responsibilities

The responsibilities of a Nomination Committee include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Company Code of Conduct

The Company has a formal Code of Conduct which provides guidelines aimed at maintaining high ethical standards, corporate behavior and accountability within the Company. A copy of the Code of Conduct is available for inspection on the Company's website.

As at 22 September 2009

Project	Tenement	Interest	Status
Banfora	2008 08-209/MCE/SG/DGMGC	100%	GRANTED
	2008 08-231/MCE/SG/DGMGC	100%	GRANTED
	2008 08-232/MCE/SG/DGMGC	100%	GRANTED
	2008 08-234/MCE/SG/DGMGC	100%	GRANTED
	2009 09-017/MCE/SG/DGMGC	100%	GRANTED
Radio	P77/3669	90%	GRANTED
	P77/3667	100%	GRANTED
	P77/3668	100%	GRANTED
Duggan	E70/3595	100%	PENDING
Hamilton River	EPM15683	90%	GRANTED
Toolebuc	EPM15682	90%	GRANTED
Min Min	EPM16346	100%	GRANTED
West Bendering	E70/3595	100%	PENDING
	E70/3596	100%	PENDING
Saboussirri	EL236	60%	GRANTED
	EL879	60%	GRANTED
Tirijit	EL447	100%	GRANTED
Akjoujt	EL448	100%	GRANTED

Notes

E: Exploration Licence
EPM: Exploration Licence
P: Prospecting Licence
EL: Exploration Licence