

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme SHIELD MINING LIMITED

ACN/ARSN ACN 108 267 063

1. Details of substantial holder (1)

Name Gryphon Minerals Limited (ACN 107 690 657)

ACN / ARSN (if applicable)

The holder became a substantial holder on 29 / 06 / 2010

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares (ORD)	16,756,666	16,756,666	19.9%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Gryphon Minerals Limited	Pursuant to Section 608(8) of the Corporations Act by virtue of rights under Pre-Bid Acceptance Agreements with the parties named in Annexure A to this Form 603 dated 29 June 2010, attached as Annexure B to this Form 603	16,756,666 ORD

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Substantial Holders	Parties to Pre-Bid Acceptance Agreements listed in Annexure A to this Form 603	Parties to Pre-Bid Acceptance Agreements listed in Annexure A to this Form 603	16,756,666 ORD

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Substantial Holders	29 June 2010	\$3	For details, see Annexure B to this Form 603	16,756,666 ORD

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Gryphon Minerals Limited	181 Roberts Road, Subiaco, WA 6008

Signature

print name BRETT DUNNACHIE capacity Company Secretary

sign here



date 01 / 07 / 2010

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
 - (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
 - (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations A.
 - (4) The voting shares of a company constitute one class unless divided into separate classes.
 - (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
 - (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
 - (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
 - (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
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ANNEXURE A

THIS IS THE ANNEXURE OF 1 PAGE MARKED "A" MENTIONED IN THE FORM 603 – NOTICE OF INITIAL SUBSTANTIAL HOLDER SIGNED BY ME AND DATED 1 JULY 2010.

DATED THIS 1ST DAY OF JULY 2010.



Brett Dunnachie
Company Secretary
GRYPHON MINERALS LIMITED
(ACN 107 690 657)

Registered holder of Securities	ACN
Alexander Burns	
Alexander Burns atf ASLI Trust	
Elizabeth Burns and Alexander Burns	
Elizabeth Burns and Alexander Burns atf Rose-Burns Super Fund	
Zero Nominees Pty Ltd	091 927 981
Zero Nominees Pty Ltd atf Jay Hughes	091 927 981
Jay Hughes and Linda Hughes atf Inkese Super Fund	
Inkese Ptd Ltd	009 294 071
Linda Hughes	
Zero Nominees Pty Ltd atf Linda Hughes	009 294 071

ANNEXURE B

THIS IS THE ANNEXURE OF 1 PAGE MARKED "B" MENTIONED IN THE FORM 603 – NOTICE OF INITIAL SUBSTANTIAL HOLDER SIGNED BY ME AND DATED 1 JULY 2010.

DATED THIS 1ST DAY OF JULY 2010.



Brett Dunnachie
Company Secretary
GRYPHON MINERALS LIMITED
(ACN 107 690 657)

**GRYPHON MINERALS LIMITED
ACN 107 690 657
(Bidder)**

and

**ZERO NOMINEES PTY LTD (ACN 091 927 981) (AS TRUSTEE
FOR JAY HUGHES);
JAY AND LINDA HUGHES (AS TRUSTEE FOR INKESE SUPER
FUND);
INKESE PTY LTD (ACN 009 294 071);
LINDA HUGHES; and
ZERO NOMINEES PTY LTD (ACN 091 927 981) (AS TRUSTEE
FOR LINDA HUGHES)
(Shareholder)**

PRE-BID ACCEPTANCE AGREEMENT

THIS AGREEMENT is made the

day of

2010

BETWEEN

GRYPHON MINERALS LIMITED (ACN 107 690 657) of Freemasons Building, 181 Roberts Road, Subiaco, Western Australia (**Bidder**);

AND

ZERO NOMINEES PTY LTD (ACN 091 927 981) (AS TRUSTEE FOR JAY HUGHES);
JAY AND LINDA HUGHES (AS TRUSTEE FOR INKESE SUPER FUND);
INKESE PTY LTD (ACN 009 294 071);
LINDA HUGHES; and
ZERO NOMINEES PTY LTD (ACN 091 927 981) (AS TRUSTEE FOR LINDA HUGHES)
(Shareholder).

RECITALS

- A. The Shareholder is the legal and beneficial owner of the Acceptance Shares.
- B. The Bidder proposes to make a public announcement of its intention to make the Offer.
- C. The Shareholder has agreed to accept the Offer in respect of the Acceptance Shares on the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Acceptance Shares means Target Shares held by the Shareholder that represent, as at the start of the Offer Period and rounded down to the nearest whole number, 55.4% of that number of Target Shares which represent 19.9% of all the fully paid ordinary shares on issue in the capital of the Target.

Associate has the meaning given by section 12 of the Corporations Act.

Agreement means the agreement constituted by this document and includes the recitals.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd.

ASTC Settlement Rules means the operating rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the Australian Securities Exchange.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Bidder Share means a fully paid ordinary share in the capital of the Bidder.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

Bidder Group means the Bidder and its subsidiaries (as that term is defined in the Corporations Act).

CHESS has the meaning given to it in the ASTC Settlement Rules.

CHESS Sub-Register has the meaning given to it in the ASTC Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Dispose has the meaning given by the ASX Listing Rules.

Encumbrance means a mortgage, charge, pledge, lien, hypothecation or third party interest of any kind whatsoever, or an agreement or arrangement to create any of them or to allow any of them to exist and Encumber has a corresponding meaning.

Exercise Consideration means the consideration comprising Bidder Shares of a Value equal to the Value of the most recently announced Higher Third Party Offer, where in each case, the Value of the Bidder Shares is determined as at the date of the Exercise Notice.

Exercise Notice means a notice given by the Bidder to the Shareholder under clause 5.6 substantially in the form of Schedule 1.

Higher Third Party Offer means a Third Party Offer that offers Value as at the date of its announcement that is higher than the Value offered under the Offer.

Issuer Sponsored Sub-Register has the meaning given to it in the ASTC Settlement Rules.

Offer means offers to acquire Target Shares made by the Bidder under an off-market takeover bid under Chapter 6 of the Corporations Act, for the Offer Consideration, as varied from time to time in accordance with the Corporations Act.

Offer Consideration means one (1) Bidder Share for every three (3) Target Shares.

Offer Period means the offer period (as that term is defined in the Corporations Act) in respect of the Offer.

Offer Price means the Offer Consideration, where the value of a Bidder Share will be the volume weighted average market price of a Bidder Share (on the two (2) consecutive full trading days prior to the Business Day nominated by the Bidder in the five (5) Business Day period before the despatch of the Bidder's Statement in respect of the Offer to Target shareholders) and notified to the Shareholder following the despatch of the Bidder's Statement.

Option means the option conferred by clause 5.1.

Option Period has the meaning given to it in clause 5.2.

Party means a party to this Agreement.

Purchase Consideration means the number of Bidder Shares equal to the Exercise Consideration multiplied by the number of Specified Shares, rounded up to the nearest whole number in the case of a fraction.

Relevant Interest has the meaning given by section 9 of the Corporations Act.

Settlement Date means the date which is two (2) Business Days after the Shareholder receives an Exercise Notice from the Bidder or such other date agreed by the parties in writing.

Specified Shares means the number of Acceptance Shares specified in the Exercise Notice given by the Bidder.

Sponsoring Participant has the meaning given to it in the ASTC Settlement Rules.

Target means Shield Mining Limited (ACN 108 267 063).

Target Share means a fully paid ordinary share in the capital of the Target.

Third Party means a person other than the Bidder or a member of the Bidder Group.

Third Party Offer means a public announcement during the term of this Agreement of any offer (or variation of that offer) by a Third Party involving:

- (a) the acquisition by a person of:
 - (i) a Relevant Interest of 50% or more of Target Shares; or
 - (ii) a substantial part or all of the business of the Target; or
- (b) an arrangement for a merger or business combination involving the Target, whether by way of scheme of arrangement, off-market takeover offer or otherwise.

Third Party Offer Price means the Value of the Third Party Offer.

Value means, in relation to an offer of securities or financial products or an offer which includes securities or financial products:

- (c) in relation to any cash component, the cash price offered in Australian dollars (or if not offered in Australian dollars, converted to Australian dollars at the Reuters published exchange rate (as at 10.20am EST) on that date); plus
- (d) in the case of securities or financial products which are quoted for trading on a stock exchange, the volume weighted average price per security on the principal exchange on which the securities or financial products are traded in the two (2) trading days after the offer is announced or varied; plus
- (e) in any other case, the fair value of the security or financial products as agreed between the parties or (in default of such agreement), as determined by an independent expert appointed by joint agreement by the parties, or (in default of such agreement within five (5) Business Days), a person nominated by the chairman of ASX.

1.2 Interpretations

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;

- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated); a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to **\$** or **dollar** is to Australian currency.

2. OBLIGATIONS OF THE SHAREHOLDER

2.1 Acceptance of Bidder's offer for Target Shares

In consideration of:

- (a) the mutual promises set out in this Agreement; and
- (b) the Bidder paying the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder),

if the Bidder publicly announces the Offer within two (2) months after the date of this Agreement, the Shareholder undertakes to:

- (c) irrevocably accept the Offer in respect of the Acceptance Shares by no later than 5.00pm (WST) on the date which is five (5) Business Days after the commencement of the Offer Period; and
- (d) do everything (including executing any document and making any election) that the Bidder reasonably requires, to give full effect to the Shareholder's obligations to accept the Offer in respect of the Acceptance Shares.

2.2 No withdrawal of acceptance by Shareholder

The Shareholder:

- (a) acknowledges that its acceptance of the Offer will be irrevocable and agrees to do everything (including executing any document) that the

Bidder reasonably requires, to give full effect to the Shareholder's acceptance of the Offer in respect of the Acceptance Shares;

- (b) irrevocably waives any rights it may have under section 650E of the Corporations Act, in the event that the Bidder varies the Offer; and
- (c) covenants not to exercise any rights it may have to withdraw its acceptance of the Offer in respect of the Acceptance Shares, including under section 650E of the Corporations Act.

2.3 Prohibited actions

The Shareholder agrees that from the date of execution of this Agreement until the termination of this Agreement, other than pursuant to a transaction contemplated by this Agreement, neither the Shareholder nor, so far as it is able to procure (using its best endeavours), none of its Associates will:

- (a) dispose or Encumber any Acceptance Shares;
- (b) directly or indirectly make or cause to be made any offer, invitation or solicitation for, or directly or indirectly purchase or otherwise acquire any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Target convertible securities on issue as at the date of this Agreement (**Convertible Securities**));
- (c) co-operate or assist or enter into any agreement or arrangement with any person relating to or connected with the making of any offer for the purchase or acquisition of any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Agreement); or
- (d) procure another person to apply for, acquire or dispose of Target Shares or enter into an agreement to apply for, acquire or dispose of Target Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Agreement).

3. TERMINATION OF ACCEPTANCE ARRANGEMENTS

The obligations of the Shareholder pursuant to clause 2 terminate without any further action required by any party in the event that:

- (a) a Third Party Offer is publicly announced during the Offer Period;
- (b) the Third Party Offer Price of that Third Party Offer exceeds the Offer Price; and
- (c) the Bidder does not increase the consideration payable under the Offer (or announce an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Third Party Offer, within five (5) Business Days of that Third Party Offer being publicly announced.

4. SUBSTANTIAL HOLDER NOTICE

The Bidder agrees that it will lodge with the ASX a Form 603 – Notice of Initial Substantial Holder (which will annex a copy of this Agreement) in relation to the Acceptance Shares, at the time required by the Corporation Act.

5. OPTION

5.1 Option

- (a) In return for the Bidder paying to the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder), the Shareholder irrevocably grants, subject to the terms and conditions in this clause 5, the right to require the Shareholder to sell to the Bidder (or its nominee as the Bidder may direct) the Acceptance Shares for the Exercise Consideration.
- (b) Subject to this Agreement, the Option confers on the Bidder the right, but not the obligation, to give the Shareholder an Exercise Notice.

5.2 Option Period

The Option Period is:

- (a) if the most recently announced Higher Third Party Offer is a takeover bid, the period commencing on the date five (5) Business Days prior to the last day of the offer period (as extended in accordance with the Corporations Act) (**Offer Period**) of that Higher Third Party Offer and ending on the date two (2) Business Days prior to the last day of that Offer Period; and
- (b) if the most recently announced Higher Third Party Offer is not a takeover bid, the period commencing on the date five (5) Business Days prior to completion of the transaction proposed by the Higher Third Party Offer (or if a meeting of the Target shareholders is convened to vote on the Higher Third Party Offer, the date five (5) Business Days prior to that meeting) and ending on the date two (2) Business Days prior to the date of completion of that transaction (or if a meeting of the Target shareholders is convened, the date two (2) Business Days prior to the date of that meeting).

5.3 Lapse of Option

- (a) The Option lapses on the earlier of:
 - (i) the end of the Option Period; and
 - (ii) the expiry of five (5) Business Days after the announcement of a Higher Third Party Offer, where the Bidder does not increase the consideration payable under the Offer (or announce an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer.

5.4 Effect on lapsing

Upon lapsing, the Option is of no further force and effect and (without prejudice to any accrued rights or obligations of either party) there will be no continuing rights or obligations of either party.

5.5 Exercise

The Bidder may exercise the Option at any time during the Option Period, provided that at the time of the exercise:

- (a) there is a Higher Third Party Offer and the Bidder has not increased the consideration payable under the Offer (or announced an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer; and
- (b) the Bidder has announced to the ASX that it does not intend to increase the consideration payable under the Offer by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer.

5.6 Exercise Notice

The Option may only be exercised by the Bidder giving to the Shareholder an Exercise Notice and may be exercised in respect of any number of the Acceptance Shares provided that no more than one Exercise Notice may be given.

5.7 Sale free from any Encumbrances

Upon giving an Exercise Notice, in accordance with the terms of this document, the Shareholder must sell to the Bidder (or its nominee as the Bidder may direct) all the Specified Shares free from any Encumbrance or restriction on transfer and the Bidder must buy the Specified Shares from the Shareholder for the relevant Purchase Consideration.

5.8 Settlement

- (a) Settlement of the sale and purchase of the Specified Shares must take place on the Settlement Date.
- (b) On the Settlement Date, the Shareholder must:
 - (i) give the Bidder all relevant information for the Specified Shares to be delivered by the Shareholder, including:
 - (A) if the Specified Shares are on an Issuer Sponsored Sub-Register, a copy of the Shareholder's issuer sponsored holding statement showing the holding of those Shares and its SRN; or
 - (B) if the Specified Shares are on a CHES Sub-Register, the Shareholder's HIN and the shareholder's written instructions to its Sponsoring Participant to transfer those Shares to the Bidder or its nominee; and
 - (ii) procure performance of all that is required under the ASTC Settlement Rules to enable the Specified Shares to be acquired by the Bidder or its nominee as the Bidder may direct.
- (c) On the Settlement Date, the Bidder must:
 - (i) allot and issue to the Shareholder the Bidder Shares comprising the Purchase Consideration, free from any Encumbrance and free from any restriction on transfer;

- (ii) issue a holding statement to the Shareholder for the Bidder Shares; and
- (iii) if the Purchase Consideration includes any consideration other than Bidder Shares, provide that other consideration to the Shareholder.

5.9 Quotation of Bidder Shares and notice under Section 708A(5)(e)

Immediately after the issue of the Bidder Shares on the Settlement Date, the Bidder will:

- (a) apply for quotation of the Bidder Shares comprising the Purchase Consideration on ASX; and
- (b) give to ASX a notice under Section 708A(5)(e) of the Corporations Act.

5.10 Bidder Shares to rank equally

The Bidder must ensure that all Bidder Shares issued to the Shareholder in accordance with this Agreement rank equally with all other Bidder Shares on issue at the Settlement Date.

6. WARRANTIES

The Shareholder warrants to the Bidder that:

- (a) it has full power and authority to enter into this Agreement;
- (b) the execution and performance of this Agreement is not in breach of any trust, deed, contract or other obligation to which it is bound; and
- (c) the Acceptance Shares will at all relevant times be free from any Encumbrance (other than an Encumbrance created by this Agreement).

7. EXPIRY AND TERMINATION

7.1 Termination

This Agreement will expire and terminate and there will be no continuing rights or obligations of either party (other than the warranties set out in clause 6) if:

- (a) the Bidder being registered in the Target's share register as the holder of the Acceptance Shares; and
- (b) the Offer closing having not, prior to or on the date of closing, been freed of all defeating conditions.

7.2 Acknowledgement regarding Offer

The Shareholder acknowledges and agrees that:

- (a) nothing in this Agreement obliges Bidder to announce or proceed with the Offer; and
- (b) the Bidder has the right, subject to the Corporations Act, to delete, waive or vary any of the conditions in any Offer, declare any Offer unconditional or extend any Offer at any time.

8. CONFIDENTIALITY

The fact and terms of this Agreement must be kept confidential until the earlier of:

- (a) the announcement of the Offer; or
- (b) the lodgement of the notice contemplated by clause 4.

9. CONSENT

The Shareholder consents to the inclusion of references to it and the subject matter of this Agreement in any public announcement by the Bidder in relation to the Offer or to any such reference or statements required in a bidder's statement issued in connection with the Offer.

10. NOTICES**10.1 Requirements for Notice**

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or facsimile in each case addressed to the Party at its address set out in clause 10.2, or as the case may be to such other address as it may from time to time notify to the other Parties pursuant to clause 0.

10.2 Address of Parties

The initial address of the Parties shall be as follows:

In the case of the Bidder:

Freemasons Building
181 Roberts Road
SUBIACO WA 6008
Facsimile: INT + 61 8 9287 4334
Attention: Mr Steve Parsons

In the case of the Shareholder:

C/- Shield Mining Limited
680 Murray Street
WEST PERTH WA 6005
Facsimile: INT + 61 8 9322 5444
Attention: Mr Trevor Harris

10.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 10.1 to the other Parties.

10.4 Receipt of Notice

Any notice given pursuant to clause 10.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5 pm (Perth time) on a Business Day or on the next

following Business Day if delivered after 5 pm (Perth time) on a Business Day or on other than a Business Day;

- (b) if sent by mail, on the second clear Business Day after the day of posting; or
- (c) if sent by facsimile, on the day the facsimile was sent by clear transmission.

11. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Agreement.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals therefrom.

13. VARIATION

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties.

14. COSTS

14.1 Stamp Duty

All stamp duty assessed on or in respect of this Agreement (if any) shall be paid by the Bidder.

14.2 Legal Costs

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

15. MISCELLANEOUS

15.1 Severance

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

15.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

15.3 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an

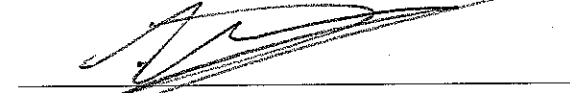
original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

15.4 Time

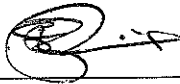
Time shall be of the essence in this Agreement in all respects.

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
GRYPHON MINERALS LIMITED)
ACN 107 690 657)
in accordance with the Corporations Act:)

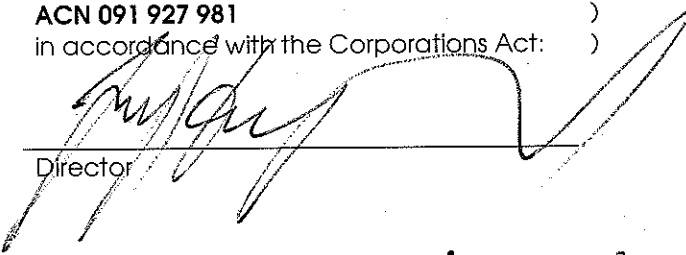


Director

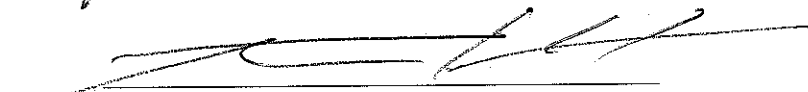


Director/Secretary

EXECUTED BY)
ZERO NOMINEES PTY LTD)
ACN 091 927 981)
in accordance with the Corporations Act:)



Director



Director/Secretary

EXECUTED BY)
INKESE PTY LTD)
ACN 009 294 071)
in accordance with the Corporations Act:)

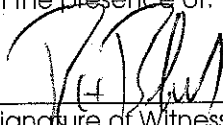
Director



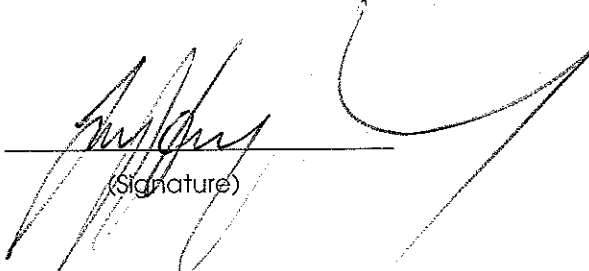
Director/Secretary



SIGNED by)
JAY HUGHES)
in the presence of:)



Signature of Witness



(Signature)

ROBERT HINZEL BLACK

Full Name of Witness
(BLOCK LETTERS)


10 OLSTON ST, MOSMAN PARK

Address:

STOCKBLOWER

Occupation:

SIGNED by)
LINDA HUGHES)
in the presence of:)



Signature of Witness



(Signature)

ROBERT HINZEL BLACK

Full Name of Witness
(BLOCK LETTERS)

10 OLSTON ST, MOSMAN PARK

Address:

STOCKBLOWER

Occupation:

SCHEDULE 1 – EXERCISE NOTICE

To: **ZERO NOMINEES PTY LTD (ACN 091 927 981) (AS TRUSTEE FOR JAY HUGHES);
JAY AND LINDA HUGHES (AS TRUSTEE FOR INKESE SUPER FUND);
INKESE PTY LTD (ACN 009 294 071);
LINDA HUGHES; and
ZERO NOMINEES PTY LTD (ACN 091 927 981) (AS TRUSTEE FOR LINDA HUGHES)**

By this notice, Gryphon Minerals Limited exercises the Option conferred by clause 5.1 of the document entitled "Pre-Bid Acceptance Agreement" (**Agreement**) dated on or about 29 June 2010 and requires you to sell () Acceptance Shares held by you (**Specified Shares**) for the relevant Purchase Consideration (being () Bidder Shares) and otherwise in accordance with the Agreement.

In this Exercise Notice, words defined in the Agreement have the same meanings.

Dated: / /

Signed for and on behalf of Gryphon Minerals Limited

Name:

Position:

GRYPHON MINERALS LIMITED

ACN 107 690 657

(Bidder)

and

ALEXANDER BURNS;

ALEXANDER BURNS (AS TRUSTEE FOR THE ASLI TRUST);

ELIZABETH BURNS AND ALEXANDER BURNS; and

**ELIZABETH BURNS AND ALEXANDER BURNS (AS TRUSTEE FOR
ROSE-BURNS SUPER FUND)**

(Shareholder)

PRE-BID ACCEPTANCE AGREEMENT



THIS AGREEMENT is made the

day of

2010

BETWEEN

GRYPHON MINERALS LIMITED (ACN 107 690 657) of Freemasons Building, 181 Roberts Road, Subiaco, Western Australia (**Bidder**);

AND

ALEXANDER BURNS;
ALEXANDER BURNS (AS TRUSTEE FOR THE ASLI TRUST);
ELIZABETH BURNS AND ALEXANDER BURNS; and
ELIZABETH BURNS AND ALEXANDER BURNS (AS TRUSTEE FOR ROSE-BURNS SUPER FUND)
(Shareholder).

RECITALS

- A. The Shareholder is the legal and beneficial owner of the Acceptance Shares.
- B. The Bidder proposes to make a public announcement of its intention to make the Offer.
- C. The Shareholder has agreed to accept the Offer in respect of the Acceptance Shares on the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Acceptance Shares means Target Shares held by the Shareholder that represent, as at the start of the Offer Period and rounded down to the nearest whole number, 18.4% of that number of Target Shares which represent 19.9% of all the fully paid ordinary shares on issue in the capital of the Target.

Associate has the meaning given by section 12 of the Corporations Act.

Agreement means the agreement constituted by this document and includes the recitals.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd.

ASTC Settlement Rules means the operating rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the Australian Securities Exchange.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Bidder Share means a fully paid ordinary share in the capital of the Bidder.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

Bidder Group means the Bidder and its subsidiaries (as that term is defined in the Corporations Act).

CHESS has the meaning given to it in the ASTC Settlement Rules.

CHESS Sub-Register has the meaning given to it in the ASTC Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Dispose has the meaning given by the ASX Listing Rules.

Encumbrance means a mortgage, charge, pledge, lien, hypothecation or third party interest of any kind whatsoever, or an agreement or arrangement to create any of them or to allow any of them to exist and Encumber has a corresponding meaning.

Exercise Consideration means the consideration comprising Bidder Shares of a Value equal to the Value of the most recently announced Higher Third Party Offer, where in each case, the Value of the Bidder Shares is determined as at the date of the Exercise Notice.

Exercise Notice means a notice given by the Bidder to the Shareholder under clause 5.6 substantially in the form of Schedule 1.

Higher Third Party Offer means a Third Party Offer that offers Value as at the date of its announcement that is higher than the Value offered under the Offer.

Issuer Sponsored Sub-Register has the meaning given to it in the ASTC Settlement Rules.

Offer means offers to acquire Target Shares made by the Bidder under an off-market takeover bid under Chapter 6 of the Corporations Act, for the Offer Consideration, as varied from time to time in accordance with the Corporations Act.

Offer Consideration means one (1) Bidder Share for every three (3) Target Shares.

Offer Period means the offer period (as that term is defined in the Corporations Act) in respect of the Offer.

Offer Price means the Offer Consideration, where the value of a Bidder Share will be the volume weighted average market price of a Bidder Share (on the two (2) consecutive full trading days prior to the Business Day nominated by the Bidder in the five (5) Business Day period before the despatch of the Bidder's Statement in respect of the Offer to Target shareholders) and notified to the Shareholder following the despatch of the Bidder's Statement.

Option means the option conferred by clause 5.1.

Option Period has the meaning given to it in clause 5.2.

Party means a party to this Agreement.

Purchase Consideration means the number of Bidder Shares equal to the Exercise Consideration multiplied by the number of Specified Shares, rounded up to the nearest whole number in the case of a fraction.

Relevant Interest has the meaning given by section 9 of the Corporations Act.

Settlement Date means the date which is two (2) Business Days after the Shareholder receives an Exercise Notice from the Bidder or such other date agreed by the parties in writing.

Specified Shares means the number of Acceptance Shares specified in the Exercise Notice given by the Bidder.

Sponsoring Participant has the meaning given to it in the ASTC Settlement Rules.

Target means Shield Mining Limited (ACN 108 267 063).

Target Share means a fully paid ordinary share in the capital of the Target.

Third Party means a person other than the Bidder or a member of the Bidder Group.

Third Party Offer means a public announcement during the term of this Agreement of any offer (or variation of that offer) by a Third Party involving:

- (a) the acquisition by a person of:
 - (i) a Relevant Interest of 50% or more of Target Shares; or
 - (ii) a substantial part or all of the business of the Target; or
- (b) an arrangement for a merger or business combination involving the Target, whether by way of scheme of arrangement, off-market takeover offer or otherwise.

Third Party Offer Price means the Value of the Third Party Offer.

Value means, in relation to an offer of securities or financial products or an offer which includes securities or financial products:

- (c) in relation to any cash component, the cash price offered in Australian dollars (or if not offered in Australian dollars, converted to Australian dollars at the Reuters published exchange rate (as at 10.20am EST) on that date); plus
- (d) in the case of securities or financial products which are quoted for trading on a stock exchange, the volume weighted average price per security on the principal exchange on which the securities or financial products are traded in the two (2) trading days after the offer is announced or varied; plus
- (e) in any other case, the fair value of the security or financial products as agreed between the parties or (in default of such agreement), as determined by an independent expert appointed by joint agreement by the parties, or (in default of such agreement within five (5) Business Days), a person nominated by the chairman of ASX.

1.2 Interpretations

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;

- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to **\$** or **dollar** is to Australian currency.

2. OBLIGATIONS OF THE SHAREHOLDER

2.1 Acceptance of Bidder's offer for Target Shares

In consideration of:

- (a) the mutual promises set out in this Agreement; and
- (b) the Bidder paying the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder),

if the Bidder publicly announces the Offer within two (2) months after the date of this Agreement, the Shareholder undertakes to:

- (c) irrevocably accept the Offer in respect of the Acceptance Shares by no later than 5.00pm (WST) on the date which is five (5) Business Days after the commencement of the Offer Period; and
- (d) do everything (including executing any document and making any election) that the Bidder reasonably requires, to give full effect to the Shareholder's obligations to accept the Offer in respect of the Acceptance Shares.

2.2 No withdrawal of acceptance by Shareholder

The Shareholder:

- (a) acknowledges that its acceptance of the Offer will be irrevocable and agrees to do everything (including executing any document) that the

Bidder reasonably requires, to give full effect to the Shareholder's acceptance of the Offer in respect of the Acceptance Shares;

- (b) irrevocably waives any rights it may have under section 650E of the Corporations Act, in the event that the Bidder varies the Offer; and
- (c) covenants not to exercise any rights it may have to withdraw its acceptance of the Offer in respect of the Acceptance Shares, including under section 650E of the Corporations Act.

2.3 Prohibited actions

The Shareholder agrees that from the date of execution of this Agreement until the termination of this Agreement, other than pursuant to a transaction contemplated by this Agreement, neither the Shareholder nor, so far as it is able to procure (using its best endeavours), none of its Associates will:

- (a) dispose or Encumber any Acceptance Shares;
- (b) directly or indirectly make or cause to be made any offer, invitation or solicitation for, or directly or indirectly purchase or otherwise acquire any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Target convertible securities on issue as at the date of this Agreement (**Convertible Securities**));
- (c) co-operate or assist or enter into any agreement or arrangement with any person relating to or connected with the making of any offer for the purchase or acquisition of any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Agreement); or
- (d) procure another person to apply for, acquire or dispose of Target Shares or enter into an agreement to apply for, acquire or dispose of Target Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Agreement).

3. TERMINATION OF ACCEPTANCE ARRANGEMENTS

The obligations of the Shareholder pursuant to clause 2 terminate without any further action required by any party in the event that:

- (a) a Third Party Offer is publicly announced during the Offer Period;
- (b) the Third Party Offer Price of that Third Party Offer exceeds the Offer Price; and
- (c) the Bidder does not increase the consideration payable under the Offer (or announce an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Third Party Offer, within five (5) Business Days of that Third Party Offer being publicly announced.

4. SUBSTANTIAL HOLDER NOTICE

The Bidder agrees that it will lodge with the ASX a Form 603 – Notice of Initial Substantial Holder (which will annex a copy of this Agreement) in relation to the Acceptance Shares, at the time required by the Corporation Act.

5. OPTION

5.1 Option

- (a) In return for the Bidder paying to the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder), the Shareholder irrevocably grants, subject to the terms and conditions in this clause 5, the right to require the Shareholder to sell to the Bidder (or its nominee as the Bidder may direct) the Acceptance Shares for the Exercise Consideration.
- (b) Subject to this Agreement, the Option confers on the Bidder the right, but not the obligation, to give the Shareholder an Exercise Notice.

5.2 Option Period

The Option Period is:

- (a) if the most recently announced Higher Third Party Offer is a takeover bid, the period commencing on the date five (5) Business Days prior to the last day of the offer period (as extended in accordance with the Corporations Act) (**Offer Period**) of that Higher Third Party Offer and ending on the date two (2) Business Days prior to the last day of that Offer Period; and
- (b) if the most recently announced Higher Third Party Offer is not a takeover bid, the period commencing on the date five (5) Business Days prior to completion of the transaction proposed by the Higher Third Party Offer (or if a meeting of the Target shareholders is convened to vote on the Higher Third Party Offer, the date five (5) Business Days prior to that meeting) and ending on the date two (2) Business Days prior to the date of completion of that transaction (or if a meeting of the Target shareholders is convened, the date two (2) Business Days prior to the date of that meeting).

5.3 Lapse of Option

- (a) The Option lapses on the earlier of:
 - (i) the end of the Option Period; and
 - (ii) the expiry of five (5) Business Days after the announcement of a Higher Third Party Offer, where the Bidder does not increase the consideration payable under the Offer (or announce an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer.

5.4 Effect on lapsing

Upon lapsing, the Option is of no further force and effect and (without prejudice to any accrued rights or obligations of either party) there will be no continuing rights or obligations of either party.

5.5 Exercise

The Bidder may exercise the Option at any time during the Option Period, provided that at the time of the exercise:

- (a) there is a Higher Third Party Offer and the Bidder has not increased the consideration payable under the Offer (or announced an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer; and
- (b) the Bidder has announced to the ASX that it does not intend to increase the consideration payable under the Offer by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer.

5.6 Exercise Notice

The Option may only be exercised by the Bidder giving to the Shareholder an Exercise Notice and may be exercised in respect of any number of the Acceptance Shares provided that no more than one Exercise Notice may be given.

5.7 Sale free from any Encumbrances

Upon giving an Exercise Notice, in accordance with the terms of this document, the Shareholder must sell to the Bidder (or its nominee as the Bidder may direct) all the Specified Shares free from any Encumbrance or restriction on transfer and the Bidder must buy the Specified Shares from the Shareholder for the relevant Purchase Consideration.

5.8 Settlement

- (a) Settlement of the sale and purchase of the Specified Shares must take place on the Settlement Date.
- (b) On the Settlement Date, the Shareholder must:
 - (i) give the Bidder all relevant information for the Specified Shares to be delivered by the Shareholder, including:
 - (A) if the Specified Shares are on an Issuer Sponsored Sub-Register, a copy of the Shareholder's issuer sponsored holding statement showing the holding of those Shares and its SRN; or
 - (B) if the Specified Shares are on a CHESS Sub-Register, the Shareholder's HIN and the shareholder's written instructions to its Sponsoring Participant to transfer those Shares to the Bidder or its nominee; and
 - (ii) procure performance of all that is required under the ASTC Settlement Rules to enable the Specified Shares to be acquired by the Bidder or its nominee as the Bidder may direct.
- (c) On the Settlement Date, the Bidder must:
 - (i) allot and issue to the Shareholder the Bidder Shares comprising the Purchase Consideration, free from any Encumbrance and free from any restriction on transfer;

- (ii) issue a holding statement to the Shareholder for the Bidder Shares; and
- (iii) if the Purchase Consideration includes any consideration other than Bidder Shares, provide that other consideration to the Shareholder.

5.9 Quotation of Bidder Shares and notice under Section 708A(5)(e)

Immediately after the issue of the Bidder Shares on the Settlement Date, the Bidder will:

- (a) apply for quotation of the Bidder Shares comprising the Purchase Consideration on ASX; and
- (b) give to ASX a notice under Section 708A(5)(e) of the Corporations Act.

5.10 Bidder Shares to rank equally

The Bidder must ensure that all Bidder Shares issued to the Shareholder in accordance with this Agreement rank equally with all other Bidder Shares on issue at the Settlement Date.

6. WARRANTIES

The Shareholder warrants to the Bidder that:

- (a) it has full power and authority to enter into this Agreement;
- (b) the execution and performance of this Agreement is not in breach of any trust, deed, contract or other obligation to which it is bound; and
- (c) the Acceptance Shares will at all relevant times be free from any Encumbrance (other than an Encumbrance created by this Agreement).

7. EXPIRY AND TERMINATION

7.1 Termination

This Agreement will expire and terminate and there will be no continuing rights or obligations of either party (other than the warranties set out in clause 6) if:

- (a) the Bidder being registered in the Target's share register as the holder of the Acceptance Shares; and
- (b) the Offer closing having not, prior to or on the date of closing, been freed of all defeating conditions.

7.2 Acknowledgement regarding Offer

The Shareholder acknowledges and agrees that:

- (a) nothing in this Agreement obliges Bidder to announce or proceed with the Offer; and
- (b) the Bidder has the right, subject to the Corporations Act, to delete, waive or vary any of the conditions in any Offer, declare any Offer unconditional or extend any Offer at any time.

8. CONFIDENTIALITY

The fact and terms of this Agreement must be kept confidential until the earlier of:

- (a) the announcement of the Offer; or
- (b) the lodgement of the notice contemplated by clause 4.

9. CONSENT

The Shareholder consents to the inclusion of references to it and the subject matter of this Agreement in any public announcement by the Bidder in relation to the Offer or to any such reference or statements required in a bidder's statement issued in connection with the Offer.

10. NOTICES**10.1 Requirements for Notice**

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or facsimile in each case addressed to the Party at its address set out in clause 10.2, or as the case may be to such other address as it may from time to time notify to the other Parties pursuant to clause 10.3.

10.2 Address of Parties

The initial address of the Parties shall be as follows:

In the case of the Bidder:

Freemasons Building
181 Roberts Road
SUBIACO WA 6008
Facsimile: INT + 61 8 9287 4334
Attention: Mr Steve Parsons

In the case of the Shareholder:

C/- Shield Mining Limited
680 Murray Street
WEST PERTH WA 6005
Facsimile: INT + 61 8 9322 5444
Attention: Mr Trevor Harris

10.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 10.1 to the other Parties.

10.4 Receipt of Notice

Any notice given pursuant to clause 10.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5 pm (Perth time) on a Business Day or on the next

following Business Day if delivered after 5 pm (Perth time) on a Business Day or on other than a Business Day;

- (b) if sent by mail, on the second clear Business Day after the day of posting; or
- (c) if sent by facsimile, on the day the facsimile was sent by clear transmission.

11. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Agreement.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals therefrom.

13. VARIATION

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties.

14. COSTS

14.1 Stamp Duty

All stamp duty assessed on or in respect of this Agreement (if any) shall be paid by the Bidder.

14.2 Legal Costs

Each Party shall bear their own legal costs of, and incidental to the preparation, negotiation and execution of this Agreement.

15. MISCELLANEOUS

15.1 Severance

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

15.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

15.3 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an

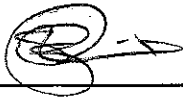
original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

15.4 Time

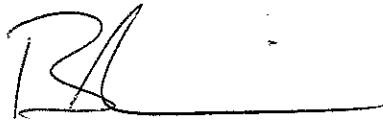
Time shall be of the essence in this Agreement in all respects.

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
GRYPHON MINERALS LIMITED)
ACN 107 690 657)
in accordance with the Corporations Act:)

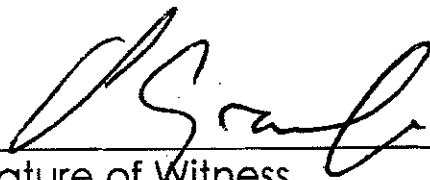


Director



Director/Secretary

SIGNED by)
ALEXANDER BURNS)
in the presence of:)




Signature of Witness

(Signature)

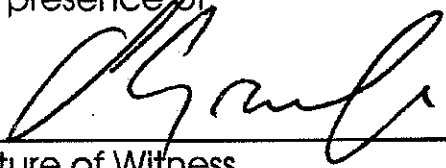
LEXTON MARK GRAEFE

Full Name of Witness
(BLOCK LETTERS)

SIGNED by
ELIZABETH BURNS
in the presence of:

)
)
)


(Signature)



Signature of Witness

LEXTON MARK GRAEFE

Full Name of Witness
(BLOCK LETTERS)

588 CORBETT ST SCARBOROUGH W.A.

Address:

ACCOUNTANT

Occupation:

SCHEDULE 1 – EXERCISE NOTICE

To: **ALEXANDER BURNS;**
ALEXANDER BURNS (AS TRUSTEE FOR THE ASLI TRUST);
ELIZABETH BURNS AND ALEXANDER BURNS; and
ELIZABETH BURNS AND ALEXANDER BURNS (AS TRUSTEE FOR ROSE-BURNS SUPER FUND)

By this notice, Gryphon Minerals Limited exercises the Option conferred by clause 5.1 of the document entitled "Pre-Bid Acceptance Agreement" (**Agreement**) dated on or about 29 June 2010 and requires you to sell [] Acceptance Shares held by you (**Specified Shares**) for the relevant Purchase Consideration (being [] Bidder Shares) and otherwise in accordance with the Agreement.

In this Exercise Notice, words defined in the Agreement have the same meanings.

Dated: / /

Signed for and on behalf of Gryphon Minerals Limited

Name:

Position:

GRYPHON MINERALS LIMITED
ACN 107 690 657
(Bidder)

and

**ZERO NOMINEES PTY LTD (ACN 091 927 981) (as trustee for
David Netherway)**
(Shareholder)

PRE-BID ACCEPTANCE AGREEMENT

STEINEPREIS PAGANIN
Lawyers & Consultants



THIS AGREEMENT is made the

day of

2010

BETWEEN

GRYPHON MINERALS LIMITED (ACN 107 690 657) of Freemasons Building, 181 Roberts Road, Subiaco, Western Australia (**Bidder**);

AND

ZERO NOMINEES PTY LTD (ACN 091 927 981) (as trustee for David Netherway) of Level 14, The Quadrant, 1 William Street, Perth, Western Australia (**Shareholder**).

RECITALS

- A. The Shareholder is the legal and beneficial owner of the Acceptance Shares.
- B. The Bidder proposes to make a public announcement of its intention to make the Offer.
- C. The Shareholder has agreed to accept the Offer in respect of the Acceptance Shares on the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Acceptance Shares means Target Shares held by the Shareholder that represent, as at the start of the Offer Period and rounded down to the nearest whole number, 26.2% of that number of Target Shares which represent 19.9% of all the fully paid ordinary shares on issue in the capital of the Target.

Associate has the meaning given by section 12 of the Corporations Act.

Agreement means the agreement constituted by this document and includes the recitals.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd.

ASTC Settlement Rules means the operating rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the Australian Securities Exchange.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Bidder Share means a fully paid ordinary share in the capital of the Bidder.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

Bidder Group means the Bidder and its subsidiaries (as that term is defined in the Corporations Act).

CHESS has the meaning given to it in the ASTC Settlement Rules.

CHES Sub-Register has the meaning given to it in the ASTC Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Dispose has the meaning given by the ASX Listing Rules.

Encumbrance means a mortgage, charge, pledge, lien, hypothecation or third party interest of any kind whatsoever, or an agreement or arrangement to create any of them or to allow any of them to exist and Encumber has a corresponding meaning.

Exercise Consideration means the consideration comprising Bidder Shares of a Value equal to the Value of the most recently announced Higher Third Party Offer, where in each case, the Value of the Bidder Shares is determined as at the date of the Exercise Notice.

Exercise Notice means a notice given by the Bidder to the Shareholder under clause 5.6 substantially in the form of Schedule 1.

Higher Third Party Offer means a Third Party Offer that offers Value as at the date of its announcement that is higher than the Value offered under the Offer.

Issuer Sponsored Sub-Register has the meaning given to it in the ASTC Settlement Rules.

Offer means offers to acquire Target Shares made by the Bidder under an off-market takeover bid under Chapter 6 of the Corporations Act, for the Offer Consideration, as varied from time to time in accordance with the Corporations Act.

Offer Consideration means one (1) Bidder Share for every three (3) Target Shares.

Offer Period means the offer period (as that term is defined in the Corporations Act) in respect of the Offer.

Offer Price means the Offer Consideration, where the value of a Bidder Share will be the volume weighted average market price of a Bidder Share (on the two (2) consecutive full trading days prior to the Business Day nominated by the Bidder in the five (5) Business Day period before the despatch of the Bidder's Statement in respect of the Offer to Target shareholders) and notified to the Shareholder following the despatch of the Bidder's Statement.

Option means the option conferred by clause 5.1.

Option Period has the meaning given to it in clause 5.2.

Party means a party to this Agreement.

Purchase Consideration means the number of Bidder Shares equal to the Exercise Consideration multiplied by the number of Specified Shares, rounded up to the nearest whole number in the case of a fraction.

Relevant Interest has the meaning given by section 9 of the Corporations Act.

Settlement Date means the date which is two (2) Business Days after the Shareholder receives an Exercise Notice from the Bidder or such other date agreed by the parties in writing.

Specified Shares means the number of Acceptance Shares specified in the Exercise Notice given by the Bidder.

Sponsoring Participant has the meaning given to it in the ASTC Settlement Rules.

Target means Shield Mining Limited (ACN 108 267 063).

Target Share means a fully paid ordinary share in the capital of the Target.

Third Party means a person other than the Bidder or a member of the Bidder Group.

Third Party Offer means a public announcement during the term of this Agreement of any offer (or variation of that offer) by a Third Party involving:

- (a) the acquisition by a person of:
 - (i) a Relevant Interest of 50% or more of Target Shares; or
 - (ii) a substantial part or all of the business of the Target; or
- (b) an arrangement for a merger or business combination involving the Target, whether by way of scheme of arrangement, off-market takeover offer or otherwise.

Third Party Offer Price means the Value of the Third Party Offer.

Value means, in relation to an offer of securities or financial products or an offer which includes securities or financial products:

- (c) in relation to any cash component, the cash price offered in Australian dollars (or if not offered in Australian dollars, converted to Australian dollars at the Reuters published exchange rate (as at 10.20am EST) on that date); plus
- (d) in the case of securities or financial products which are quoted for trading on a stock exchange, the volume weighted average price per security on the principal exchange on which the securities or financial products are traded in the two (2) trading days after the offer is announced or varied; plus
- (e) in any other case, the fair value of the security or financial products as agreed between the parties or (in default of such agreement), as determined by an independent expert appointed by joint agreement by the parties, or (in default of such agreement within five (5) Business Days), a person nominated by the chairman of ASX.

1.2 Interpretations

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;

- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to **\$** or **dollar** is to Australian currency.

2. OBLIGATIONS OF THE SHAREHOLDER

2.1 Acceptance of Bidder's offer for Target Shares

In consideration of:

- (a) the mutual promises set out in this Agreement; and
- (b) the Bidder paying the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder),

if the Bidder publicly announces the Offer within two (2) months after the date of this Agreement, the Shareholder undertakes to:

- (c) irrevocably accept the Offer in respect of the Acceptance Shares by no later than 5.00pm (WST) on the date which is five (5) Business Days after the commencement of the Offer Period; and
- (d) do everything (including executing any document and making any election) that the Bidder reasonably requires, to give full effect to the Shareholder's obligations to accept the Offer in respect of the Acceptance Shares.

2.2 No withdrawal of acceptance by Shareholder

The Shareholder:

- (a) acknowledges that its acceptance of the Offer will be irrevocable and agrees to do everything (including executing any document) that the Bidder reasonably requires, to give full effect to the Shareholder's acceptance of the Offer in respect of the Acceptance Shares;

- (b) irrevocably waives any rights it may have under section 650E of the Corporations Act, in the event that the Bidder varies the Offer; and
- (c) covenants not to exercise any rights it may have to withdraw its acceptance of the Offer in respect of the Acceptance Shares, including under section 650E of the Corporations Act.

2.3 Prohibited actions

The Shareholder agrees that from the date of execution of this Agreement until the termination of this Agreement, other than pursuant to a transaction contemplated by this Agreement, neither the Shareholder nor, so far as it is able to procure (using its best endeavours), none of its Associates will:

- (a) dispose or Encumber any Acceptance Shares;
- (b) directly or indirectly make or cause to be made any offer, invitation or solicitation for, or directly or indirectly purchase or otherwise acquire any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Target convertible securities on issue as at the date of this Agreement (**Convertible Securities**));
- (c) co-operate or assist or enter into any agreement or arrangement with any person relating to or connected with the making of any offer for the purchase or acquisition of any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Agreement); or
- (d) procure another person to apply for, acquire or dispose of Target Shares or enter into an agreement to apply for, acquire or dispose of Target Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Agreement).

3. TERMINATION OF ACCEPTANCE ARRANGEMENTS

The obligations of the Shareholder pursuant to clause 2 terminate without any further action required by any party in the event that:

- (a) a Third Party Offer is publicly announced during the Offer Period;
- (b) the Third Party Offer Price of that Third Party Offer exceeds the Offer Price; and
- (c) the Bidder does not increase the consideration payable under the Offer (or announce an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Third Party Offer, within five (5) Business Days of that Third Party Offer being publicly announced.

4. SUBSTANTIAL HOLDER NOTICE

The Bidder agrees that it will lodge with the ASX a Form 603 – Notice of Initial Substantial Holder (which will annex a copy of this Agreement) in relation to the Acceptance Shares, at the time required by the Corporation Act.

5. OPTION

5.1 Option

- (a) In return for the Bidder paying to the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder), the Shareholder irrevocably grants, subject to the terms and conditions in this clause 5, the right to require the Shareholder to sell to the Bidder (or its nominee as the Bidder may direct) the Acceptance Shares for the Exercise Consideration.
- (b) Subject to this Agreement, the Option confers on the Bidder the right, but not the obligation, to give the Shareholder an Exercise Notice.

5.2 Option Period

The Option Period is:

- (a) if the most recently announced Higher Third Party Offer is a takeover bid, the period commencing on the date five (5) Business Days prior to the last day of the offer period (as extended in accordance with the Corporations Act) (**Offer Period**) of that Higher Third Party Offer and ending on the date two (2) Business Days prior to the last day of that Offer Period; and
- (b) if the most recently announced Higher Third Party Offer is not a takeover bid, the period commencing on the date five (5) Business Days prior to completion of the transaction proposed by the Higher Third Party Offer (or if a meeting of the Target shareholders is convened to vote on the Higher Third Party Offer, the date five (5) Business Days prior to that meeting) and ending on the date two (2) Business Days prior to the date of completion of that transaction (or if a meeting of the Target shareholders is convened, the date two (2) Business Days prior to the date of that meeting).

5.3 Lapse of Option

- (a) The Option lapses on the earlier of:
 - (i) the end of the Option Period; and
 - (ii) the expiry of five (5) Business Days after the announcement of a Higher Third Party Offer, where the Bidder does not increase the consideration payable under the Offer (or announce an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer.

5.4 Effect on lapsing

Upon lapsing, the Option is of no further force and effect and (without prejudice to any accrued rights or obligations of either party) there will be no continuing rights or obligations of either party.

5.5 Exercise

The Bidder may exercise the Option at any time during the Option Period, provided that at the time of the exercise:

- (a) there is a Higher Third Party Offer and the Bidder has not increased the consideration payable under the Offer (or announced an intention to do so) by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer; and
- (b) the Bidder has announced to the ASX that it does not intend to increase the consideration payable under the Offer by adding to the existing consideration payable under the Offer additional cash (in Australian dollars) or Bidder Shares to equal or exceed the highest Value payable under that Higher Third Party Offer.

5.6 Exercise Notice

The Option may only be exercised by the Bidder giving to the Shareholder an Exercise Notice and may be exercised in respect of any number of the Acceptance Shares provided that no more than one Exercise Notice may be given.

5.7 Sale free from any Encumbrances

Upon giving an Exercise Notice, in accordance with the terms of this document, the Shareholder must sell to the Bidder (or its nominee as the Bidder may direct) all the Specified Shares free from any Encumbrance or restriction on transfer and the Bidder must buy the Specified Shares from the Shareholder for the relevant Purchase Consideration.

5.8 Settlement

- (a) Settlement of the sale and purchase of the Specified Shares must take place on the Settlement Date.
- (b) On the Settlement Date, the Shareholder must:
 - (i) give the Bidder all relevant information for the Specified Shares to be delivered by the Shareholder, including:
 - (A) if the Specified Shares are on an Issuer Sponsored Sub-Register, a copy of the Shareholder's Issuer sponsored holding statement showing the holding of those Shares and its SRN; or
 - (B) if the Specified Shares are on a CHES Sub-Register, the Shareholder's HIN and the shareholder's written instructions to its Sponsoring Participant to transfer those Shares to the Bidder or its nominee; and
 - (ii) procure performance of all that is required under the ASTC Settlement Rules to enable the Specified Shares to be acquired by the Bidder or its nominee as the Bidder may direct.
- (c) On the Settlement Date, the Bidder must:
 - (i) allot and issue to the Shareholder the Bidder Shares comprising the Purchase Consideration, free from any Encumbrance and free from any restriction on transfer;

- (ii) issue a holding statement to the Shareholder for the Bidder Shares; and
- (iii) If the Purchase Consideration includes any consideration other than Bidder Shares, provide that other consideration to the Shareholder.

5.9 Quotation of Bidder Shares and notice under Section 708A(5)(e)

Immediately after the issue of the Bidder Shares on the Settlement Date, the Bidder will:

- (a) apply for quotation of the Bidder Shares comprising the Purchase Consideration on ASX; and
- (b) give to ASX a notice under Section 708A(5)(e) of the Corporations Act.

5.10 Bidder Shares to rank equally

The Bidder must ensure that all Bidder Shares issued to the Shareholder in accordance with this Agreement rank equally with all other Bidder Shares on issue at the Settlement Date.

6. WARRANTIES

The Shareholder warrants to the Bidder that:

- (a) it has full power and authority to enter into this Agreement;
- (b) the execution and performance of this Agreement is not in breach of any trust, deed, contract or other obligation to which it is bound; and
- (c) the Acceptance Shares will at all relevant times be free from any Encumbrance (other than an Encumbrance created by this Agreement).

7. EXPIRY AND TERMINATION

7.1 Termination

This Agreement will expire and terminate and there will be no continuing rights or obligations of either party (other than the warranties set out in clause 6) if:

- (a) the Bidder being registered in the Target's share register as the holder of the Acceptance Shares; and
- (b) the Offer closing having not, prior to or on the date of closing, been freed of all defeating conditions.

7.2 Acknowledgement regarding Offer

The Shareholder acknowledges and agrees that:

- (a) nothing in this Agreement obliges Bidder to announce or proceed with the Offer; and
- (b) the Bidder has the right, subject to the Corporations Act, to delete, waive or vary any of the conditions in any Offer, declare any Offer unconditional or extend any Offer at any time.

8. CONFIDENTIALITY

The fact and terms of this Agreement must be kept confidential until the earlier of:

- (a) the announcement of the Offer; or
- (b) the lodgement of the notice contemplated by clause 4.

9. CONSENT

The Shareholder consents to the inclusion of references to it and the subject matter of this Agreement in any public announcement by the Bidder in relation to the Offer or to any such reference or statements required in a bidder's statement issued in connection with the Offer.

10. NOTICES**10.1 Requirements for Notice**

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or facsimile in each case addressed to the Party at its address set out in clause 10.2, or as the case may be to such other address as it may from time to time notify to the other Parties pursuant to clause 10.3.

10.2 Address of Parties

The initial address of the Parties shall be as follows:

In the case of the Bidder:

Freemasons Building
181 Roberts Road
SUBIACO WA 6008
Facsimile: INT + 61 8 9287 4334
Attention: Mr Steve Parsons

In the case of the Shareholder:

C/- Shield Mining Limited
680 Murray Street
WEST PERTH WA 6005
Facsimile: INT + 61 8 9322 5444
Attention: Mr Trevor Harris

10.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 10.1 to the other Parties.

10.4 Receipt of Notice

Any notice given pursuant to clause 10.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5 pm (Perth time) on a Business Day or on the next

following Business Day if delivered after 5 pm (Perth time) on a Business Day or on other than a Business Day;

- (b) if sent by mail, on the second clear Business Day after the day of posting; or
- (c) if sent by facsimile, on the day the facsimile was sent by clear transmission.

11. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Agreement.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals therefrom.

13. VARIATION

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties.

14. COSTS

14.1 Stamp Duty

All stamp duty assessed on or in respect of this Agreement (if any) shall be paid by the Bidder.

14.2 Legal Costs

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

15. MISCELLANEOUS

15.1 Severance

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

15.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

15.3 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an


original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

15.4 Time

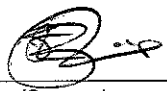
Time shall be of the essence in this Agreement in all respects.

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
GRYPHON MINERALS LIMITED)
ACN 107 690 657)
in accordance with the Corporations Act:)

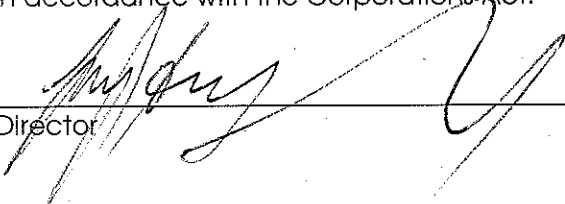


Director

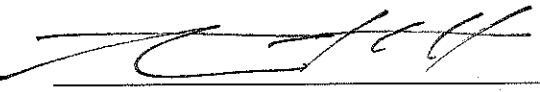


Director/Secretary

EXECUTED BY)
ZERO NOMINEES PTY LTD)
ACN 091 927 981)
in accordance with the Corporations Act:)



Director



Director/Secretary

SCHEDULE 1 – EXERCISE NOTICE

To: **ZERO NOMINEES PTY LTD (ACN 091 927 981) (as trustee for David Netherway)**

By this notice, Gryphon Minerals Limited exercises the Option conferred by clause 5.1 of the document entitled "Pre-Bid Acceptance Agreement" (**Agreement**) dated on or about 29 June 2010 and requires you to sell () Acceptance Shares held by you (**Specified Shares**) for the relevant Purchase Consideration (being () Bidder Shares) and otherwise in accordance with the Agreement.

In this Exercise Notice, words defined in the Agreement have the same meanings.

Dated: / /

Signed for and on behalf of Gryphon Minerals Limited

Name:

Position: