



30 June 2010

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via Electronic Lodgement

TAKEOVER BID BY GRYPHON MINERALS LIMITED FOR SHIELD MINING LIMITED

Bidder's Statement and Notice of people to whom information is to be sent

Gryphon Minerals Limited (**Gryphon**) (ASX:GRY) attaches, by way of service:

- Pursuant to Item 5 of Subsection 633(1) of the *Corporations Act 2001 (Cth) (Act)*, a copy of Gryphon's bidder's statement in relation to Gryphon's off-market takeover bid for Shield Mining Limited; and
- Pursuant to Subsection 633(4) of the Act, a notice confirming the people to whom information is to be sent under items 6 and 12 of Subsection 633(1) of the Act in relation to the takeover bid.

Yours faithfully

GRYPHON MINERALS LIMITED

BRETT DUNNACHIE
Company Secretary

Attached:

1. Bidder's Statement
2. Notice confirming the people to whom information is to be sent



GRYPHON MINERALS LIMITED (ACN 107 690 657)

Notice of people to whom information is to be sent under items 6 and 12 of Subsection 633(1) of the Corporations Act

To: ASX Limited

In accordance with Subsection 633(4) of the Corporations Act 2001 (Cth) (**Act**), Gryphon Minerals Limited gives notice that the time and date for determining the people to whom information is to be sent under items 6 and 12 of subsection 633(1) of the Act in relation to its off-market takeover bid for all of the ordinary shares and all of the bid options in Shield Mining Limited is **5.00pm (WST) on 8 July 2010**.

For further information, please refer to the Bidder's Statement dated 30 June 2010.

Date: 30 June 2010

Signed for and on behalf of Gryphon Minerals Limited by:

A handwritten signature in blue ink, appearing to be "B. Dunnachie", is written over a light blue horizontal line.

BRETT DUNNACHIE
Company Secretary

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

GRYPHON MINERALS LIMITED

ABN 31 107 690 657

BIDDER'S STATEMENT

in relation to a recommended Offer by Gryphon to acquire ALL of your Shield Shares and Shield Bid Options

Consideration offered is:

One Gryphon Share for every three Shield Shares you own; and one Gryphon Share for every 11 Shield Bid Options you own

The Board of Shield, in the absence of a Superior Proposal,

UNANIMOUSLY RECOMMENDS

that Shield Shareholders and Shield Bid Optionholders

ACCEPT

the Offers and have agreed that they will accept the Offers in respect of their own holdings.

Legal adviser to Gryphon

STEINPREIS PAGANIN 
Lawyers & Consultants

Financial adviser to Gryphon

EUROZ
SECURITIES LIMITED

IMPORTANT INFORMATION

Bidder's Statement

This document is the Bidder's Statement from Gryphon Minerals Limited (ABN **31 107 690 657**) (**Gryphon**) to Shield Mining Limited (ABN **62 108 267 063**) (**Shield**) in relation to an off-market bid for all Shield Shares and Shield Bid Options.

This Bidder's Statement is dated 30 June 2010. A copy of this Bidder's Statement was lodged with the ASIC on 30 June 2010. The ASIC takes no responsibility for the content of this Bidder's Statement.

Foreign jurisdictions

The distribution of this document and the making of the Offers may be restricted by the laws of foreign jurisdictions. The Offers are not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction. The entitlements of Shield Shareholders and Shield Bid Optionholders who are located in jurisdictions outside Australia and its external territories and New Zealand are set out in clause 1.8 of Annexure A and B respectively of the Offers.

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Gryphon's current expectations about future events. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward-looking statements. These factors include, among other things, those risks identified in Section 9.

Value of Gryphon Shares

The implied value of Gryphon's Offer will vary with the market price of Gryphon's Shares. Further information on the implied value of Gryphon's Offer is contained in this document. Before accepting the Offer, Shield Shareholders and Shield Bid Optionholders should obtain current quotes for Gryphon and Shield Shares from their stockbroker or other financial adviser.

Investment Decision

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Shield Shareholder or Shield Bid Optionholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Privacy

Gryphon has collected your information from the registers of Shield for the purposes of making the Offer and, if accepted, administering your shareholding or optionholding in Shield. Gryphon and the share registry may disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Gryphon, please contact Gryphon at the address set out in the Corporate Directory.

Gryphon

30 June 2010

Dear Shield Shareholder and Shield Bid Optionholder,

Recommended Off-Market Takeover Bid for Shield Mining Limited

On behalf of the Directors of Gryphon Minerals Limited (**Gryphon**), I am pleased to offer you the opportunity to become a shareholder in a combined Gryphon and Shield Mining Limited (**Shield**).

On 30 June 2010 (**Announcement Date**), Gryphon announced its intention to offer to acquire all of your Shield Shares and Shield Bid Options. Under the Share Offer you will receive one Gryphon Share for every three of your Shield Shares (**Share Offer**). Under the Option Offer you will receive one Gryphon Share for every 11 of your Shield Bid Options (**Option Offer**). The Share Offer and Option Offer are together referred to as the **Offers**. The Offers are conditional upon Gryphon becoming entitled to at least 90% of Shield Shares and certain other conditions included in this bidder's statement.

The directors of Gryphon believe the Offers are a compelling proposition for Shield Shareholders and Shield Bid Optionholders.

1. The Offer represents a **35.8% premium to Shield's closing share price on 28 June 2010** and a **37.2% premium** to the one month volume weighted average price of Shield Shares to 28 June 2010 of \$0.198, being the last day Shield Shares were traded before the Announcement Date.
2. The combination of Gryphon and Shield will create a **substantially larger West African focused gold company**, with a market capitalisation of \$213m¹, cash of \$23m and a combined tenement holding in excess of 3,600km². Gryphon also has greater investment analyst coverage and liquidity compared to Shield.
3. Shield Shareholders and Shield Bid Optionholders will gain investment exposure to Gryphon's **advanced gold project in Burkina Faso** with a current JORC inferred resource estimate of 1.1 million ounces of gold at 2.4 g/t, and is shallow with 90% above 100m depth and is open at depth and along strike.
4. Shield Shareholders and Shield Bid Optionholders will benefit from significant depth of **management, technical and in-country experience**. The combination of Gryphon's proven exploration expertise, West African experience, access to technical and operational resources with Shield management's depth of West African experience has significant potential to deliver increased shareholder value.
5. Shield Shareholders and Shield Bid Optionholders who become Gryphon Shareholders and will retain an interest in Shield's Mauritanian exploration assets while **diversifying** their investment from exposure to Gryphon's highly prospective portfolio of quality West African gold assets.

¹ As at the date of this Bidder's Statement, Gryphon has 216,231,598 Shares on issue. The number of Gryphon Shares to be issued in exchange for Shield Shares and Shield Options (at a ratio of 1:3 Shield Shares and 1:11 Shield Options) is 31,928,800 and 1,937,558 respectively, the effect of which is that the Combined Entity will have 250,097,956 shares on issue. At the current Gryphon share price of \$0.815, the Combined Entity would have a market capitalisation (undiluted) of \$204m.

6. The combination of Gryphon and Shield will provide a **much stronger financial basis** from which to aggressively explore Shield's exploration tenements in Mauritania.

The Shield Directors have agreed, in the absence of a Superior Proposal or some other reason in law requiring them to do otherwise, to accept the Offers in respect of their own holdings and to **unanimously recommend** that Shield Shareholders and Shield Bid Optionholders accept the Offers.

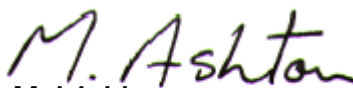
Gryphon has also entered into pre-bid acceptance agreements with certain Shield Shareholders (including some of the Directors of Shield) representing 19.9% of Shield's issued shares. Those shareholders have agreed to accept the Share Offer in the absence of a Superior Offer. Those shareholders have also granted Gryphon a call option to acquire their Shield shares in the event of a competing offer during a stipulated period of time.

I encourage you to read this important document carefully to understand the extent of the Offers. The Offers are open for your acceptance until 5.00 pm Perth time on 9 August 2010, unless extended. If you wish to accept the Offers, you should follow the instructions on the relevant Acceptance Form enclosed.

If you have any questions about the Offers, please contact Mr Steve Parsons by telephone on (08) 9287 4333 (from within Australia) or +61 8 9287 4333 (callers outside Australia) or by email at admin@gryphonminerals.com.au, or alternatively contact your professional financial advisor.

Gryphon directors look forward to welcoming Shield Shareholders and Shield Bid Optionholders to Gryphon from the successful completion of this transaction.

Yours sincerely,



Mel Ashton
Chairman

HOW TO ACCEPT THE OFFERS

CHES Holdings

Instruct your stockbroker or CHES Controlling Participant to initiate acceptance of the Offers in accordance with the ASTC Settlement Rules so as to be effective before the end of the Offer Period;

OR

complete and sign the enclosed relevant Acceptance Form (there are separate forms for the Share Offer and the Option Offer) in accordance with the instructions provided in the form and return it in the reply paid envelope so that it is received before the end of the Offer Period.

Issuer Sponsored Holdings

Complete and sign the enclosed relevant Acceptance Form in accordance with the instructions provided in the form and return it in the reply paid envelope so that it is received before the end of the Offer Period.

Ineligible Foreign Shield Shareholder or Bid Optionholder

If you are an Ineligible Foreign Shield Shareholder or Bid Optionholder, (as defined in Section 11 of this Bidder's Statement) please refer to Sections 10.13 and 10.14 respectively of this Bidder's Statement.

Unmarketable Parcels Share Offer or Option Offer

Where, following acceptance of the Offer, you would be entitled to be issued an Unmarketable Parcel of Gryphon Shares, please refer to Section 10.15 of this Bidder's Statement.

OFFER AND ACCEPTANCE ENQUIRIES

Computershare Investor Services Pty Ltd:
+ 61 8 9323 2000

KEY DATES:

Date of Bidder's Statement	30 June 2010
Date Bidder's Statement lodged with ASIC	30 June 2010
Date of Share Offer	9 July 2010
Date of Option Offer	9 July 2010
Scheduled Closing Date of Share Offer (unless extended)	9 August 2010
Scheduled Closing Date of Option Offer (unless extended)	9 August 2010

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CORPORATE DIRECTORY

Directors

Mel Ashton *Non Executive Chairman*
Steve Parsons *Managing Director*
Didier Murcia *Non Executive Director*
Steven Zaninovich *Non Executive Director*

Company Secretary

Brett Dunnachie

Registered Office

Freemasons Building
181 Roberts Road
SUBIACO WA 6008

Website: www.gryphonminerals.com.au

Auditor*

Bentleys
Level 1
12 Kings Park Road
WEST PERTH WA 6005

Solicitors to Gryphon

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Financial advisors to Gryphon

Euroz Securities Limited
Level 14, The Quadrant
1 William Street
PERTH WA 6000

Stock Exchange*

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000
ASX Code: GRY

* These entities have been included for information purposes only. They have not been involved in the preparation of this Bidder's Statement.

1. REASONS WHY YOU SHOULD ACCEPT THE OFFERS

- 1. SHIELD DIRECTORS UNANIMOUSLY SUPPORT THE OFFERS**
- 2. YOU WILL RECEIVE AN ATTRACTIVE PREMIUM FOR YOUR SHIELD SHARES AND SHIELD BID OPTIONS**
- 3. YOU WILL BECOME PART OF A SUBSTANTIALLY LARGER WEST AFRICAN FOCUSED GOLD COMPANY**
- 4. YOU WILL GAIN INVESTMENT EXPOSURE TO GRYPHON'S ADVANCED GOLD PROJECT IN BURKINA FASO**
- 5. SIGNIFICANT DEPTH OF MANAGEMENT, TECHNICAL AND IN COUNTRY EXPERIENCE AND EXPERTISE**
- 6. DIVERSIFICATION OF INVESTMENT**
- 7. MUCH STRONGER FINANCIAL BASIS FROM WHICH TO EXPLORE SHIELD'S EXPLORATION TENEMENTS IN MAURITANIA**
- 8. MAJOR SHAREHOLDER SUPPORT FOR THE OFFER**

1. SHIELD DIRECTORS UNANIMOUSLY SUPPORT THE OFFERS

Shield Directors have welcomed the Offers and intend to accept the Offers in respect of their own holdings and unanimously recommend Shield Shareholders and Shield Bid Optionholders accept the Offers in the absence of a Superior Proposal or some other reason in law requiring them to do otherwise.

In making the recommendation, Shield's Chairman stated:

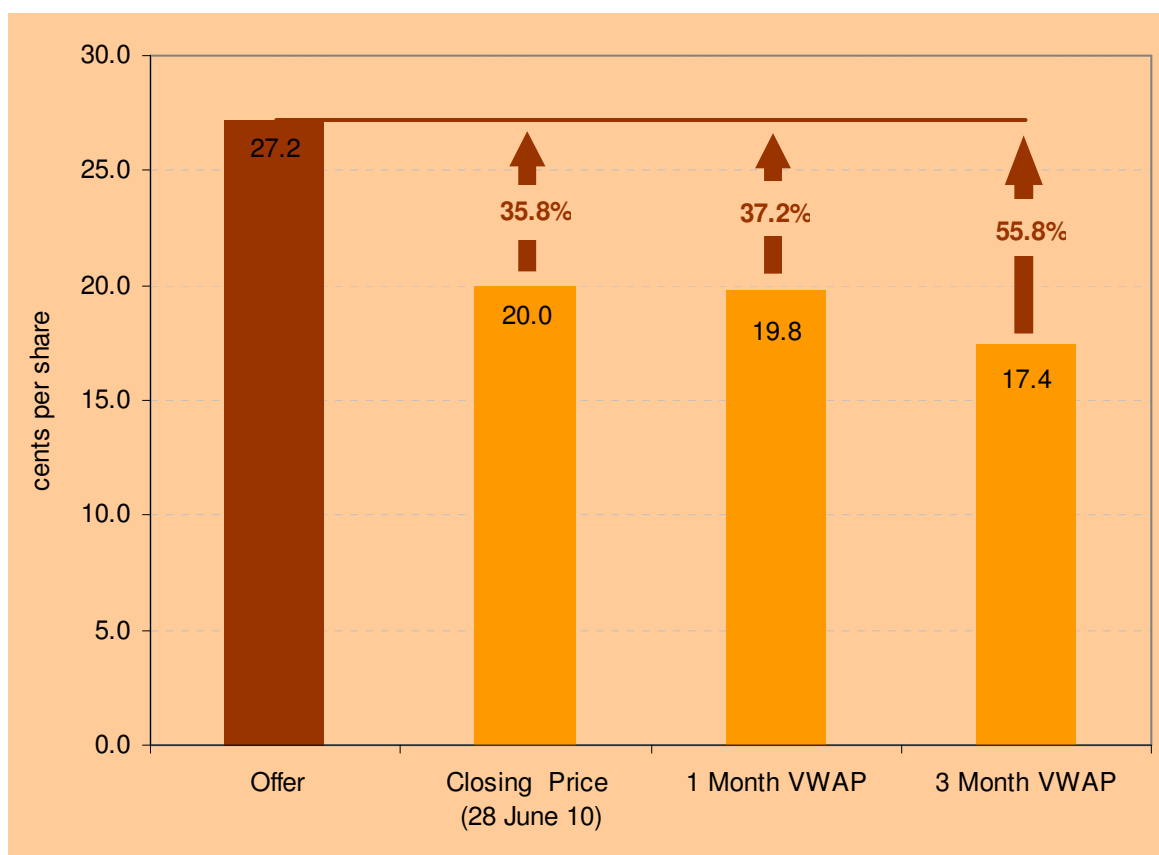
"I am impressed with the quality of Gryphon's projects, their team and their approach to exploration. Gryphon is well resourced and capable of aggressively exploring Shield's portfolio of assets while continuing to rapidly advance their own portfolio, to maximise shareholder value."

"I encourage all Shield shareholders, in the absence of a superior proposal, to accept the compelling offer made by Gryphon and become a shareholder in an emerging major West African gold company."

2. YOU WILL RECEIVE AN ATTRACTIVE PREMIUM FOR YOUR SHIELD SHARES AND SHIELD BID OPTIONS

The underlying value of the Offers provides Shield Shareholders and Shield Bid Optionholders with a substantial premium on the historical Shield Share Price. Based on the closing price of Gryphon Shares of \$0.815 on 28 June 2010, being the last trading day of Gryphon Shares on the ASX prior to the lodgement of this Bidder's Statement, the Offers represent:

- (a) a **35.8% premium** to the closing price of Shield Shares of \$0.20 on 28 June 2010, being the last day of trading of Shield Shares prior to the Announcement Date;
- (b) a **37.2% premium** over the 1 month volume weighted average price for Shield Shares to 28 June 2010 of \$0.198; and
- (c) a **55.8% premium** over the 3 month volume weighted average price for Shield Shares to 28 June 2010 of \$0.174.



3. YOU WILL BECOME PART OF A SUBSTANTIALLY LARGER WEST AFRICAN FOCUSED GOLD COMPANY

The combination of Gryphon and Shield will create a substantially larger West African focused gold company with a market capitalisation of \$213m², cash of \$23m, no debt and combined land holding in excess of 3,600 square kilometres in Burkina Faso and Mauritania, some of the world's most prospective gold provinces.

The increased size of the Combined Entity will attract greater investor attention, analyst coverage and share trading liquidity, especially compared with Shield on a standalone basis.

4. YOU WILL GAIN INVESTMENT EXPOSURE TO GRYPHON'S ADVANCED GOLD PROJECT IN BURKINA FASO

Shield Shareholders and Shield Bid Optionholders will gain investment exposure to Gryphon's Banfora Gold Project, an advanced exploration project located in Burkina Faso. As recently announced to ASX, the project has a current JORC inferred resource estimate of 1.1 million ounces of gold at 2.4 g/t, and is shallow with 90% above 100m depth and is open at depth and along strike.

² As at the date of this Bidder's Statement, Gryphon has 216,231,598 Shares on issue. The number of Gryphon Shares to be issued in exchange for Shield Shares and Shield Options (at a ratio of 1:3 Shield Shares and 1:11 Shield Options) is 31,928,800 and 1,937,558 respectively, the effect of which is that the Combined Entity will have 250,097,956 shares on issue. At the current Gryphon share price of \$0.815, the Combined Entity would have a market capitalisation (undiluted) of \$204m.

5. SIGNIFICANT DEPTH OF MANAGEMENT, TECHNICAL AND IN COUNTRY EXPERIENCE

Shield Shareholders and Shield Bid Optionholders will benefit from significant depth of management, technical and in-country experience. Gryphon has proven exploration expertise, a depth of West African experience and access to technical and operational resources.

On successful completion of the Offers, Shield's CEO and Managing Director Mr David Netherway will join the Board of Gryphon as a Non-Executive Director. Mr Netherway has over 15 years experience in West African experience, having been involved in the exploration, feasibility and construction of four gold mines.

This combination of skills, experience and resources has significant potential to deliver increased shareholder value through the identification, exploration and development of the high quality portfolio of projects.

6. DIVERSIFICATION OF INVESTMENT

Shield Shareholders and Shield Bid Optionholders who become Gryphon Shareholders will retain an interest in Shield's Mauritanian exploration assets while diversifying their investment from exposure to Gryphon's highly prospective portfolio of quality West African gold assets.

7. MUCH STRONGER FINANCIAL BASIS FROM WHICH TO EXPLORE SHIELD'S EXPLORATION TENEMENTS IN MAURITANIA

The Combined Entity will have cash reserves of approximately \$23m, no debt and a stronger capital base to fund future exploration and development expenditure.

8. MAJOR SHAREHOLDER SUPPORT FOR THE OFFER

Gryphon has entered into pre-bid agreements with certain Shield shareholders (including some of the Directors) representing 19.9% of Shield's issued shares, in the absence of a Superior proposal.

These shareholders have contractually committed to accept the Share Offer, subject to no superior competing offer being received by Shield. These shareholders have also granted Gryphon a call option to acquire their Shield shares in the event of a competing proposal. Further particulars of the terms of the pre-bid acceptance agreements Section 10.16.

2. SUMMARY OF THE OFFERS

The Bidder:

Gryphon Minerals Limited (**Gryphon**) is the company making the Offers to Shield Shareholders and Shield Bid Optionholders. Refer to Section 4 for further details about Gryphon.

The Share Offer:

Gryphon offers to acquire **ALL** of your Shield Shares.

You may only accept the Share Offer in respect of 100% (and not a lesser proportion) of the Shield Shares you hold.

The Option Offer:

Gryphon Offers to acquire **ALL** of your Shield Bid Options. You may only accept the Option Offer in respect of 100% (and not a lesser proportion) of the Shield Bid Options you hold.

Share Offer Consideration:

One Gryphon Share for every three Shield Shares held³.

Option Offer Consideration

One Gryphon Share for every 11 Shield Bid Options held⁴. The Option Offer does not include an offer to acquire any other Options which Shield has granted.

Offers Open:

9 July 2010.

Offers Close:

Unless withdrawn or extended in accordance with the Corporations Act, the Offers are open until 5pm WST on 9 August 2010.

Conditions:

The Share Offer is subject to the defeating conditions set out in Clause 1.10 of Annexure A.

The Option Offer is subject to the defeating conditions set out in Clause 1.10 of Annexure B.

Gryphon may choose to waive any of the defeating conditions in accordance with the Offers set out in Annexures A and B.

Rounding:

³ Unless you are an Ineligible Foreign Shield Shareholder who accepts the Share Offer, or entitled to an Unmarketable Parcel of Gryphon Shares under the Share Offer, in which case you will receive consideration in the form of cash, being the net proceeds from the on market sale of the Gryphon Shares you were entitled to. Refer to Sections 1.8 and 1.9 of Annexure A of this Bidder's Statement.

⁴ Unless you are an Ineligible Foreign Shield Optionholder who accepts the Option Offer, or entitled to an Unmarketable Parcel of Gryphon Shares under the Option Offer, in which case you will receive consideration in the form of cash, being the net proceeds from the on market sale of the Gryphon Shares you were entitled to. Refer to Sections 1.8 and 1.9 of Annexure B of this Bidder's Statement.

If you become entitled to a fraction of a Gryphon Share under the Offers, the number of Gryphon Shares, will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

Further information:

The information in this Section 2 is a summary of the Offers only.

You should read the entire Bidder's Statement and the separate target's statement which will be sent to you directly by Shield in relation to the Offers before deciding whether to accept the Offers.

The full terms of the Share Offer are set out in Annexure A to this Bidder's Statement.

The full terms of the Option Offers are set out in Annexure B to this Bidder's Statement.

Please call Computershare Investor Services Pty Ltd on **+61 8 9323 2000** if you have any questions or require any assistance with your acceptance.

3. FREQUENTLY ASKED QUESTIONS

What is Gryphon's Offer for Shield Shares?	Gryphon is offering one (1) Gryphon Share for every three (3) Shield Shares held by you.
What is Gryphon's Offer for Shield Bid Options?	Gryphon is offering one (1) Gryphon Share for every eleven (11) Shield Bid Options held by you.
What choices do I have as a Shield Shareholder or Shield Bid Optionholder?	<p>As a Shield Shareholder or Shield Bid Optionholder, you have the following choices in respect of your Shield Shares or Shield Bid Options:</p> <ul style="list-style-type: none">(a) accept the Share Offer or Option Offer;(b) exercise your Shield Bid Options and/or sell your Shield Shares (if you are a Shield Shareholder) on the ASX (unless you have previously accepted the Share Offer or Option Offer and you have not validly withdrawn your acceptance); or(c) do nothing.
How do I accept the Share Offer?	<p>How you accept will depend on whether your Shield Shares are held in an Issuer Sponsored Holding or a CHESS Holding. The Share Acceptance Form enclosed has been personalised to reflect this for you.</p> <p>If your Shield Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that person for assistance in accepting the Share Offer.</p>
How do I accept the Option Offer?	Please complete and sign the enclosed Option Acceptance Form in accordance with the instructions provided in the form.
What are the consequences of accepting the Offers now?	If you accept the relevant Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Shield Shares on the ASX or otherwise deal with your Shield Shares or Shield Bid Options while the Offer remains open.
Can I withdraw my acceptance?	<p>Under the terms of the Offer, once you have accepted the Offer you cannot withdraw your acceptance except where a withdrawal right arises under the Corporations Act.</p> <p>A withdrawal right will arise under the Corporations Act if the Offer remain subject to one or more defeating conditions (set out in Section 1.10 of Annexure A and Section 1.9 of Annexure B) and, after you have accepted the Offers, Gryphon varies the Offers in a way that postpones, for more than 1 month, the time by which Gryphon must meet its obligations under the Offers.</p>
When do I get my Gryphon Shares (or, if applicable, net sale proceeds)?	If you accept the relevant Offer, you will receive the consideration under the Offer within 1 month of the later of the date you accept, and the date the Offer becomes unconditional. In any event, assuming the conditions of the Offer you accept are satisfied or waived, you will be issued the consideration within 21 days of the

	<p>end of the Offer Period.</p> <p>If you accept the Share Offer or Option Offer and you are an Ineligible Foreign Shield Shareholder or Bid Optionholder or entitled to an Unmarketable Parcel of Gryphon Shares under the Share Offer or Option Offer, you will receive your consideration in the form of cash being the net sale proceeds following the sale of the Gryphon Shares you would have been entitled to by the Sale Nominee. See Sections 10.13 and 10.14 of this Bidder’s Statement for details.</p>
<p>Will I need to pay any brokerage or stamp duty if I accept the Offers?</p>	<p>If your Shield Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Gryphon, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Share Offer.</p> <p>If your Shield Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Shield Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Share Offer but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Share Offer.</p> <p>If you are an Ineligible Foreign Shield Shareholder or Bid Optionholder who accepts the Share Offer or Option Offer, the Gryphon Shares issued as consideration will be sold by an ASIC approved nominee (Sale Nominee), who will return the cash proceeds from the sale, less the expenses of the sale, to the Ineligible Foreign Shield Shareholders or Bid Optionholders.</p>
<p>Can the Offer Period be extended?</p>	<p>Yes, the Offer Period for the Share Offer and/or the Option Offer can be extended at Gryphon’s election, up to a maximum Offer Period of 12 months. Shield Shareholders or Shield Bid Optionholders (as applicable) will be sent written notice of any extension, and the extension will be announced to the ASX.</p>
<p>What if the Conditions are not satisfied or waived?</p>	<p>If the Offer closes and the conditions are not satisfied or waived, that Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Shield Shares or Shield Bid Options (unless you otherwise sell them). Gryphon will inform you of whether the conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.</p>
<p>Can I sell my Shield Shares on market?</p>	<p>Yes, but you may incur brokerage costs if you do.</p> <p>If you have already accepted the Share Offer in respect of your Shield Shares, you will be unable to settle any subsequent sale of your Shield Shares, subject to you being entitled to withdraw your acceptance – see “Can I withdraw my acceptance?” above.</p>
<p>What if I am an Ineligible Foreign Shield Shareholder or Ineligible Foreign Shield Bid</p>	<p>If you are an Ineligible Foreign Shield Shareholder or Bid Optionholder (as defined in Section 11), you will not be entitled to receive the Gryphon Shares on acceptance of the Share Offer or Option Offer, as applicable. The Gryphon Shares that Ineligible Foreign Shield Shareholders or Bid Optionholders would otherwise</p>

Optionholder?	be entitled to receive if they accepted the Share Offer or Option Offer will be issued to and sold by the Sale Nominee and you will receive the net cash proceeds from that sale. See Section 10.13 and 10.14 of this Bidder's Statement for further details.
What if I am entitled to an Unmarketable Parcel of Gryphon Shares?	If you are entitled under the Offer to be issued Gryphon Shares that comprise an Unmarketable Parcel (being Gryphon Shares with a total value of less than \$500 based on the highest closing price for Gryphon Shares on the ASX during the Share Offer Period) you will not be entitled to receive the Gryphon Shares on acceptance of the Offer. Instead, the Gryphon Shares to which you would otherwise be entitled under the Offer will be sold by the Sale Nominee and you will receive the net cash proceeds from that sale. See Section 10.14 of this Bidder's Statement for further details.
What are the tax implications of accepting the Offers?	You should consult your financial, tax or other professional advisor on the tax implications of acceptance, in light of your own particular circumstances. However, Section 8 contains a general summary of the major likely Australian tax consequences for Shield Shareholders who accept the Share Offer and Shield Bid Optionholders who accept the Option Offer.
Is the Option Offer for all options which Shield has granted?	The Offer does not extend to Shield Other Options, however if you exercise your Shield Other Options during the Offer Period you can accept the Share Offer in respect of the Shield Shares you are issued on exercise of the Shield Other Options.
What will happen with the Shield Other Options?	If you hold Shield Other Options, Gryphon may approach you with a view to acquiring your Shield Other Options for consideration that will be negotiated between you and Gryphon. Alternatively, if Gryphon acquires at least 90% of the value of all of the Shield securities on issue and it satisfies the other requirements under the Corporations Act, then Gryphon may, if chooses to, compulsorily acquire the securities in Shield that it does not own, including your Shield Other Options.

4. PROFILE OF GRYPHON

4.1 Overview of Gryphon

Gryphon is an Australian listed mineral exploration company with assets in West Africa. Gryphon is listed on the ASX (ASX:GRY) and has a market capitalisation in excess of \$176.2 million (as at the date of the Bidders Statement), a cash balance of \$20 million and no debt.

Gryphon is focused on the exploration and development of the Banfora Gold project located in Burkina Faso.

4.2 Overview of Gryphon's activities

This Section contains a summary of Gryphon's activities. Further information on Gryphon can be obtained from Gryphon's website (www.gryphonminerals.com.au).

Exploration Projects

Banfora Gold project (Gryphon 100%)

The Banfora Gold Project is a gold exploration project located in Burkina Faso. The Banfora Gold Project consists of six exploration licenses totalling 1,200 square kilometres in a major gold producing district host to the Tongon, Syama and Morila deposits.

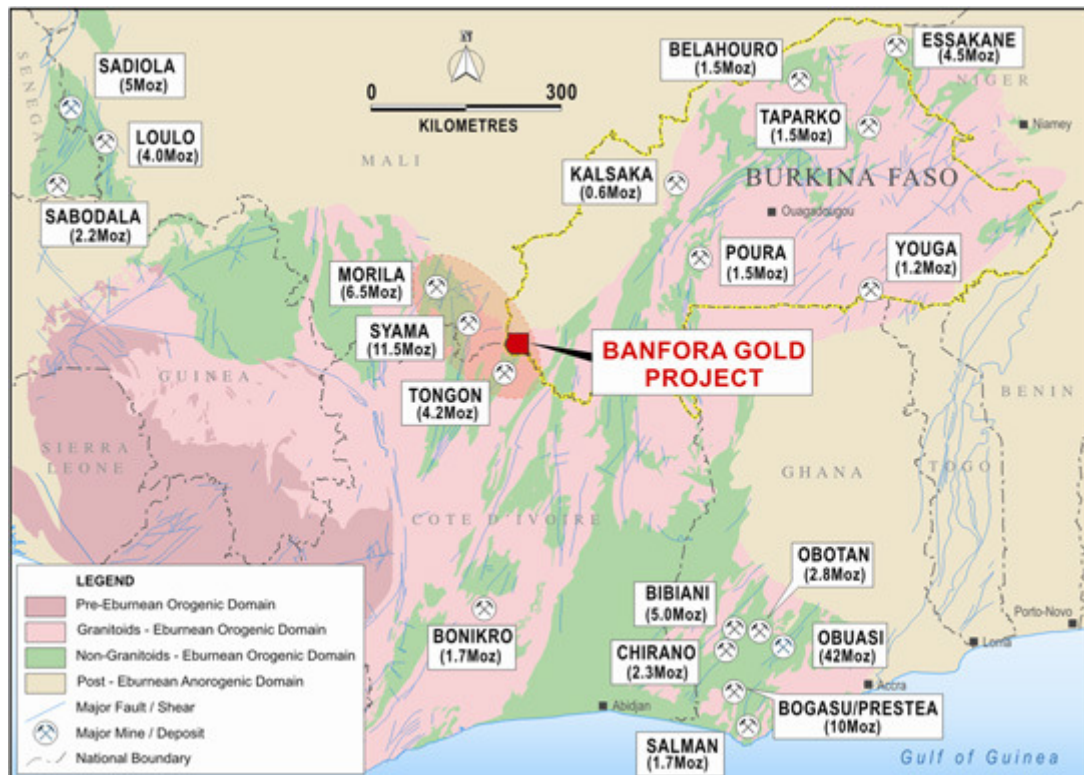


Figure 1 – Banfora Gold Project Location Map

The Banfora Gold Project is located in the south-west of Burkina Faso. It is easily accessible by road and is in close proximity to the town of Banfora and the major city of Bobo Dioloasso. Grid power is located approximately 30 kilometres from the eastern boundary of the project.

Exploration activity at the Banfora Gold Project has focused within the large grano-diorite intrusion known as the Nogbele and Fourkoura gold deposits. On 20 September 2009 Gryphon announced an updated current JORC inferred resource estimate of 1.1 million ounces of gold at 2.4 g/t, and is shallow with 90% above 100m depth and is open at depth and along strike as shown in the table below.

Deposit	Category	Tonnage (Mt)	Grade Au (g/t)	Contained Gold (million ounces)
Nogbele	Inferred	11	2.3	0.9
Fourkoura	Inferred	3	2.5	0.2
Total Project	Inferred	14	2.4	1.1

Mineralisation remains open along both strike and depth. Step out drilling targeting shallow high grade gold mineralisation (~100 meters vertical depth) is continuing at both deposits.

The step out drilling at Fourkoura is targeting mineralisation over approximately 500m strike length. The drilling at the Nogbele deposit is targeting the 'pressure shadow area' known as the Nangolo target. On 23 March 2010, Gryphon announced drill results from the Nangolo target of 5m @ 16.00 g/t, 7m @ 11.24 g/t and 16m @ 5.27 g/t.

Banfora Regional

In addition, Gryphon is targeting a number of regional exploration prospects.

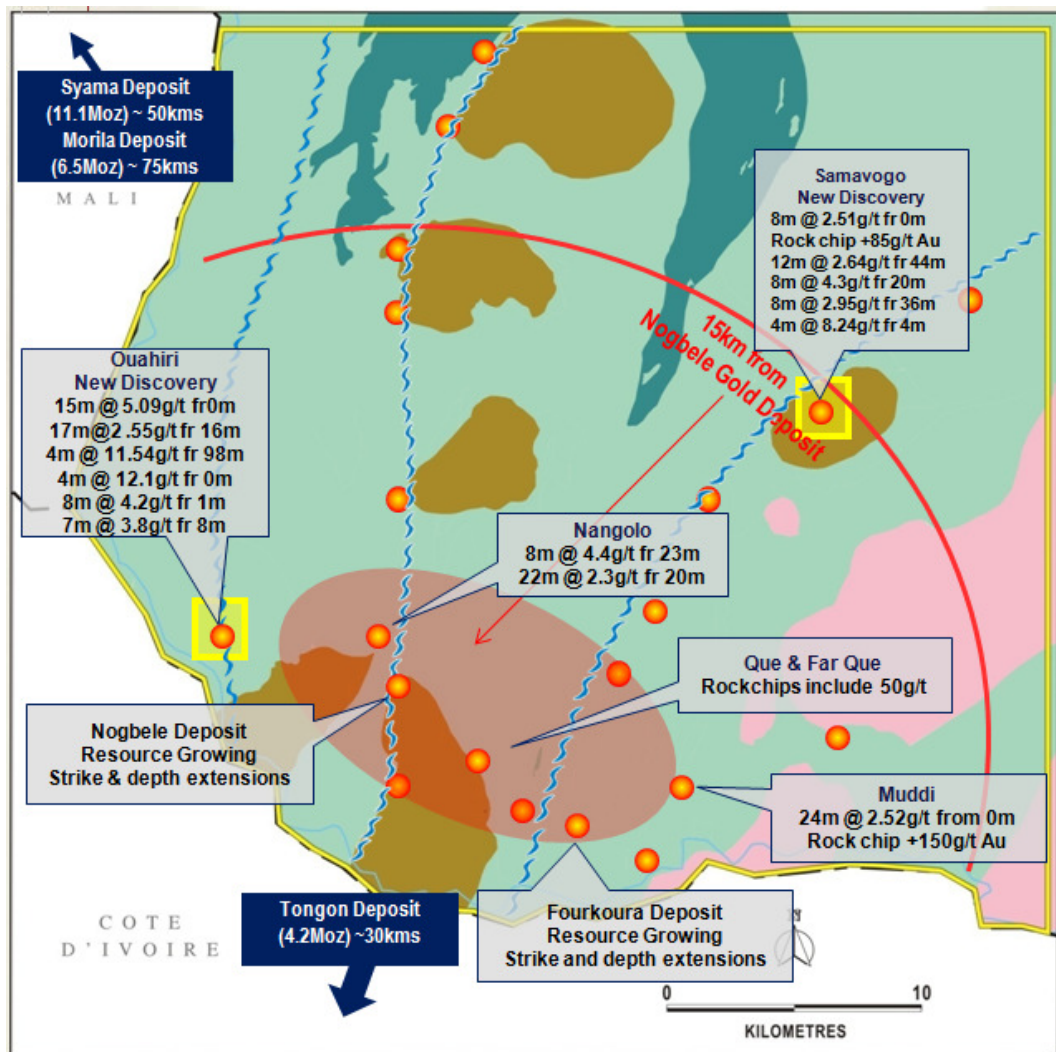


Figure 2 – Banfora Regional

Recent results announced on the ASX include:

- 17/06/2010 - Ouahiri regional shear zone, located approximately five kilometres west of the Nogbele deposit. Results from a 10km portion of a major structural target that remains untested for a further 20km, include: **15m @ 5.09 g/t, 17m @ 2.55 g/t and 4m @ 11.54 g/t.**
- 13/05/2010 - Samavogo prospect, located approximately twenty kilometres north-east of the Nogbele deposit. Results from only the first 2.5km of a major 12 km structural target include: **8m @ 4.34 g/t, 12m @ 2.64 g/t and 4m @ 8.24 g/t.**

Divestment of non-core Australian projects

On 11 June 2010, Gryphon announced it had completed the divestment of its Australian exploration assets to Renaissance Minerals Limited (**Renaissance**). Consideration for the sale of the assets was 10 million ordinary shares in Renaissance, which represents 16.47% of the ordinary share capital of the company.

The market value of this interest is approximately \$2 million (as at the date of this Bidders Statement).

4.3 Competent Person's Statement

The information in this Bidder's Statement from data collection to wireframe interpretation, at Gryphon's 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, and a member of the AIG. Mr Fox is a full time employee of Gryphon 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 Bidder's Statement of the matters based on information in the form and context in which it appears.

The information in this Bidder's Statement that relates to Exploration Results in relation to Gryphon's projects is based on information compiled by Mr Stephen Parsons, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Parsons is a full-time employee of Gryphon. Mr 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 "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Parsons consents to their inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.

4.4 Financial Performance

This section contains a summary of Gryphon's financial performance extracted from the audited financial reports for the year ended 30 June 2009. Further information is available on Gryphon's financial performance from its financial reports. Copies of these reports are available from Gryphon website (www.gryphonminerals.com.au).

	Consolidated (Audited) For the year ended 30 June 2009 \$	Consolidated (Audited) For the year ended 30 June 2008 \$
INCOME STATEMENT		
Other income	362,930	110,133
Administrative costs	-511,048	-730,288
Consultancy expenses	-123,939	-224,087
Employee benefits expense	-774,922	-910,877
Share based payments expense	-666,633	-969,920
Occupancy expenses	-123,334	-107,179
Compliance and regulatory expenses	-55,536	-50,261
Insurance expenses	-72,869	-49,626
Depreciation expense	-64,191	-109,288
Exploration written off	-583,359	-204,718
Other expenses	-5,453	-126,222
Results from operating activities	-2,618,354	-3,372,333
Finance income	301,686	252,989
Finance expenses	-9,708	-11,792
Net finance income/(expense)	291,978	241,197
Loss before income tax	-2,326,376	-3,131,136
Income tax expense	-	-
Loss attributable to members of GLADIUS	-2,326,376	-3,131,136
BALANCE SHEET		
Current assets		
Cash and cash equivalents	12,015,383	8,102,226
Trade and other receivables	409,120	679,732
Total current assets	12,424,503	8,781,958
Non-current assets		
Receivables	223,194	607,019
Property, plant and equipment	276,060	303,134
Other financial assets	129,711	144,872
Exploration and evaluation expenditure	18,958,133	14,020,910
Total non-current assets	19,587,098	15,075,935
Total assets	32,011,601	23,857,893
Current liabilities		
Trade and other payables	1,906,111	1,511,249
Provisions	165,262	211,329
Total current liabilities	2,071,373	1,722,578
Total liabilities	2,071,373	1,722,578
Net assets	29,940,228	22,135,315
Equity		
Issued capital	36,413,893	26,949,237
Reserves	2,000,140	1,333,507
Accumulated Losses	-8,473,805	-6,147,429
Total equity	29,940,228	22,135,315

4.5 Directors of Gryphon

Details of the responsibilities and experience of the Gryphon directors (as at the date of this Bidder's Statement) are set out in Gryphon's 2009 Annual Financial Report, a copy of which is available on request or from the ASX website.

A brief summary of the Gryphon Board is set out below.

Mr Mel Ashton ***Non Executive Chairman***

Appointed 18 May 2004

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 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 a Director of Cullen Wines (Australia) Pty Ltd.

He is currently the Chairman of Empired Limited and Venture Minerals Limited.

Mr Stephen Parsons ***Managing Director***

Appointed 20 January 2004

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 a major mining house including CRA Exploration and Placer Dome, exploring for a wide variety of commodities throughout Australia before listing Gryphon in April 2004.

Mr Parsons is also an alternate Non Executive Director for ASX listed Avonlea Minerals Limited.

Mr Didier Murcia ***Non-Executive Director***

Appointed 28 July 2006

Didier Murcia holds a Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia, and has over twenty years experience in corporate, commercial and resource law.

Didier is a Director of Aminex PLC, listed on the London Stock Exchange, a Non-Executive Director of Gindalbie Metals Limited and Non-Executive Chairman of Target Energy Limited, both 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.

Mr Steven Zaninovich ***Non-Executive Director***

Appointed 27 January 2010

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.

4.6 Information about Gryphon Securities

(a) Gryphon Shares

At the date of this Bidder's Statement, Gryphon had 216,231,598 Gryphon Shares on issue. Further information about Gryphon Shares is provided in Section 10.5 of this Bidder's Statement.

(b) Gryphon Options

As at the date of this Bidder's Statement, Gryphon had 8,262,500 unlisted Gryphon Options on issue. The details of the Gryphon Options are as follows:

Number	Exercise Price	Expiry Date
50,000	\$0.25	31 August 2010
3,875,000	\$0.30	11 June 2011
3,937,500	\$0.35	11 June 2011
300,000	\$0.48	16 October 2011
100,000	\$0.69	1 April 2012

4.7 Shareholders of Gryphon

As at 23 June 2010, there were approximately 2,333 Gryphon Shareholders.

As at 23 June 2010, the top ten direct shareholders of Gryphon were:

Gryphon Shareholder	Number of Gryphon Shares	% of Gryphon Shares
HSBC Custody Nominees	58,936,433	27.3
National Nominees Limited	16,831,594	7.8
ANZ Nominees Limited	16,273,887	7.5
International Finance Corporation	12,272,868	4.6
Stacey Andrew Radford	10,000,000	4.6
Macquarie Bank Limited	8,000,000	3.7
Geared Investments Pty Ltd	7,803,677	3.6
HSBC Custody Nominees (Australia) Limited	2,725,622	1.3
Cogent Nominees Pty Ltd	3,731,411	1.7
JP Morgan Nominee Aust Limited	2,928,391	1.4
Total	139,503,883	64%

4.8 Trading in Gryphon Shares

Gryphon Shares are quoted on ASX.

Set out below is a table showing relevant trading prices of Gryphon Shares on ASX:

Comparative trading period	Price of Gryphon Shares
Highest trading price in the 4 months prior to the date this Bidder's Statement was lodged with the ASIC	\$0.925
Lowest trading price in the 4 months prior to the date this Bidder's Statement was lodged with the ASIC	\$0.390
Closing trading price on the last trading day before the date Gryphon announced the Takeover Bid	\$0.815
Last available closing sale price of Gryphon Shares on ASX prior to the date this Bidder's Statement was lodged with the ASIC	\$0.815

4.9 Changes to Capital

Outlined below is the capital structure of Gryphon assuming completion of the Offers.

The actual number of Gryphon Shares on issue will depend upon the number of acceptances of the Offers and the effect of rounding of fractional entitlements (which will be rounded up to the nearest whole number if equal to a fraction of 0.5 or greater, and rounded down if equal to a fraction of less than 0.5).

The tables assume that, between the date of this Bidder's Statement and the end of the Offer Period, no Gryphon Options or Shield Bid Options are exercised and no Offer is rounded up or down.

Gryphon Shares	Number Assuming 100% Acceptance
Gryphon Shares on issue	216,231,598
Takeover Consideration – Share Offer ¹	31,928,800
Takeover Consideration – Option Offer	1,937,558
TOTAL	250,097,956

Notes:

1. Includes the 11,584,686 Shield shares that are proposed to be issued following a general meeting of shareholders on 6 July 2010

If 100% of Shield Shareholders and Shield Bid Optionholders at the date of this Bidder's Statement accept the Share Offer and Option Offer, Shield Shareholders and Shield Bid Optionholders will become entitled to 13.5%⁵ of the issued share capital of Gryphon, on an undiluted basis.

Gryphon Options	Number Assuming 90% Acceptance	Number Assuming 100% Acceptance
Gryphon Options on issue	8,262,500	8,262,500
Takeover Consideration	Nil	Nil
TOTAL	8,262,500	8,262,500

⁵ As at the date of this Bidder's Statement, Gryphon has 216,231,598 Shares on issue. The number of Gryphon Shares to be issued in exchange for Shield Shares and Shield Options (at a 1:3 Shield Shares and 1:10.1 Shield Options) is 31,928,800 and 1,973,558 respectively, the effect of which is that Shield Shareholders and Shield Optionholders will be entitled to a 13.5% undiluted interest in the Combined Entity.

4.10 Effect on substantial shareholders of Gryphon post completion of the Takeover Bid

The acquisition of Shield will impact the substantial shareholders of Gryphon. Based on current shareholdings known to Gryphon, the table below summarises the expected substantial shareholders of Gryphon on completion of the Offers.¹

Name	Number of Gryphon Shares held post completion of the Takeover Bid	Current relevant interest (%)	Relevant Interest following completion of the Takeover Bid (%)
Baker Steel	18,266,500	8.4	7.3
Genesis Asset Management	14,328,900	6.6	5.7
International Finance Corporation	12,272,868	5.7	4.9

Notes:

1. Assumes no Gryphon Options. Shield Bid Options or Shield Other Options are exercised, 100% acceptance of the Offers and no Offers are rounded up or down.

4.11 Further Information

As a company whose shares are quoted on ASX, Gryphon is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of all documents lodged with the ASIC in relation to Gryphon may be obtained for a fee from, or inspected at, an office of the ASIC.

As permitted by ASIC Class Order 01/1543, this Bidder's Statement contains statements which are made, or based on statements made, in documents lodged with the ASIC or ASX. The Class Order permits certain statements to be included in this Bidder's Statements without the consent of the person to whom the statement was attributed where the statement was made in a document lodged with the ASIC or ASX.

Pursuant to the Class Order, Gryphon will provide a copy of the documents referred to below, free of charge, to any person who asks for them during the Offer Period:

- (a) Gryphon's Half Yearly Financial Report (as at 31 December 2009) containing financial statements for the period ended 31 December 2009 (being the latest financial statements recently lodged with the ASIC in relation to Gryphon before the date of this Bidder's Statement);
- (b) Gryphon's 2009 Annual Financial Report containing the financial statements for the period ended 30 June 2009 (being the latest annual financial report containing the financial statements for a financial year most recently lodged with the ASIC in relation to Gryphon before the date of this Bidder's Statement); and

- (c) all documents and announcements used to notify ASX of information relating to Gryphon under the provisions of the Listing Rules since lodgement of its Half Yearly Financial Report (as at 31 December 2009), being the documents set out in Annexure B to this Bidder's Statement.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules or in the Bidder's Statement that Shield Shareholders and Shield Bid Optionholders and their professional advisers would reasonably require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Gryphon; or
- (b) the rights and liabilities attaching to the Gryphon Shares to be issued pursuant to the Offers.

In the ordinary course of business, the Company is continually evaluating opportunities to grow its existing business, including undertaking discussions with relevant parties. Where required by the ASX Listing Rules and the Corporations Act, these discussions will be announced to the market, which may occur during the Offer Period.

5. PROFILE OF SHIELD

5.1 Disclaimer

This overview of Shield and all financial information concerning Shield contained in this Bidder's Statement has been prepared by Gryphon using publicly available information, and information provided by Shield during negotiations for the execution of the Bid Implementation Agreement, adjusted where considered appropriate by Gryphon based on Gryphon's industry knowledge and expertise.

Gryphon conducted a review of certain information and documents made available by Shield and met with certain Shield executives before it announced its intention to make a takeover bid on 30 June 2010.

The information in this Bidder's Statement concerning Shield has not been independently verified. Gryphon does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The primary sources of information about Shield used by Gryphon were as follows:

- (a) information provided by Shield's directors and management during negotiations of the Bid Implementation Agreement including limited due diligence investigations;
- (b) other publicly released information in relation to Shield; and
- (c) Gryphon's own knowledge and industry expertise.

Further information relating to Shield is included in section 6 of Shield's target's statement.

5.2 Overview of Shield's activities

This Section 5.2 contains a summary of Shield's activities. Further information on Shield can be obtained from Shield's website www.shieldmining.com.

Shield is a Western Australian based company listed on the Australian Securities Exchange under the code SHX. Shield is an African focused gold and base metals explorer which holds four licences covering a total area of 2,429km² in Mauritania. Shield has stated that its 2010 exploration programme will be focused on three exploration projects in Mauritania, namely EL447 Tijirit, EL448 Akjoujt and EL236 Saboussiri.

5.3 Shield Board of Directors

As at the date of this Bidder's Statement, the directors of Shield are:

- (a) Alexander Burns – Non-Executive Chairman;
- (b) David Netherway – Chief Executive Officer;
- (c) Robert Cornelius – Non-Executive Director;
- (d) Lexton Graefe – Non-Executive Director; and
- (e) Schalk Van der Merwe - Non-Executive Director.

5.4 Information about Shield securities

(a) Shield Shares

At the date of this Bidder's Statement, Shield had 84,204,355 Shield Shares on issue and there were approximately 861 Shield Shareholders.

In addition, 11,582,045 Shield Shares will be issued if shareholder approval for a proposed placement is obtained at a general meeting of shareholders on 6 July 2010.

As at 28 June 2010, the top ten direct shareholders of Shield were:

Shield Shareholder	Number of Shield Shares	% of Shield Shares
Zero Nominees Pty Ltd	14,195,415	16.86
Citicorp Nominees Pty Ltd	12,041,847	14.30
HSBC Custody Nominees (Australia) Limited	7,347,359	8.73
Wexford Spectrum Trading Ltd	4,666,667	5.54
Qatar Steel Company	3,046,667	3.62
Inkese Pty Ltd	2,800,000	3.33
Wexford Catalyst Trading Ltd	2,000,000	2.38
African Lion 2 Limited	1,939,000	2.30
Rubicon Nominees Pty Ltd	1,832,394	2.18
Ms Elizabeth Burns and Mr Alexander Burns	1,800,000	2.14
Total	51,669,349	61%

(b) **Shield Bid Options and Shield Other Options**

At the date of this Bidder's Statement, Shield has 25,313,143 unlisted options on issue. Details of the Shield Bid Options and Shield Other Options are as follows:

Option	Number	Exercise Price	Expiry Date
Shield Other Options	3,000,000	\$0.40	30 June 2011
Shield Bid Options	21,313,143	\$0.20	31 August 2011
Shield Other Options	1,000,000	\$0.25	15 November 2012

5.5 Change in Shield's financial position

On 31 May 2010, Shield announced it had completed a placement of 22,565,656 fully-paid ordinary shares at an issue price of \$0.15 to raise approximately \$3.4 million before issue costs. The second tranche of this placement is due to settle on 8 July 2010.

Other than as disclosed in this Bidder's Statement, Shield's target statement or to the ASX, Gryphon is not aware of there being any material change in the financial position of Shield since the lodgement with ASX on 5 March 2010 of Shield's Half Yearly financial report for the 6 months ended 31 December 2009.

5.6 Website

Shield maintains a website, www.shieldmining.com, which contains further information about Shield and its operations.

5.7 Further Information on Shield

As a company whose shares are quoted on ASX, Shield is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. A substantial amount of information concerning Shield has previously been notified to ASX and is therefore publicly available.

Shield Shareholders, Shield Bid Optionholders or Shield Other Optionholders may obtain or inspect a copy of documents lodged with the ASIC at an office of the ASIC or of documents lodged with ASX at an office of ASX. In addition, on request to Gryphon and free of charge, Shield Shareholders and Shield Bid Optionholders may obtain a copy of, or inspect, any documents referred to in this Bidder's Statement which have been lodged with the ASIC or given to ASX or which have already been published in a book, journal or comparable publication.

The ASX announcements made by Shield to ASX since the announcement of the off-market takeover bid by Gryphon are set out in Annexure D to this Bidder's Statement.

6. RATIONALE FOR THE OFFERS AND INTENTIONS OF GRYPHON

6.1 Rationale for the Offers

Gryphon believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of Shield by Gryphon. These include:

- (a) Gryphon's proven exploration expertise, West African experience, access to technical and operational resources will be complemented by the depth of Shield managements West African experience;
- (b) the combination of Gryphon and Shield will create a substantially larger West African focused gold company with a market capitalisation of \$213m, cash of \$23m, no debt and combined land holding in excess of 3,600 square kilometres in Burkina Faso and Mauritania, some of the world's most prospective gold provinces.

The increased size of the Combined Entity will attract greater investor attention, analyst coverage and share trading liquidity, especially compared with Shield on a standalone basis;

- (c) Shield Shareholders and Shield Bid Optionholders who become Gryphon Shareholders will retain an interest in Shield's Mauritanian exploration assets while diversifying their investment from exposure to Gryphon's highly prospective portfolio of quality West African gold assets; and
- (d) the combination of Gryphon and Shield will result in the Combined Entity having cash reserves of approximately \$23m, no debt and a stronger capital base to fund future exploration and development expenditure.

6.2 Approach and Intentions of Gryphon

Sections 6.3 to 6.5 set out the intentions of Gryphon on the basis of facts and information concerning Shield which are known to Gryphon at the date of this Bidder's Statement. However, Gryphon will only reach final decisions in light of material facts and circumstances at the relevant time.

Accordingly, the statements set out in this Section are statements of current intentions only which may vary as new information becomes available or circumstances change.

6.3 Intentions upon acquisition of 90% or more of the Shield Shares

This Section describes Gryphon's intentions if Gryphon acquires a relevant interest in 90% or more of the Shield Shares at the end of the Offer Period and so becomes entitled to proceed to compulsory acquisition of the outstanding Shield Shares and any other Shield securities on issue which it is entitled to compulsorily acquire in accordance with Part 6A.1 of the Corporations Act.

Gryphon's specific intentions under this situation are as follows:

- (a) Compulsory Acquisition

Gryphon intends to proceed with the compulsory acquisition of any Shield Shares and Shield Bid Options not acquired under the Offers and any other Shield securities on issue which it is entitled to compulsorily acquire in accordance with the Corporations Act.

- (b) ASX Listing

After the conclusion of the compulsory acquisition process, Gryphon intends to arrange for Shield to be removed from the official list of ASX (subject to obtaining any required approval from ASX).

(c) Directors

On successful completion of the Offers, Shield's CEO and Managing Director Mr David Netherway will join the Board of Gryphon as a Non-Executive Director. Mr Netherway has over 15 years experience in West African experience, having been involved in the exploration, feasibility and construction of four gold mines.

Gryphon will seek the appointment of its nominees as Directors of Shield. No decision has been made as to the identity of these directors. Gryphon has not made any decision about whether current directors of Shield will be retained on the board.

If Gryphon's nominees are appointed as Directors, Gryphon will be seeking that its nominees implement the intentions set out in this Section 6.3 (based on the information currently available to it). It should be noted that Gryphon expects that each of its nominees to the board of directors of Shield will exercise their own independent judgement and skill when it comes to the operational, financial and business decisions relating to Shield.

(d) Review of Shield operations and assets

Gryphon intends, through its nominee directors on the Shield Board, to conduct an immediate review of Shield's operations on both a strategic and financial level to determine mechanisms for improving the performance and return to shareholders and realise any potential operational and financial synergies.

The detailed outcome of the review is not able to be determined at this stage, although it is likely to involve some, or all, of the following:

- (i) identifying and assessing the prospectivity or exploration potential of Shield's assets and how best to assign resources to undertake further detailed exploration;
- (ii) understanding any existing material third party contractual arrangements; and
- (iii) eliminating duplication of functions where it is economical to do so.

6.4 Intentions upon acquiring less than 90% of the Shield Shares

If, at the end of the Offer Period, Gryphon holds less than 90% of the Shield Shares, the Offers will not proceed unless the defeating condition of the Offers that Gryphon hold at least 90% of the issued Shares of Shield is waived.

If the condition is waived, Gryphon intends (based on the information currently available to it) to seek to pursue its intentions as set out in Section 6.3 above, subject to the following.

(a) Compulsory Acquisition

Gryphon will be unable to proceed with a compulsory acquisition of any Shield Shares and Shield Bid Options not acquired under the Offer, or any other Shield securities on issue.

(b) ASX Listing

Gryphon intends, through its nominee directors, to maintain Shield's listing on ASX while Shield meets ASX's requirements for maintaining a listing but only if the benefits of that listing outweigh the corporate and compliance costs of doing so.

6.5 Other Intentions

Except for the changes and intentions set out in this Section 6 and subject to the outcome of the review, it is the present intention of Gryphon (based on the information presently available to it) to:

- (a) continue to hold the key assets of Shield and maintain its business in substantially the same manner as it is presently being conducted;
- (b) not make any major changes to the business or assets of Shield and not redeploy any of the fixed assets of Shield; and
- (c) continue the employment of the majority of Shield's employees.

6.6 Limitations in giving effect to intentions

The ability of Gryphon to implement the intentions set out in this Section 6 will be subject to the legal obligations of Gryphon directors to have regard to the interests of Shield and all Shield Shareholders and Shield Bid Optionholders, and the requirements of the Corporations Act and the Listing Rules relating to transactions between related parties conflicts of interests. Gryphon will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

7. FINANCIAL INFORMATION

7.1 Overview

This Section contains an audit reviewed balance sheet for Gryphon and an audit reviewed balance sheet for Shield, which have been prepared on the assumptions specified and extracted from published financial information in Gryphon's half-yearly financial report as at 31 December 2009 and Shield's half-yearly financial report as at 31 December 2009.

The pro forma balance sheet of the Combined Entity presents Gryphon's financial position as at 31 December 2009 as if Gryphon had acquired 100% of Shield on that date. Acquisition accounting entries have been based on the terms of the Offer and the assumptions set out in at the end of the balance sheet in order to arrive at an unaudited pro-forma consolidated balance sheet for the Combined Entity as at 31 December 2009.

Gryphon will undertake a comprehensive assessment of the fair value of the assets and liabilities acquired after completion of the Offers.

The pro-forma balance sheet is indicative only. Gryphon has drawn its own conclusions based on the known facts and other publicly available information. If the facts, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

This Section should be read in conjunction with Section 6 of this Bidder's Statement, which provides details of Gryphon's current intentions regarding Shield.

7.2 Proforma Combined Entity if Gryphon acquires 100% of Shield at 31 May 2010

	GRYPHON Unaudited	SHIELD Unaudited	SHIELD Capital Raising T1 & T2	Consolidation Entries	Consolidated
	Balance sheet	Balance sheet			Proforma
	31-May-10	31-May-10			Combined Entity
Current assets					
Cash and cash equivalents	21,097,115	1,414,071	3,162,835	(1,100,000)	24,574,021
Trade and other receivables	432,192	662	-	-	432,854
Total current assets	21,529,307	1,414,733	3,162,835	(1,100,000)	25,006,875
Non-current assets					
Receivables	165,000	-	-	-	165,000
Property, plant and equipment	284,558	550,683	-	-	835,241
Other financial assets	153,295	-	-	-	153,295
Exploration and evaluation expenditure	28,887,548	2,579,192	-	20,047,247	51,513,987
Total non-current assets	29,490,401	3,129,875	-	20,047,247	52,667,523
Total assets	51,019,708	4,544,608	3,162,835	18,947,247	77,674,398
Current liabilities					
Trade and other payables	2,356,791	104,726	-	-	2,461,517
Provisions	238,985	48,164	-	-	287,149
Total current liabilities	2,595,776	152,890	-	-	2,748,666
Total liabilities	2,595,776	152,890	-	-	2,748,666
Net assets	48,423,932	4,391,718	3,162,835	18,947,247	74,925,732
Equity					
Issued capital	57,401,271	14,102,930	3,162,835	10,336,035	85,003,071
Reserves	2,052,352	1,188,763	-	(988,763)	2,252,352
Accumulated Losses	(11,029,691)	(10,899,975)	-	9,599,975	(12,329,691)
Total equity	48,423,932	4,391,718	3,162,835	18,947,247	74,925,732

Notes:

- Shield is currently completing a two tranche placement to raise gross proceeds of \$3,384,835. Tranche one was completed on 18 June 2010 which raised gross proceeds of \$1,647,132. Receipt of gross proceeds of \$1,737,703 for the second tranche are subject to shareholder approval at the general meeting to be held 6 July 2010.

7.3 Assumptions

Gryphon acquires 100% acceptance of the Shield Shares and Shield Bid Options and Shield Other Options.

Gryphon is required by Australian equivalent of International Accounting Standards to consolidate Shield.

Purchase consideration of \$27.6 million consists of:

	\$'000
New Gryphon Shares for Shield Shares at Gryphon market value on 28 June 2010 of \$0.815	\$26,022
New Gryphon Shares for Shield Bid Options at Gryphon market value on 23 June 2010 of \$0.815	\$1,579
Total Purchase Consideration	\$27,601

Assets and liabilities of Shield represent fair value and will be taken into the books of Gryphon without alteration.

The balance after eliminating the equity of Shield on the acquisition date represents the goodwill on the investment.

The after tax impact of expenses of the acquisition of \$1,300,000 (including stamp duty) have been expensed in accordance with Australian Accounting Standard AASB3 Business Combinations.

7.4 Outlook for the Combined Entity

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to Gryphon, Shield or the Combined Entity.

Gryphon considers that the inclusion of financial forecasts would be speculative and potentially misleading for Shield Shareholders and Shield Bid Optionholders given:

- (a) there is limited public information about the prospectivity of Shield's gold and base metal assets;
- (b) Shield's assets are presently undeveloped;
- (c) the rate of development is subject to inherent risks associated with material grades and quantities, mining and process equipment availability, port and rail access, the granting of production licences, extraction and logistics costs; and
- (d) the future market prices for gold is inherently uncertain.

8. AUSTRALIAN TAX CONSIDERATIONS

8.1 Taxation Consequences for Shield Shareholders

This outline contains a general overview of the Australian income tax consequences for Shield Shareholders on disposing of their Shield Shares through acceptance of the Share Offer. The comments set out below are relevant only to those Shield Shareholders who are residents of Australia for tax purposes and hold their Shield Shares on capital account.

Certain Shield Shareholders (such as those engaged in a business of share trading or investment, those who acquired their Shield Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, persons who are temporary residents or non-residents for Australian tax purposes or persons who acquired their Shield Shares in respect of their employment with Shield) will or may be subject to special or different tax consequences peculiar to their circumstances. Such Shareholders should seek independent taxation advice regarding the disposal of Shield Shares based on their specific circumstances.

Given the complexity of the taxation legislation, Shield Shareholders generally should seek independent taxation advice regarding the tax consequences of disposing of Shield Shares given the particular circumstances which apply to them. These comments relate to Shield Shares only and not Share Bid Options, Shield Other Options or other rights held over Shield Shares.

Shareholders holding Shares on Capital Account

In broad terms the Australian income tax consequences for Shield Shareholders who hold their Shield Shares **on capital account** and who accept the Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian income tax consequences for Shield Shareholders where:

- (a) rollover relief is not available or is not elected; and
- (b) rollover relief is available and is elected.

Given the complexity of the taxation legislation, Shield Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Shield Shares given the particular circumstances which apply to them.

- (a) Acceptance of the Share Offer where rollover relief is not available or is not elected
 - (i) Acceptance of the Share Offer is likely to involve a disposal by a Shield Shareholder of their Shield Shares for capital gains tax (CGT) purposes.
 - (ii) An Australian-resident Shield Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their Shield Shares, or whether those capital proceeds are less than the cost base of those shares.
 - (iii) The capital proceeds that a Shield Shareholder will be taken to have received in respect of the disposal of their Shield Shares

will generally be the market value of Gryphon Shares on the date of acceptance of the Share Offer.

- (iv) The cost base of Shield Shares will generally be the cost at which they were acquired together with any additional cost base elements.
- (v) If a Shield Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where Shield Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of Shield Shares by the CGT discount (see below).

The CGT discount will be available if the relevant Shield Shares have been held for at least 12 months.

Subject to the Shield Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Shield Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of Shield Shares by one-half. For individuals, this reduced gain should be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Shield Shareholder having any capital losses or net capital losses from previous income years, where Shield Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. Shield Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

Shield Shareholders who are companies will not be entitled to the CGT discount.

- (vi) Where the amount of capital proceeds received by a Shield Shareholder in respect of the disposal of their Shield Shares (that is, the market value of the Gryphon Shares received pursuant to the Offer for their Shield Shares) is less than the reduced cost base of those Shield Shares, then the shareholder should realise a capital loss for Australian CGT purposes.
- (b) Acceptance of the Share Offer where rollover relief is available and is elected
 - (i) Australia-resident Shield Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration

referable to Gryphon Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

- (ii) In broad terms, these qualifying conditions include the requirement that Gryphon must make an offer to all shareholders in Shield to acquire their voting shares on substantially the same terms and Gryphon must become the owner of at least 80% of the voting shares in Shield as a consequence of the Takeover Bid.
- (iii) If the qualifying conditions are satisfied and a Shield Shareholder elects for rollover relief to apply, the rollover relief is available.
- (iv) The effect of the rollover relief is that the Shield Shareholder's total capital gain will be deferred until the Gryphon shares are disposed of.
- (v) Shield Shareholders who elect for rollover relief will retain the cost base of their Shield Shares as the cost base of their replacement Gryphon Shares. The cost base of a Shield Shareholder's replacement Gryphon Shares is equal to the cost base of their Shield Shares.
- (vi) As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and Shield Shareholders elect to apply for it. Further, rollover relief is not available if Shield Shareholders realise a capital loss on the disposal of their Shield Shares.
- (vii) Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Shield Shareholders should seek independent taxation advice regarding their particular circumstances.

8.2 GST

- (a) GST should not apply to the disposal of Shield Shares under the Share Offer, the issue of Gryphon Shares under the Share Offer, or any subsequent disposal of Gryphon Shares.
- (b) Shield Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Gryphon or Shield. Shield Shareholders should seek their own tax advice in this respect.

8.3 Taxation Consequences for Shield Bid Optionholders

These comments set out in this section 8 relate to Shield Shares only, and not Shield Bid Options, Shield Other Options or other rights held over Shield Shares. Shield Bid Optionholders should seek independent tax advice regarding the disposal of their Shield Bid Options, based on their specific circumstances.

Shield Bid Optionholders should also refer to section 9.2 of this Bidder's Statement for the taxation risks associated with the Option Offer.

9. RISK FACTORS

9.1 Overview

If the Offers become unconditional, Shield Shareholders and Shield Bid Optionholders who accept the Offers will become Gryphon Shareholders. In those circumstances, Shield Shareholders and Shield Bid Optionholders will:

- (a) continue to be exposed to the risks associated to the investment in Shield as a result of their indirect interest in Shield through Gryphon;
- (b) be exposed to the risks which are specific to an investment in Gryphon; and
- (c) be exposed to additional risks relating to the Offers and the Combined Entity.

These risks are explained in detail below. Shield Shareholders and Shield Bid Optionholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offers. By accepting the Offers, Shield Shareholders and Shield Bid Optionholders will be investing in Gryphon.

The business activities of Gryphon are subject to various risks that may impact on the future performance of Gryphon. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Gryphon and cannot be mitigated.

Accordingly, an investment in Gryphon carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

9.2 Risks Relating to the Takeover Offers

Issue of Gryphon securities as consideration

Shield Shareholders and Shield Bid Optionholders are being offered specific quantities of Gryphon Shares as consideration under the Offers. As a result, the value of the consideration will fluctuate depending upon the market value of Gryphon Shares. Accordingly, the market value of the Gryphon Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offers.

Roll over relief

A condition of the Offer is that the level of acceptance must result in Gryphon obtaining a relevant interest in at least 90% of all Shield Shares. Gryphon reserves the right to waive this condition.

In the event that Gryphon waives this condition and acquires less than 90% of all Shield Shares, Gryphon may not acquire the number of Shield Shares sufficient to bring its total interest in Shield to at least 80% of the voting shares, in which case scrip-for-scrip CGT rollover relief will not be available to holders of Shield Shares.

Shield Bid Optionholders should note that scrip-for-scrip CGT rollover relief is not available in respect of the acquisition of Shield Bid Options (even where Gryphon acquires 90% of the Shield Shares and Shield Bid Options). Shield Bid

Optionholders should seek independent taxation advice in relation to the tax consequences of accepting the Option Offer.

Sale of Gryphon Shares

Under the Offer, Gryphon will issue a significant number of new Gryphon Shares. Some Shield Shareholders or Shield Bid Optionholders may not intend to continue to hold their Gryphon Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for Gryphon Shares.

Change in control risk

If the Offer results in a change in control of Shield, there may be adverse consequences for the Combined Entity. For example, the terms of the contracts to which Shield is a party may entitle the other party to the contract to terminate the contract or revise its terms in the event of a change of control of Shield.

Acquisition of less than 90% of Shield Shares

It is possible that Gryphon could acquire less than 90% of the Shield Shares if Gryphon waives the condition to meet that threshold under the Offer, which would prevent Gryphon compulsorily acquiring all remaining Shield securities. The existence of a minority interest in Shield may have an impact on the operations of the Combined Entity, although this impact will depend upon the ultimate level of Shield ownership acquired by Gryphon.

Merger integration

Integrating Gryphon and Shield may produce some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

Due diligence

In preparing the information relating to Shield contained in this Bidder's Statement, Gryphon has relied on publicly available information relating to Shield and information provided to Gryphon as part of its due diligence. Risks may exist in relation to Shield (which will affect the Combined Entity) of which Gryphon is unaware. If any material risks are known to the directors of Shield, they must be disclosed in the target's statement to be issued by Shield.

9.3 Business Risks of the Combined Entity

Price of gold

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Combined Entity's operations and its financial condition. The Combined Entity's revenues, profitability and viability depend on the market price of gold produced from the Combined Entity's mines. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Combined Entity's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below the Combined Entity's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Combined Entity's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Combined Entity to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Combined Entity to write-down its material reserves which would have a material adverse effect on the value of the Combined Entity's securities. Further, if revenue from gold sales declines, the Combined Entity may experience liquidity difficulties. The Combined Entity will also have to assess the economic impact of any sustained lower gold prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

Recent metal prices

Recent increases in commodity prices have encouraged increases in exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment (including mining fleet equipment). Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to coordinate the availability, and could increase potential scheduling difficulties and costs due to the need to coordinate and availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Combined Entity's results of operations and financial conditions.

Title risk

The mining tenements in which the Combined Entity will, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any tenement, applications or conversions in which the Combined Entity has a current or potential interest will be granted.

Tenements (or applications) in which the Combined Entity has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the licenses liable to forfeiture.

All of the projects in which the Combined Entity has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to applicable legislation. If the tenement is not renewed for any reason, the Combined Entity may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. However, the Directors of the Combined Entity are not aware of any reason why renewal of the term of any tenement will not be granted.

General economic climate

The Combined Entity's future can be affected by factors beyond its control such as supply and demand for its goods and services, and general economic conditions.

Sovereign risk – Burkina Faso/ Mauritania

The Combined Entity's key projects are located in Burkina Faso and Mauritania which are considered to be developing countries and as such subject to emerging legal and political systems compared with the system in place in Australia.

Possible sovereign risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Combined Entity and the market price of its shares.

No assurance can be given regarding future stability in these or any other country in which the Combined Entity may have an interest.

Counterparty risk

As part of the Combined Entity's commercial activities, the Combined Entity will be a party to, and enter into, various contracts with third parties for the supply of products and services, sales contracts and financial instruments, amongst other things. An inability of counterparties to meet their commitments under such contracts may have an impact on the Combined Entity's financial position.

Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Combined Entity depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Combined Entity if one or more of these employees cease their employment. Gryphon has had a stable senior management group for many years and actively manage its human resources to attract and retain key personnel.

Additional requirements for capital

The continued operations of the Combined Entity are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that the Combined Entity may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Combined Entity's business and financial condition.

Dividends

The Combined Entity's future dividend levels will be determined by the board of the Combined Entity having regard to financial results and the financial position of the Combined Entity. There is no guarantee that any dividend will be paid in future.

Insurance risks

Gryphon maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Combined Entity.

Market risk and interest rate volatility

From time to time, the Combined Entity may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest cost to the Combined Entity and, hence, may affect its profit.

Competition

There is a risk that the Combined Entity will not be able to continue to compete profitably in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Combined Entity.

Health, safety and the environment

The conduct of business in the resources sector involves a variety of risks to the health and safety of personnel and to the environment. It is conceivable that an incident may occur which might negatively impact on the Combined Entity's business. Gryphon has an exemplary safety and environment record and management of these areas is of paramount importance for managers of the group.

Exploration, development and production risks

The exploration costs of the Combined Entity are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Combined Entity's viability.

The operations of the Combined Entity may be affected by various factors, including inability to develop the Combined Entity's assets into an economical business; failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in exploration and mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and failure to obtain necessary consents and approvals.

There can be no assurance that any exploration tenement, or any other mining tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Compliance risk

Title to a mining tenement may be subject to the holder complying with the terms and conditions of the tenement, including any minimum annual expenditure commitments. There is a risk that if the holder does not comply with the terms and conditions of each tenement, it may lose its interest in the relevant interest.

Resource estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Combined Entity's operations.

Environmental risks

The mining tenement operations and proposed activities of the Combined Entity are subject to Australian laws and regulation concerning the environment. As with most exploration projects and mining operations, the Combined Entity's activities are expected to have an impact on the environment, particularly if advanced exploration or commencement of mining proceeds. It is the Combined Entity's intention to conduct its activities to the highest standard of environment obligation, including compliance with all environmental laws.

Changes in government policy and laws

Changes in government policy (such as in relation to taxation) or statutory changes may affect the Combined Entity's business and its operations.

International operations

International sales and operations are subject to a number of risks, including:

- (a) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (b) potential difficulties in protecting intellectual property;
- (c) increases in costs for transportation and shipping; and
- (d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Combined Entity's business, results of operations and financial condition.

Foreign exchange

The Combined Entity will hold tenure in North and West Africa with expenditure required in both US dollars and the local currencies, CFA Franc (Burkina Faso) and the Ouguiya (Mauritania).

In the future a proportion of the Combined Entity's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of the Combined Entity will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Combined Entity being exposed to the fluctuations and volatility of the rate of

exchange between other currencies and the Australian dollar, as determined in international markets.

Furthermore, at this stage the Combined Entity has decided to not put in place any hedges in relation to foreign exchange. This may result in the Combined Entity being exposed to exchange rate risk, which may have an adverse impact on the profitability and/or financial position of the Combined Entity.

Forward looking information

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Combined Entity to be different from the expectations expressed or implied in this Bidder's Statement.

9.4 General Securities Risk Factors

Share market

There are general risks associated with any investment and the share market. The price of Gryphon Shares on the ASX may rise and fall depending on a range of factors beyond Gryphon's control and which are unrelated to Gryphon's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

Liquidity risk

There is no guarantee that there will be an ongoing liquid market for Gryphon Shares. Accordingly, there is a risk that, should the market for Gryphon Shares become illiquid, Gryphon Shareholders and Gryphon Optionholders will be unable to realise their investment in Gryphon.

Taxation

The acquisition and disposal of Gryphon Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. An overview of the taxation consequences of accepting the Offer is contained in Section 8 of this Bidder's Statement. All potential investors in Gryphon are urged to obtain independent financial advice about the consequences of acquiring Gryphon Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, Gryphon, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of accepting the Offer.

10. OTHER INFORMATION

10.1 Gryphon's Interest in Shield

Immediately before this Bidder's Statement was lodged with the ASIC and as at the date immediately before the Offers are sent, Gryphon and its associates had the following relevant interest in, and voting power in relation to, Shield's securities:

Class of Securities	At date of this Bidder's Statement	At date first Offer is sent
Shield Shares	19.9% ¹	19.9%
Shield Bid Options	Nil	Nil
Shield Other Options	Nil	Nil

Notes:

1. Gryphon's relevant interest arises under its Pre-bid Acceptance Agreements.

10.2 Acquisitions of Shield Securities by Gryphon and its Associates during the last 4 Months

Gryphon and its associates have not made any acquisitions or disposals of Shield Shares or Shield Bid Options in the 4 months prior to the date of this Bidder's Statement.

10.3 Collateral Benefits

During the period of 4 months before the date of this Bidder's Statement, neither Gryphon nor any associate of Gryphon gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- (a) accept the Offers; or
- (b) dispose of their Shield Shares or Shield Bid Options,

and which is not offered to all holders of Shield Shares under the Share Offer or all holders of Shield Bid Options under the Options Offer.

10.4 Gryphon is a Disclosing Entity

Due to the fact that Gryphon is offering Gryphon Shares as consideration for the acquisition of Shield Shares under the Share Offer and Shield Bid Options under the Options Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Gryphon Shares under Sections 710 to 713 of the Corporations Act.

Gryphon is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all companies, Gryphon is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of Gryphon's securities.

Gryphon Shares have been quoted on the official list of ASX during the 3 months prior to the date of this Bidder's Statement. For this reason, Gryphon is only required to disclose information in this Bidder's Statement that would usually be required in a "transaction specific prospectus".

In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on Gryphon and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company unless such information has not previously been disclosed to ASX.

Having taken such precautions and having made such enquiries as are reasonable, Gryphon believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Bidder's Statement which required Gryphon to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete.

Gryphon, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to Gryphon (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Bidder's Statement and the Closing Date:
 - (i) the annual financial report most recently lodged by Gryphon with the ASIC;
 - (ii) any half year financial report lodged with the ASIC by Gryphon after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Bidder's Statement with the ASIC; and
 - (iii) any documents used to notify ASX of information relating to Gryphon during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to Gryphon can be inspected at the registered office of Gryphon during normal office hours.

For details of documents lodged with ASX since the date of lodgement of Gryphon's latest financial report refer to Annexure C of this Bidder's Statement.

10.5 Information about Gryphon Shares

The Gryphon Shares to be issued pursuant to the Offers will, from their date of issue, rank equally in all respects with existing Gryphon Shares on issue. The rights attaching to the Gryphon Shares arise from a combination of Gryphon's

Constitution, statute and general law. A summary of the rights attaching to the Gryphon Shares is set out below:

(a) General Meetings

Gryphon Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Gryphon.

Gryphon Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of Gryphon.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Gryphon Shares, at general meetings of Gryphon Shareholders or classes of Gryphon Shareholders:

- (i) each Gryphon Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Gryphon Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Gryphon Shareholder or a proxy, attorney or representative of a Gryphon Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Gryphon Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Gryphon Share is to the total amount payable in respect of the Gryphon Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Gryphon Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Gryphon Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. No dividend shall carry interest as against Gryphon.

The Directors may from time to time grant to Gryphon Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by Gryphon by subscribing for Gryphon Shares in Gryphon on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Gryphon Shares of Gryphon, that holders of such Gryphon Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Gryphon Shares credited as fully paid to the extent and on the terms and conditions of

the Constitution. The Directors may set aside out of the profits of Gryphon such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of Gryphon may be properly applied.

(d) Winding-Up

If Gryphon is wound up, the liquidator may, with the authority of a special resolution, divide among the Gryphon Shareholders in kind the whole or any part of the property of Gryphon, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Gryphon Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Gryphon Shareholder is compelled to accept any Gryphon Shares or other securities in respect of which there is any liability.

(e) Transfer of Gryphon Shares

Generally, Gryphon are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) Future Increase in Capital

The allotment and issue of any new securities is under the control of the Directors of Gryphon. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue securities as they shall, in their absolute discretion, determine.

(g) Variation of Rights

Under Section 246B of the Corporations Act, Gryphon may, with the sanction of a special resolution passed at a meeting of Gryphon Shareholders vary or abrogate the rights attaching to Gryphon Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Gryphon is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

10.6 Risk Factors

Shield Shareholders and Shield Bid Optionholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Share Offer or the Option Offer.

The principal risk factors associated with Gryphon's existing business and acceptance of the Share Offer or Option Offer is set out in Section 9.

10.7 Disclosure of Interests / Fees and benefits payable to Directors and Advisers

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) director or proposed director of Gryphon;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) promoter of Gryphon; or
- (d) broker or underwriter in relation to the issue of Gryphon Shares pursuant to the Offers,

has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of Gryphon;
- (ii) any property acquired or proposed to be acquired by Gryphon in connection with its formation or promotion or in connection with the offer of Gryphon Shares under the Offers; or
- (iii) the issue of Gryphon Shares under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a director or expert of Gryphon or otherwise for services rendered by him in connection with the formation or promotion of Gryphon or the issue of Gryphon Shares under this Bidder's Statement.

10.8 Disclosure of Interests

The directors of Gryphon have the following interests in Gryphon securities and Shield securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Director	Gryphon Shares	Gryphon Options	Shield Shares	Shield Bid Options
M Ashton	800,000	1,000,000 ¹	Nil	Nil
S Parsons	5,490,601	3,500,000 ²	Nil	Nil
D Murcia	150,000	500,000 ³	Nil	Nil
S Zaninovich	Nil	Nil	Nil	Nil

Notes:

1. 500,000 Options exercisable for \$0.30 each on or before 11 June 2011 and 500,000 Options exercisable for \$0.35 each on or before 11 June 2011.

2. 1,750,000 Options exercisable for \$0.30 each on or before 11 June 2011 and 1,750,000 Options exercisable for \$0.35 each on or before 11 June 2011.
3. 250,000 Options exercisable for \$0.30 each on or before 11 June 2011 and 250,000 Options exercisable for \$0.35 each on or before 11 June 2011.

10.9 Fees and Benefits

The Constitution of Gryphon provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Gryphon in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

In the last two financial years, \$1,049,434 in FY 2009 and \$894,823 in FY 2010 has been paid by Gryphon by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as directors, as set out below.

Director Remuneration	2009¹	2010
M Ashton	\$157,671	\$102,500
S Parsons	\$788,718	\$727,968
D Murcia	\$86,335	\$86,335
K Hunter ²	\$16,710	N/A
Z Zaninovich ³	N/A	\$19,335
TOTAL	\$1,049,434	\$894,823

1 Includes option payment.

2 Kent Hunter resigned on 5 November 2008.

3 Steven Zaninovich was appointed on 27 January 2010.

Gryphon estimates it will incur fees for services provided in connection with the Offer, including for legal, taxation and financial advisers, in the amount of approximately \$930,000.

10.10 Consents

In accordance with Section 636(3) of the Corporations Act:

- (a) Steinepreis Paganin has consented to being named as legal advisers to Gryphon in this Bidder's Statement and has not withdrawn its consent prior to lodgement of this Bidder's Statement with the ASIC;
- (b) Mr Michael Fox has consented to being named as the competent person and to the inclusion in section 4.3 of this Bidder's Statement of the matters based on his information in the form and context in which it appears, and has not withdrawn that consent prior to lodgement of this Bidder's Statement with the ASIC;

- (c) Mr Steve Parsons has consented to being named as the competent person and to the inclusion in section 4.3 of this Bidder's Statement of the matters based on his information in the form and context in which it appears, and has not withdrawn that consent prior to lodgement of this Bidder's Statement with the ASIC; and
- (d) Euroz has consented to being named as the financial adviser to Gryphon in this Bidder's Statement and has not withdrawn its consent prior to lodgement of this Bidder's Statement with the ASIC.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the Bid Period, please contact Gryphon on +61 8 9437 7099. Please note any calls to this line may be recorded.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from the ASX without its consent.

10.11 Funding of Offers

The total amount of cash that Gryphon may become obliged to pay to satisfy all expenses incurred by Gryphon and relating to the Offers will be provided from Gryphon's existing cash balances and financing facilities.

10.12 Material Litigation

As at the date of this Bidder's Statement, Gryphon is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against Gryphon.

10.13 Ineligible Foreign Shield Shareholders

Gryphon will appoint an ASIC approved nominee (**Sale Nominee**) for Ineligible Foreign Shield Shareholders who accept the Share Offer in accordance with Section 619(3) of the Corporations Act. If you are an Ineligible Foreign Shield Shareholder who accepts the Share Offer then, despite any other provision of the Share Offer, you will receive for your Gryphon Shares a cash amount calculated under clause 1.8 of Annexure A.

For the purposes of this Bidder's Statement, you are **not** an Ineligible Foreign Shield Shareholder if:

- (a) your address as recorded in the Shield register is within Australia or its external Territories or New Zealand; or
- (b) you have appointed an agent in Australia to receive and accept the Share Offer on your behalf.

Also, a person will not be an Ineligible Foreign Shield Shareholder if Gryphon is satisfied, acting reasonably, that the laws of the country of residence of that Shield Shareholder (as shown in the Shield register) permit the issue and allotment of Gryphon Shares either unconditionally or after compliance with conditions which Gryphon in its sole discretion regards as acceptable. Notwithstanding anything else in this Bidder's Statement, Gryphon is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

10.14 Ineligible Foreign Shield Bid Optionholders

Gryphon will appoint an ASIC approved nominee (**Sale Nominee**) for Ineligible Foreign Shield Bid Optionholders who accept the Option Offer in accordance with Section 619(3) of the Corporations Act. If you are an Ineligible Foreign Shield Bid Optionholder who accepts the Option Offer then, despite any other provision of the Option Offer, you will receive for your Gryphon Shares a cash amount calculated under clause 1.8 of Annexure B.

For the purposes of this Bidder's Statement, you are **not** an Ineligible Foreign Shield Bid Optionholder if:

- (a) your address as recorded in the Shield register is within Australia or its external Territories or New Zealand; or
- (b) you have appointed an agent in Australia to receive and accept the Option Offer on your behalf.

Also, a person will not be an Ineligible Foreign Shield Bid Optionholder if Gryphon is satisfied, acting reasonably, that the laws of the country of residence of that Shield Bid Optionholder (as shown in the Shield register) permit the issue and allotment of Gryphon Shares either unconditionally or after compliance with conditions which Gryphon in its sole discretion regards as acceptable. Notwithstanding anything else in this Bidder's Statement, Gryphon is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

10.15 Unmarketable Parcels

Where an accepting Shield Shareholder or Bid Optionholder becomes entitled under the Offers to be issued Gryphon Shares that comprise an Unmarketable Parcel (as that term is defined in ASIC Class Order 00/343, being Gryphon Shares with a total value of less than \$500 based on the highest closing price for Gryphon Shares on the ASX during the Share Offer Period), the Gryphon Shares to which the Shield Shareholder or Bid Optionholder would otherwise be entitled under the Offers will be sold by the Sale Nominee established in relation to Ineligible Foreign Shield Shareholders and Bid Optionholders, with the net proceeds of the sale remitted to the Shield Shareholder or Bid Optionholder in accordance with the process described in clause 1.9 of Annexures A and B respectively

10.16 Bid Implementation Agreement

The Bid Implementation Agreement, together with a confidentiality agreement, contains the following key terms (amongst others summarised elsewhere in this Bidder's Statement).

- (a) **Recommended Bid:** The Shield Directors have agreed to recommend the Offer subject to their duties as Shield directors and there being no

Superior Proposal or some other reason in law requiring them to do otherwise.

- (b) **Minimum Acceptance Condition:** That during, or at the end of, the Offer Period, Gryphon acquires a relevant interest of more than 90% of all Shield Shares.
- (c) **Exclusivity Arrangements:** During the term of the Bid Implementation Agreement, Shield has agreed to comply with certain restrictions commonly referred to as no shop, no talk and no due diligence provisions, subject to carve outs in relation to directors' fiduciary duties.
- (d) **Shield Break Fee:** Shield has agreed to pay Gryphon a break fee of \$500,000 if:
 - (i) the following occur:
 - (A) before the end of the Offer Period, a competing proposal is announced or open for acceptance; and
 - (B) a person acquires an interest in all or a substantial part of the assets of Shield or its subsidiaries or a relevant interest in more than 50% of the Shield Shares under that competing proposal; and
 - (C) in the case of a competing proposal that is a takeover bid made under Chapter 6 of the Corporations Act, the competing proposal becomes free from all defeating conditions either before or after the end of the offer period under the competing proposal; or
 - (ii) all of the Shield Directors do not recommend the Offers or any one or more Shield Directors withdraws an earlier recommendation or recommends a competing proposal (or announces an intention to do any of the foregoing); or
 - (iii) Shield or any of its Directors knowingly does anything (whether or not it may be permitted by the terms of the Bid Implementation Agreement) which results in any of the conditions of the Offers being breached and Gryphon does not declare the Offers free of the breached condition; or
 - (iv) there is a breach of the exclusivity provisions of the Bid Implementation Agreement;
- (e) **Gryphon Break Fee:** Gryphon has agreed to pay Shield a break fee of \$500,000 if Gryphon breaches certain material obligations under the Bid Implementation Agreement (including the obligation to dispatch this Bidder's Statement), except where there has been a prior breach of one of the defeating conditions of the Offers.

10.17 Pre-bid Acceptance Agreements

Gryphon has entered into pre-bid acceptances with Shield Shareholders representing 19.9% of the Shield Shares on issue. In summary, these Shield Shareholders have contractually committed to accept the Share Offer, subject to no superior competing offer being received by Shield.

These Shield Shareholders have also granted Gryphon a call option to acquire their Shield Shares (up to a maximum of 19.9% of the Shield Shares on issue) in the event of a competing offer during a stipulated period of time. Further particulars of the terms of the pre-bid acceptance agreements will be provided by Gryphon in a substantial shareholder notice to be lodged with ASX.

10.18 Other Material Information

There is no other information material to the making of a decision by a holder of Shield Shares or Shield Options whether or not to accept the Offers being information that is known to Gryphon and which has not previously been disclosed to holders of Shield securities other than as is contained elsewhere in this Bidder's Statement.

10.19 Date for Determining Holders

For the purposes of Section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under Items 6 and 12 of Section 633(1) of the Corporations Act is 5pm (WST) 8 July 2010.

This Bidder's Statement is dated 30 June 2010 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of Gryphon.

Signed for and on behalf of
Gryphon Minerals Limited

A handwritten signature in black ink that reads "M. Ashton". The signature is written in a cursive style with a large, prominent initial "M".

Mel Ashton
Chairman

11. DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this Bidder's Statement (including its Annexures), unless the context otherwise requires:

Acceptance Form means the Share Acceptance Form or the Option Acceptance Form, as the context requires.

Announcement Date means 30 June 2010.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.

ASTC means the ASX Settlement & Transfer Corporation.

ASTC Settlement Rules means the operating rules of the settlement facility provided by ASTC.

Bid Implementation Agreement means the bid implementation agreement between Gryphon and Shield dated 29 June 2010.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures.

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

CHESS means the Clearing House Electronic Subregister System.

CHESS Holding means a holding that is sponsored by CHESS.

Combined Entity means Gryphon and its subsidiaries following the acquisition by Gryphon of all, or a majority of, the Shield Shares.

Competing Proposal means a proposal pursuant to which a person (other than Gryphon or another entity in the Gryphon Group) would, if the proposal were implemented:

- (a) directly or indirectly acquire an interest, a relevant interest in or become the holder of:
 - (i) more than 50% of the Shield Shares; or
 - (ii) an economic interest in 25% or more of the Tijirit Project or a substantial interest or a material part of the business or property of Shield; or
- (b) acquire control of Shield, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge with Shield (including by way of a scheme of arrangement, reverse takeover bid or dual listed companies structure).

Controlling Participant has the meaning given in the ASTC Settlement Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASTC Settlement Rules).

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

Director means a director of Gryphon.

Disclosure Material means, in respect of a party, material released by that party to ASX on the Company Announcements Platform.

Foreign Law means a law of a jurisdiction other than Australia.

Group in respect of a party, means that party and each of its Subsidiaries.

Gryphon means Gryphon Minerals Limited (ABN 31 107 690 657).

Gryphon Group means Gryphon and its Subsidiaries.

Gryphon Option means an option to acquire a Gryphon Share.

Gryphon Share means a fully paid ordinary share in Gryphon.

Gryphon Shareholder means a holder of a Gryphon Share.

Ineligible Foreign Shield Bid Optionholder means any Shield Bid Optionholder whose address, as entered in the register of members of Shield, is outside of Australia (and its external Territories) and New Zealand but **does not include** any Shield Bid Optionholder that has appointed an agent in Australia or New Zealand to receive and accept the Option Offer on their behalf. Also, a person will not be an Ineligible Foreign Shield Bid Optionholder if Gryphon is satisfied, acting reasonably, that the laws of the country of residence of that Shield Bid Optionholder (as shown in the Shield register) permit the issue and allotment of Gryphon Shares either unconditionally or after compliance with conditions which Gryphon in its sole discretion regards as acceptable.

Ineligible Foreign Shield Shareholder means any Shield Shareholder whose address, as entered in the register of members of Shield, is outside of Australia (and its external Territories) and New Zealand but **does not include** any Shield Shareholder that has appointed an agent in Australia or New Zealand to receive and accept the Share Offer on their behalf. Also, a person will not be an Ineligible Foreign Shield Shareholder if Gryphon is satisfied, acting reasonably, that the laws of the country of residence of that Shield Shareholder (as shown in the Shield register) permit the issue and allotment of Gryphon Shares either unconditionally or after compliance with conditions which Gryphon in its sole discretion regards as acceptable.

Issuer Sponsored Holding means a holding of Shield Shares on Shield's issuer sponsored subregister.

Listing Rules means the Official Listing Rules of ASX, as amended from time to time.

Material Adverse Change means any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category, has a material adverse effect on the business, properties, financial condition, results, operations or prospects of Shield, taken as a whole, other than to the extent that they result from an event,

occurrence or matter which was announced to ASX or otherwise fairly disclosed to Gryphon in writing prior to the Announcement Date provided that any disclosure was full and fair (including, without limitation, in relation to the extent and magnitude of the event, change, condition, matter or thing, as the case may be) and was not, and is not likely to be, incomplete, incorrect, untrue, misleading or deceptive.

Offer or **Offers** means the Share Offer or the Option Offer (or both of them), as the context requires.

Offer Period means the period during which the Share Offer Period or the Option Offer Period (or both of them) as the context requires is open for acceptance.

Official List means the official list of entities that ASX has admitted and not removed.

Official Quotation means official quotation on ASX.

Option Acceptance Form means the form of acceptance for the Option Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to a Shield Bid Optionholder by Gryphon's share registry in relation to the Option Offer.

Option Offer means the offer to be made by Gryphon to acquire Shield Bid Options on the terms set out in Annexure B.

Option Offer Period means the period referred to in Section 1.3 of Annexure B, during which the Option Offer remains open for acceptance.

Pre-bid Acceptance Agreements means the pre-bid acceptance agreements between Gryphon and entities associated with Mr David Netherway and Mr Alexander Burns (each of whom are directors of Shield) and Mr Jay Hughes.

Prescribed Occurrence means the following occurrences (being the occurrences listed in section 652C of the Corporations Act):

- (a) Shield converting all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Shield or a subsidiary of Shield resolving to reduce its share capital in any way;
- (c) Shield or a subsidiary of Shield entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) Shield or a subsidiary of Shield making an issue of shares (other than shares issued as a result of the exercise of existing options) or granting an option over its shares or agreeing to make such an issue or grant such an option;
- (e) Shield or a subsidiary of Shield issuing, or agreeing to issue, convertible notes;
- (f) Shield or a subsidiary of Shield disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) Shield or a subsidiary of Shield charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) Shield or a subsidiary of Shield resolving that it be wound up;

- (i) the appointment of a liquidator or provisional liquidator of Shield or of a subsidiary of Shield;
- (j) the making of an order by a court for the winding up of Shield or of a subsidiary of Shield;
- (k) an administrator of Shield or of a subsidiary of Shield being appointed under sections 436A, 436B or 436C of the Corporations Act;
- (l) Shield or a subsidiary of Shield executing an agreement of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Shield or of a subsidiary of Shield.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court in respect of proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

Record Date means the date set by Gryphon under section 633(2) of the Corporations Act, being 5pm (WST) on 8 July 2010.

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

Renaissance means Renaissance Minerals Limited (ABN 90 141 196 545).

Rights means all accretions to and rights attaching to the relevant Shield Share at or after the date of this Bidder's Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Shield).

Sale Nominee has the meaning given in Section 1.8 of Annexure A to this Bidder's Statement.

Share Acceptance Form means the form of acceptance for the Share Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to a Shield Shareholder by Gryphon's share registry in relation to the Share Offer.

Share Offer means the off market takeover offer by Gryphon of one Gryphon Share for every 3 Shield Shares on the terms set out in this Bidder's Statement.

Shield means Shield Mining Limited (ABN 62 108 267 063).

Shield Board means the board of directors of Shield.

Shield Bid Option means an option granted by Shield which is exercisable for \$0.20 each and which options are the subject of the Option Offer.

Shield Bid Optionholder means a holder of a Shield Bid Option.

Shield Group means Shield and its Subsidiaries.

Shield Other Option means options which Shield has granted which does not include Shield Bid Options.

Shield Share means a fully paid ordinary share in Shield, and all Rights attaching to that share.

Shield Shareholder means a holder of Shield Shares.

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

Superior Offer

Superior Proposal means a Competing Proposal which in the determination of the Shield Board acting in good faith is a Competing Proposal in relation to Shield that the directors, acting in good faith and in order to satisfy what the board of directors of Shield considers to be their fiduciary or statutory duties, consider would, if completed substantially in accordance with its terms, result in a transaction more favourable to the shareholders of Shield than the Takeover Offer contemplated by this Agreement.

Takeover means the proposed takeover of Shield by Gryphon by way of an off market conditional takeover offer.

Takeover Bid means Gryphon's takeover bid for Shield by making the Offers.

Unmarketable Parcel has the meaning given to that term in ASIC Class Order 00/343, being Gryphon Shares with a total value of less than \$500 based on the highest closing price for Gryphon Shares on the ASX during the Share Offer Period.

WST means Perth (Western Australian) Standard Time.

\$ means Australian dollars.

11.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A – TERMS OF THE SHARE OFFER

1.1 General Terms

- (a) Gryphon Share Offers to acquire all of your Shield Shares, together with all Rights attached to them, on the following terms and conditions.
- (b) The consideration being offered by Gryphon for the acquisition of all of your Shield Shares is **one Gryphon Share** for every three Shield Shares you own, subject to the terms and conditions set out in this Share Offer.
- (c) If you become entitled to a fraction of a Gryphon Share under the Share Offer, the number of Gryphon Shares will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5). For the avoidance of doubt, a Shield Shareholder (other than an Ineligible Foreign Shield Shareholder) with less than three Shield Shares will receive one Gryphon Share.
- (d) If you are an Ineligible Foreign Shield Shareholder then, despite any other provision of this Share Offer, you are offered and will receive for your Shield Shares a cash amount calculated under clause 1.8 of this Annexure A.
- (e) If you accept the Share Offer and are eligible under the Share Offer to be issued an Unmarketable Parcel of Gryphon Shares, the Gryphon Shares to which you would otherwise be entitled under the Share Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shield Shareholder, with the net proceeds of the sale remitted to you in accordance with clause 1.8 of Annexure A.
- (f) The Gryphon Shares to be issued pursuant to this Share Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Gryphon Shares currently on issue.
- (g) The rights and obligations of the Gryphon Shares are set out in Section 10.5 of the Bidder's Statement.

1.2 Official Quotation

Gryphon will apply for official quotation of the Gryphon Shares on ASX. Quotation will not be automatic but will depend on ASX exercising its discretion. Gryphon has already been admitted to the official list of ASX and the Gryphon Shares to be issued under the Share Offer is of the same class as Gryphon Shares already quoted on ASX. Gryphon cannot guarantee, and does not represent or imply, that the Gryphon Shares will be listed on the ASX following issue.

1.3 Share Offer Period

Unless withdrawn, this Share Offer will remain open for acceptance during the period commencing on the date of this Share Offer and ending at 5:00pm (WST) on 9 August 2010, subject to any extension in accordance with the Corporations Act.

1.4 Who May Accept

- (a) A Share Offer in this form and bearing the same date is being made to each person registered as a holder of Shield Shares on Shield's register of members as at the Record Date.
- (b) The Share Offer also extends to each person who, during the period from the Record Date until the expiry of the Share Offer Period, becomes registered or entitled to be registered as a holder of Shield Shares due to the exercise of rights attached to options that are on issue at the Record Date.
- (c) A person who:
 - (i) is able during the Share Offer Period to give good title to a parcel of Shield Shares; and
 - (ii) has not already accepted this Share Offer which relates to those Shield Shares,may accept as if a Share Offer from Gryphon on terms identical with this Share Offer had been made to that person in relation to those Shield Shares.
- (d) If, at any time during the Share Offer Period and before this Share Offer is accepted, any person holds one or more distinct parcels of Shield Shares (for example, as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act, then:
 - (i) this Share Offer is deemed to consist of a separate corresponding Share Offer to that person in relation to each distinct parcel of Shield Shares; and
 - (ii) acceptance by that person of the Share Offer for any distinct parcel of Shield Shares is ineffective unless the person gives written notice to Gryphon stating that the Shield Shares consist of distinct portions and the acceptance specifies the number of the Shield Shares in each separate parcel to which the acceptance relates.
- (e) This Share Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Share Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

1.5 How to Accept this Share Offer

- (a) You may only accept this Share Offer in respect of 100% (and not a lesser number) of your Shield Shares. For example, if you have 10,000 Shield Shares and you wish to accept the Share Offer, you may only accept this Share Offer in respect of 10,000 Shield Shares.
- (b) You may only accept this Share Offer during the Share Offer Period.

- (c) The method by which you can accept this Share Offer will depend on whether your Shield Shares are in an Issuer Sponsored Holding or a CHESS Holding. Your Shield Shares are in an Issuer Sponsored Holding if they are sponsored directly by Shield as issuer. Your Shield Shares are in a CHESS Holding if they are sponsored by a Broker or other CHESS participant or if you are a Broker or Non-Broker Participant.
- (d) **Issuer Sponsored Holdings:** If your Shield Shares are held on Shield's issuer sponsored subregister when you accept (in which case your Security holder Reference Number is prefixed with an 'I'), you must:
- (i) complete and sign the Share Acceptance Form in accordance with the instructions on the Share Acceptance Form; and
 - (ii) ensure that the Share Acceptance Form together with all other documents required by the instructions on it are received at the following address before the end of the Share Offer Period:

Mailing Address:
Gryphon Minerals Limited
C/- Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840
- (e) **CHESS Holdings:** If your Shield Shares are in a CHESS Holding when you accept this Share Offer (in which case your Holder Identification Number is prefixed with 'X'), you must comply with the ASTC Settlement Rules. Accordingly, to accept this Share Offer in respect of your Shield Shares:
- (i) if you are the Controlling Participant, you must initiate acceptance of this Share Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Share Offer Period; or
 - (ii) if you are not the Controlling Participant, you may either:
 - (A) instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Share Offer in accordance with Rule 14.14 of the ASTC Settlement Rules so as to be effective before the end of the Share Offer Period. For non institutional shareholders, your "Controlling Participant" will normally be the stockbroker through whom you either bought your Shield Shares or through whom you ordinarily trade shares on ASX; or
 - (B) alternatively, you may sign and complete the accompanying Gryphon Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Gryphon Share Acceptance Form and ensure that it is received (together with all documents required by the terms of this Share Offer) before the expiry of the Share Offer Period at the address specified in Section 1.5(d)(ii) of this Annexure A. In that case, you will be deemed to have authorised

Computershare Investor Services Pty Ltd to forward your instructions to your Controlling Participant, who will then accept this Share Offer on your behalf during the Share Offer Period in accordance with the ASTC Settlement Rules and the Corporations Act. You must ensure that the Acceptance Form(s) (and the other required documents) are received in sufficient time for Gryphon to request your Controlling Participant to accept, and for your Controlling Participant to carry out your instructions.

CHESS holders should note that acceptance of the Share Offer will not be effected until it is received by their Controlling Participant and processed by them electronically through CHESS.

- (f) Once you have accepted this Share Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to Sections 650E and 650G of the Corporations Act.
- (g) Gryphon may, in its sole discretion, at any time deem any Gryphon Share Acceptance Form it receives to be a valid acceptance in respect of your Shield Shares even if a requirement for acceptance has not been complied with.

1.6 The Effect of Acceptance

- (a) By following the procedures described in Section 1.5 of this Annexure A, you will be deemed to have:
 - (i) accepted this Share Offer (and any variation to it) in respect of the Shield Shares registered in your name to which this Share Offer relates, regardless of the number of Shield Shares specified in the Gryphon Share Acceptance Form;
 - (ii) agreed to the terms of the Share Offer and, subject to the conditions contained in Section 1.10 of this Annexure A being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASTC Settlement Rules) to Gryphon all of your Shield Shares;
 - (iii) agreed to accept the consideration being offered by Gryphon and agreed to be bound by the Constitution of Gryphon;
 - (iv) authorised Gryphon to complete the Gryphon Share Acceptance Form by correcting any errors in or omissions from the Gryphon Share Acceptance Form as may be necessary:
 - (A) to make the Gryphon Share Acceptance Form an effective acceptance of this Share Offer; and/or
 - (B) to enable registration of the transfer to Gryphon of your Shield Shares;
 - (v) irrevocably authorised and directed Shield to pay to Gryphon or to account to Gryphon for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Share Offer in

respect of your Shield Shares (subject to Gryphon accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Share Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

- (vi) represented and warranted to Gryphon that:
 - (A) Gryphon will acquire good title to and beneficial ownership of all of your Shield Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid Shield all amounts which are due in respect of your Shield Shares;
 - (C) all of your Shield Shares are fully paid; and
 - (D) you have full power and capacity to accept the Share Offer and to sell and transfer the legal and beneficial ownership of your Shield Shares (together with all Rights attached to them) to Gryphon;
- (vii) unless you are an Ineligible Foreign Shield Shareholder (as that expression is defined in Section 11 of this Bidder's Statement), or entitled to an Unmarketable Parcel of Gryphon Shares under the Share Offer, agreed to accept the Gryphon Shares to which you become entitled by accepting this Share Offer subject to Gryphon's Constitution and the terms of issue of the Gryphon Shares and to have authorised Gryphon to place your name on its register of shareholders as the holder of the Gryphon Shares issued to you under the Share Offer;
- (viii) acknowledged and agreed that if you are an Ineligible Foreign Shield Shareholder, Gryphon will arrange for any Gryphon Shares otherwise issuable to you to be issued and sold, and the net proceeds to be remitted to you, as described in Section 1.8 of this Annexure A;
- (ix) represented and warranted to Gryphon that the making by Gryphon to you, and your acceptance, of this Share Offer is lawful under any Foreign Law which applies to you, to the making of this Share Offer, and to your acceptance of this Share Offer;
- (x) agreed to indemnify Gryphon fully in respect of any claim, demand, action, suit or proceeding made or brought against Gryphon and any loss, cost, expense, damage or liability whatsoever suffered or incurred by Gryphon as a result of you not producing your HIN or SRN or in consequence of the transfer of your Shield Shares to Gryphon being registered by Gryphon without production of your HIN or SRN;
- (xi) with effect from the later of acceptance of the Share Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Gryphon and each of its

directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Shield Shares or in exercise of any right or power derived from the holding of your Shield Shares including, without limitation:

- (A) attend and vote in respect of your Shield Shares at any and all meetings of Shield;
- (B) requisition or join with other holders of Shield Shares in requisitioning and/or convening a meeting of the members of Shield;
- (C) demand a poll for any vote to be taken at any meeting of Shield Shareholders;
- (D) propose or second any resolutions to be considered at any, and all meetings of Shield Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Gryphon as a proxy in respect of all or any of your Shield Shares and a transfer form for your Shield Shares), proxies, consents, agreements and resolutions relating to your Shield Shares;
- (F) request Shield to register in the name of Gryphon or its nominee your Shield Shares which you hold on any register of Shield; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Gryphon as the beneficial owner and intended registered holder of your Shield Shares in respect of which you have accepted this Share Offer and to have further agreed to do all such acts, matters and things that Gryphon may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of Shield) if requested by Gryphon. This appointment is irrevocable and terminates upon registration of a transfer to Gryphon or your Shield Shares; and

- (xii) with effect from the later of acceptance of the Share Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of Shield or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Gryphon and the directors, secretaries and other officers of Gryphon by Section 1.6(a)(xi) of this Annexure A.

- (b) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of Annexure A will (unless otherwise stated) remain in

force after you receive the consideration for your Shield Shares and after Gryphon becomes registered as the holder of them.

- (c) Gryphon may at any time in its absolute discretion:
 - (i) treat the receipt by it of a Share Acceptance Form during the Share Offer Period (or in an envelope post-marked before the expiry of the Share Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Shield Shares, treat the acceptance as a valid acceptance in respect of all of your Shield Shares.

In respect of any part of an acceptance treated by it as valid, Gryphon will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of Gryphon's rights under this Section 1.6 of this Annexure A will be conclusively and only evidenced by its so doing. This Section is not a condition of this Share Offer.

1.7 Provision of Consideration

- (a) Subject to the terms of this Share Offer and the Corporations Act, Gryphon will provide the consideration for your Shield Shares not later than one month after this Share Offer is accepted or this Share Offer (or the contract resulting from its acceptance) becomes unconditional, whichever is the later, but in any event (assuming the Share Offer becomes or is declared unconditional) not later than 21 days after the end of the Share Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Share Offer, regardless of any delay in providing the consideration or any extension of the Share Offer.
- (c) Subject to Sections 1.8 and 1.9 of this Annexure A, the obligation of Gryphon to allot and issue any Gryphon Shares to which you are entitled under the Share Offer will be satisfied:
 - (i) by entering your name on the register of members of Gryphon; and
 - (ii) if your name is entered into the issuer sponsored subregister of Gryphon, by Gryphon dispatching to you an issuer sponsored holding statement for the Gryphon Shares to which you become entitled by accepting this Share Offer (by pre-paid mail to your address as shown on the register of members of Shield).
- (d) Where the Gryphon Share Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, Gryphon will provide the consideration in accordance with Section 1.7(a) of this Annexure A;

- (ii) if that document is given after acceptance and before the end of the Share Offer Period while this Share Offer is subject to a defeating condition, Gryphon will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Share Offer becomes unconditional; or
 - (B) 21 days after the end of the Share Offer Period;
 - (iii) if that document is given after acceptance and before the end of the Share Offer Period while this Share Offer is not subject to a defeating condition, Gryphon will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) one month after that document is given; or
 - (B) 21 days after the end of the Share Offer Period; and
 - (iv) if that document is given after the end of the Share Offer Period, Gryphon will provide the consideration within 21 days after that document is given.
- (e) If, at the time you accept the Share Offer, any of the following:
- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
 - (iii) Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth);
 - (iv) Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or
 - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for your Shield Shares, or would make it unlawful for Gryphon to provide any consideration to you for your Shield Shares, you will not be entitled to receive any consideration for your Shield Shares until all requisite authorities, clearances or approvals have been received by Gryphon.

1.8 Ineligible Foreign Shield Shareholders

- (a) If you are an Ineligible Foreign Shield Shareholder (as that expression is defined in Section 11 of this Bidder's Statement), and you accept this Share Offer, Gryphon will:
 - (i) arrange for the issue to a nominee approved by the ASIC (**Sale Nominee**) of the number of Gryphon Shares to which you and all other Ineligible Foreign Shield Shareholders would have been entitled but for this Section;

- (ii) cause those Gryphon Shares to be offered for sale on the ASX as soon as practicable and in any event not more than 15 Business Days after the expiry of the Share Offer Period for the Share Offer, in such manner, at such price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
- (iii) promptly pay, or procure that the Sale Nominee pays, to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shield Shareholders who accept the Share Offer receive the same value per Shield Share, subject to rounding):

$$\text{Net Proceeds of Sale} \times \frac{\text{YS}}{\text{TS}}$$

Where:

- (A) **Net Proceeds of Sale** is the amount remaining after deducting the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges) from the proceeds of sale;
 - (B) **YS** is the number of Gryphon Shares which would, but for Section 1.8(a) of this Annexure A, have been allotted and issued to you; and
 - (C) **TS** is the total number of Gryphon Shares allotted and issued to the Sale Nominee under this Section in respect of the Shield Shares held by all Ineligible Foreign Shield Shareholders.
- (b) You will be paid your share of the proceeds of the sale of the Gryphon Shares by the Sale Nominee in Australian currency.
 - (c) Payment will be made by cheque posted to you at your risk by pre-paid mail as soon as practicable and in any event within the period required by the Corporations Act to your address in the most up to date copy of the Shield register provided to Gryphon before your consideration cheque is produced.
 - (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Gryphon Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

1.9 Unmarketable Parcels

If you accept the Share Offer and are eligible to under the Share Offer to be issued an Unmarketable Parcel of Gryphon Shares, the Gryphon Shares to which you would otherwise be entitled under the Share Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shield Shareholder, with the net proceeds of the sale remitted to you in accordance with clause 1.8 of Annexure A with references to "Ineligible Foreign Shield Shareholders" read accordingly.

1.10 Defeating Conditions of this Share Offer

- (a) Subject to Sections 1.10(b) and 1.10(c) of this Annexure A, the Share Offer and any contract that results from acceptance of the Share Offer is subject to the fulfilment of the following conditions:
- (i) **(Minimum Acceptance Condition)** That during, or at the end of, the Share Offer Period, Gryphon has acquired a relevant interest (as defined in the Corporations Act) in at least 90% of Shield's fully paid, ordinary shares.
 - (ii) **(Material Adverse Change)** Between the Announcement Date and the end of the Share Offer Period, no Material Adverse Change occurs, is discovered, announced, disclosed or otherwise becomes known to Gryphon (whether or not becoming public).
 - (iii) **(Prescribed Occurrences)** Between the Announcement Date and the end of the Share Offer Period, no Prescribed Occurrence occurs.
 - (iv) **(No Change of Control Rights)** Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person having any rights, being entitled to have any rights, alleging an entitlement, or expressing or announcing an intention (whether or not that intention is stated to be a final or determined decision of that person) (in all cases whether subject to conditions or not), as a result of any change of control event in respect of Shield (including Gryphon acquiring shares in Shield) or any of its subsidiaries or assets, to:
 - (A) terminate or alter any contractual relations between any person and Shield or any of its subsidiaries (for this purpose an alteration includes of the operations of a contract, whether or not that altered operation is provided for under the existing terms of the contract);
 - (B) require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
 - (C) accelerate or adversely modify the performance of any obligations of Shield or any of its subsidiaries under any agreements, contracts or other legal arrangements.
 - (v) **(No Regulatory Actions)** Between the Announcement Date and the end of the Offer Period (each inclusive):
 - (A) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
 - (B) no action or investigation is announced, commenced or threatened by any Government Agency; and
 - (C) no application is made to any Government Agency (other than by Gryphon or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of Shield Shares and Shield Bid Options under the Offer or the completion of any transaction contemplated by the Bidder's Statement, or seeks to require the divestiture by Gryphon of any Shield Shares or Shield Bid Options, or the divestiture of any material assets of the Shield Group or Gryphon Group.

(vi) **(No Material Acquisitions, Disposals or New Commitments)**

Except for any proposed transaction publicly announced by Shield before the Announcement Date or consented to by Gryphon, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (A) Shield or any subsidiary of Shield acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$200,000, or makes an announcement in relation to such an acquisition, offer or agreement;
- (B) Shield or any subsidiary of Shield disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in Shield's consolidated balance sheet as at 31 December 2009) is, in aggregate, greater than \$200,000, or makes an announcement in relation to such a disposition, offer or agreement; or
- (C) Shield or any subsidiary of Shield enters into, or offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure, or the foregoing of revenue, by the Shield Group of an amount which is, in aggregate, more than \$200,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement.

(b) Each condition in Section 1.10(a) of this Annexure A is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of Gryphon alone and may only be relied upon by Gryphon.

(c) Gryphon may free this Share Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.10(a) of this Annexure A by giving notice to Shield declaring the Share Offer to be

free from the conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given:

- (i) in relation to the conditions in Section 1.10(a)(iv) of this Annexure A that comprise an event or circumstance referred to in Sections 652C(1) or (2) of the Act in relation to Shield – not later than 3 business days after the end of the Share Offer Period; and
 - (ii) in relation to all other conditions – not later than 7 days before the end of the Share Offer Period.
- (d) Subject to the provisions of the Corporations Act, Gryphon alone will be entitled to the benefit of the conditions in Section 1.10(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by Gryphon.
- (e) The date for giving the notice required by Section 630(3) of the Corporations Act is 2 August 2010, subject to extension in accordance with Section 630(2) of the Act if the Share Offer Period is extended.
- (f) The Share Offer is subject to the condition that permission for admission to official quotation by ASX of the Gryphon Shares to be issued pursuant to the Share Offer is sought no later than 7 days after the start of the Share Offer Period and is granted no later than 7 days after the end of the Share Offer Period. This condition is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the conditions set out in Section 1.10 of this Annexure A. The Share Offer cannot be freed of this condition and consequently no statements made by Gryphon can be taken to waive that condition.

1.11 Withdrawal of Share Offer

Gryphon may withdraw this Share Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

1.12 Variation

Gryphon may vary this Share Offer in accordance with Section 650D of the Corporations Act.

1.13 Stamp duty or other costs

All costs and expenses of the preparation, dispatch and circulation of this Share Offer and any stamp duty payable in respect of the transfers will be paid by Gryphon. No brokerage is payable by you if you accept this Share Offer.

1.14 Governing Law

This Share Offer and any contract that results from your acceptance of this Share Offer is governed by the laws in force in Western Australia.

1.15 Date of Share Offer

This Share Offer is dated 9 July 2010.

ANNEXURE B – TERMS OF OPTION OFFER

1.1 General Terms

- (a) Gryphon offers to acquire all of your Shield Bid Options, together with all rights attached to them, on the following terms and conditions.
- (b) The consideration being offered by Gryphon for the acquisition of all of your Shield Bid Options is one Gryphon Share for every 11 Shield Bid Options you own, subject to the terms and conditions set out in this Option Offer.
- (g) If you become entitled to a fraction of a Gryphon Share under the Option Offer, the number of Gryphon Shares will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5). For the avoidance of doubt, a Shield Bid Optionholder (other than an Ineligible Foreign Shield Bid Optionholder) with less than 11 Shield Bid Options will receive one Gryphon Share.
- (h) If you are an Ineligible Foreign Shield Bid Optionholder then, despite any other provision of this Option Offer, you are offered and will receive for your Shield Shares a cash amount calculated under clause 1.8 of this Annexure B.
- (i) If you accept the Option Offer and are eligible to under the Option Offer to be issued an Unmarketable Parcel of Gryphon Shares, the Gryphon Shares to which you would otherwise be entitled under the Option Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shield Bid Optionholder, with the net proceeds of the sale remitted to you in accordance with clause 1.8 of Annexure B.

1.2 Official Quotation

Gryphon will apply for official quotation of the Gryphon Shares on ASX. Quotation will not be automatic but will depend on ASX exercising its discretion. Gryphon has already been admitted to the official list of ASX and the Gryphon Shares to be issued under the Option Offer is of the same class as Gryphon Shares already quoted on ASX. Gryphon cannot guarantee, and does not represent or imply, that the Gryphon Shares will be listed on the ASX following issue.

1.3 Option Offer Period

Unless withdrawn, this Option Offer will remain open for acceptance during the period commencing on the date of this Option Offer and ending at 5.00pm (WST) on 9 August 2010, subject to any extension in accordance with the Corporations Act.

1.4 Who May Accept

- (a) An Option Offer in this form and bearing the same date is being made to each person registered as a holder of Shield Bid Options on Shield's register of members as at the Record Date.
- (b) A person who:

- (i) is able during the Option Offer Period to give good title to a parcel of Shield Bid Options; and
 - (ii) has not already accepted this Option Offer which relates to those Shield Bid Options, may accept as if an Option Offer from Gryphon on terms identical with this Option Offer had been made to that person in relation to those Shield Bid Options.
- (c) If, at any time during the Option Offer Period and before this Option Offer is accepted, any person holds one or more distinct parcels of Shield Bid Options (for example, as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act, then:
- (i) this Option Offer is deemed to consist of a separate corresponding Option Offer to that person in relation to each distinct parcel of Shield Bid Options; and
 - (ii) acceptance by that person of the Option Offer for any distinct parcel of Shield Bid Options is ineffective unless the person gives written notice to Gryphon stating that the Shield Bid Options consist of distinct portions and the acceptance specifies the number of the Shield Bid Options in each separate parcel to which the acceptance relates.
- (d) This Option Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of this Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Option Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

1.5 How to Accept this Option Offer

- (a) You may only accept this Option Offer in respect of 100% (and not a lesser number) of your Shield Bid Options. For example, if you have 10,000 Shield Bid Options and you wish to accept the Option Offer, you may only accept this Option Offer in respect of 10,000 Shield Bid Options.
- (b) You may only accept this Option Offer during the Option Offer Period.
- (c) You may accept the Option Offer by:
 - (i) completing and signing the Option Acceptance Form in accordance with the instructions on the Option Acceptance Form; and
 - (ii) ensure that the Option Acceptance Form together with all other documents required by the instructions on it are received at the following address before the end of the Option Offer Period:

Mailing Address:
Gryphon Minerals Limited

C/- Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

- (d) Once you have accepted this Option Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to Sections 650E and 650G of the Corporations Act.
- (e) Gryphon may, in its sole discretion, at any time deem any Option Acceptance Form it receives to be a valid acceptance in respect of your Shield Bid Options even if a requirement for acceptance has not been complied with.

1.6 The Effect of Acceptance

- (a) By following the procedures described in Section 1.5 of this Annexure B, you will be deemed to have:
 - (i) accepted this Option Offer (and any variation to it) in respect of the Shield Bid Options registered in your name to which this Option Offer relates, regardless of the number of Shield Bid Options specified in the Option Acceptance Form;
 - (ii) agreed to the terms of the Option Offer and, subject to the conditions contained in Section 1.9 of this Annexure B being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASTC Settlement Rules) to Gryphon all of your Shield Bid Options, including agreeing to vary the terms of your Shield Bid Options to allow for this transfer;
 - (iii) authorised Gryphon to complete the Option Acceptance Form by correcting any errors in, or omissions from, the Option Acceptance Form as may be necessary:
 - (A) to make the Option Acceptance Form an effective acceptance of this Option Offer; and/or
 - (B) to enable registration of the transfer to Gryphon of your Shield Bid Options;
 - (i) unless you are an Ineligible Foreign Shield Bid Optionholder (as that expression is defined in Section 11 of this Bidder's Statement), or entitled to an Unmarketable Parcel of Gryphon Shares under the Option Offer, agreed to accept the Shares to which you become entitled by accepting this Option Offer subject to Gryphon's Constitution and the terms of issue of the Gryphon Shares and to have authorised Gryphon to place your name on its register of shareholders as the holder of the Gryphon Shares issued to you under the Option Offer;
 - (iv) represented and warranted to Gryphon that:
 - (A) Gryphon will acquire good title to and beneficial ownership of all of your Shield Bid Options free from all mortgages, charges, liens, encumbrances (whether

legal or equitable) and other third party interests of any kind;

- (B) you have paid Shield all amounts which are due in respect of your Shield Bid Options; and
 - (C) you have full power and capacity to accept the Option Offer and to sell and transfer the legal and beneficial ownership of your Shield Bid Options (together with all rights attached to them) to Gryphon;
- (ii) acknowledged and agreed that if you are an Ineligible Foreign Shield Bid Optionholder, Gryphon will arrange for any Gryphon Shares otherwise issuable to you to be issued and sold, and the net proceeds to be remitted to you, as described in Section 1.8 of this Annexure B;
 - (v) represented and warranted to Gryphon that the making by Gryphon to you, and your acceptance, of this Option Offer is lawful under any Foreign Law which applies to you to the making of this Option Offer, and to your acceptance of this Option Offer; and
 - (vi) with effect from the later of acceptance of the Option Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Gryphon and each of its Directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Shield Bid Options or in exercise of any right or power derived from the holding of your Shield Bid Options and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Gryphon as the beneficial owner and intended registered holder of your Shield Bid Options in respect of which you have accepted this Option Offer and to have further agreed to do all such acts, matters and things that Gryphon may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of Shield) if requested by Gryphon. This appointment is irrevocable and terminates upon registration of a transfer to Gryphon of your Shield Bid Options.
- (b) The representations, warranties, undertakings and authorities referred to in this Section 1.5 of Annexure B will (unless otherwise stated) remain in force after you receive the consideration for your Shield Bid Options and after Gryphon becomes the register as the holder of them.
 - (c) Gryphon may at any time in its absolute discretion:
 - (i) treat the receipt by it of an Option Acceptance Form during the Option Offer Period (or in an envelope post-marked before the expiry of the Option Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and

- (ii) where you have satisfied the requirements for acceptance in respect of only some of your Shield Bid Options, treat the acceptance as a valid acceptance in respect of all of your Shield Bid Options. In respect of any part of an acceptance treated by it as valid, Gryphon will provide you with the relevant consideration in accordance with Section 1.7 of this Annexure B, and the exercise of Gryphon's rights under this Section 1.7 of this Annexure B will be conclusively and only evidenced by its so doing. This Section is not a condition of this Option Offer.

1.7 Provision of Consideration

- (a) Subject to the terms of this Option Offer and the Corporations Act, Gryphon will provide the consideration for your Shield Bid Options not later than one month after this Option Offer is accepted or this Option Offer (or the contract resulting from its acceptance) becomes unconditional, whichever is the later, but in any event (assuming the Option Offer becomes or is declared unconditional) not later than 21 days after the end of the Option Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Option Offer, regardless of any delay in providing the consideration or any extension of the Option Offer.
- (c) Where the Option Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, Gryphon will provide the consideration in accordance with Section 1.7 of this Annexure B;
 - (ii) if that document is given after acceptance and before the end of the Option Offer Period while this Option Offer is subject to a defeating condition, Gryphon will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Option Offer becomes unconditional; or
 - (B) 21 days after the end of the Option Offer Period;
 - (iii) if that document is given after acceptance and before the end of the Option Offer Period while this Option Offer is not subject to a defeating condition, Gryphon will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) one month after that document is given; or
 - (B) 21 days after the end of the Option Offer Period; and
 - (iv) if that document is given after the end of the Option Offer Period, Gryphon will provide the consideration within 21 days after that document is given.
- (d) If, at the time you accept the Option Offer, any of the following:

- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
- (ii) Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
- (iii) Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001 (Cth);
- (iv) Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or
- (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other Government Agency be obtained before you receive any consideration for your Shield Bid Options, or would make it unlawful for Gryphon to provide any consideration to you for your Shield Bid Options, you will not be entitled to receive any consideration for your Shield Bid Options until all requisite authorities, clearances or approvals have been received by Gryphon.

1.8 Ineligible Foreign Shield Bid Optionholders

- (j) If you are an Ineligible Foreign Shield Bid Optionholder (as that expression is defined in Section 11 of this Bidder's Statement), and you accept this Option Offer, Gryphon will:
 - (i) arrange for the issue to a nominee approved by the ASIC (**Sale Nominee**) of the number of Gryphon Shares to which you and all other Ineligible Foreign Shield Bid Optionholders would have been entitled but for this Section;
 - (ii) cause those Gryphon Shares to be offered for sale on the ASX as soon as practicable and in any event not more than 15 Business Days after the expiry of the Option Offer Period for the Option Offer, in such manner, at such price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
 - (iii) promptly pay, or procure that the Sale Nominee pays, to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shield Bid Optionholders who accept the Option Offer receive the same value per Shield Share, subject to rounding):

$$\text{Net Proceeds of Sale} \times \frac{\text{YS}}{\text{TS}}$$

Where:

- (A) **Net Proceeds of Sale** is the amount remaining after deducting the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges) from the proceeds of sale;
- (B) **YS** is the number of Gryphon Shares which would, but for Section 1.8(a) of this Annexure 6, have been allotted and issued to you; and

- (C) **TS** is the total number of Gryphon Shares allotted and issued to the Sale Nominee under this Section in respect of the Shield Shares held by all Ineligible Foreign Shield Bid Optionholders.
- (k) You will be paid your share of the proceeds of the sale of the Gryphon Shares by the Sale Nominee in Australian currency.
- (l) Payment will be made by cheque posted to you at your risk by pre-paid mail as soon as practicable and in any event within the period required by the Corporations Act to your address in the most up to date copy of the Shield register provided to Gryphon before your consideration cheque is produced.
- (m) Under no circumstances will interest be paid on your share of the proceeds of the sale of Gryphon Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

1.9 Unmarketable Parcels

If you accept the Option Offer and are eligible to under the Option Offer to be issued an Unmarketable Parcel of Gryphon Shares, the Gryphon Shares to which you would otherwise be entitled under the Option Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shield Optionholder, with the net proceeds of the sale remitted to you in accordance with clause 1.8 of Annexure B with references to "Ineligible Foreign Shield Shareholders" read accordingly.

1.10 Defeating Conditions of this Option Offer

- (a) Subject to Sections 1.10(b) and 1.10(c) of this Annexure B, the Option Offer and any contract that results from acceptance of the Option Offer are subject to the fulfilment of the following conditions:
 - (i) **(Share Offer Minimum Acceptance)** that during, or at the end of, the Share Offer Period, the Gryphon Group has a Relevant Interest in more than 90% of all Shield Shares on issue at the end of the Offer Period;
 - (ii) **(Share Offer Unconditional)** before the end of the Share Offer Period, the Share Offer is, or has been declared, unconditional in all respects;
- (b) Each condition in Section 1.10(a) of this Annexure B is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of Gryphon alone and may only be relied upon by Gryphon.
- (c) Except as provided below, Gryphon may free this Option Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.10(a) of this Annexure B by giving notice to Shield declaring the Option Offers to be free from the conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not later than 7 days before the end of the Option Offer Period.
- (d) Subject to the provisions of the Corporations Act, Gryphon alone will be entitled to the benefit of the conditions in Section 1.10(a) of this

Annexure B and any breach or non-fulfilment thereof may be relied upon only by Gryphon.

- (e) The date for giving the notice required by Section 630(3) of the Corporations Act is 2 August 2010, subject to extension in accordance with Section 630(2) of the Act if the Option Offer Period is extended.
- (f) The Option Offer is subject to the condition that permission for admission to official quotation by ASX of the Gryphon Shares to be issued pursuant to the Option Offer is sought no later than 7 days after the start of the Option Offer Period and is granted no later than 7 days after the end of the Option Offer Period. This condition is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the conditions set out in Section 1.10 of this Annexure B. The Option Offer cannot be freed of this condition and consequently no statements made by Gryphon can be taken to waive that condition.

1.11 Withdrawal of Option Offer

Gryphon may withdraw this Option Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

1.12 Variation

Gryphon may vary this Option Offer in accordance with Section 650D of the Corporations Act.

1.13 Stamp Duty or Other Costs

All costs and expenses of the preparation, dispatch and circulation of this Option Offer and any stamp duty payable in respect of the transfers will be paid by Gryphon. No brokerage is payable by you if you accept this Option Offer.

1.14 Governing Law

This Option Offer and any contract that results from your acceptance of this Option Offer are governed by the laws in force in Western Australia.

1.15 Date of Option Offer

This Option Offer is dated 9 July 2010.

ANNEXURE C – GRYPHON’S ASX ANNOUNCEMENTS

Gryphon has lodged the following announcements with ASX since the lodgement of Gryphon’s half yearly financial report as at 31 December 2009:

Date Lodged	Description of Document
29/06/2010	Trading Halt
17/06/2010	Appendix 3B
17/06/2010	New Major Regional target includes 15m@5.09g/t Gold, Banfora
11/06/2010	Becoming a substantial holder for RNS
11/06/2010	Gryphon completes divestment of non-core Australian projects
08/06/2010	Appendix 3B
01/06/2010	Macquarie Bank Gold Rush '10 Forum and Roadshow Presentation
14/05/2010	Appendix 3B
13/05/2010	Major New Gold Target includes 8m@4.43gt gold – Banfora
30/04/2010	Quarterly Cashflow Report
30/04/2010	Quarterly Activities Report
28/04/2010	Letter to Eligible Shareholders
20/04/2010	Appendix 3B
19/04/2010	Renaissance Minerals – Prospectus Lodged
15/04/2010	Results of Meeting
08/04/2010	Appendix 3B
23/03/2010	High grade gold mineralisation, Banfora Gold Project
17/03/2010	Investor Presentation – March 2010
15/03/2010	Notice of General Meeting/Proxy Form
12/03/2010	Half yearly Report and Accounts

ANNEXURE D – SHIELD’S ASX ANNOUNCEMENTS

Shield has lodged the following announcements with ASX since the lodgement of Shield’s half yearly financial report as at 31 December 2009:

Date Lodged	Description of Document
29/06/2010	Response to ASX Query – Director’s Interest Notice
29/06/2010	Trading Halt
28/06/2010	Form 604 Notice of Change of Interests of Substantial Holder
28/06/2010	Strong Gold Zone Identified at Saboussiri
25/06/2010	Appendix 3X - Initial Director’s Interest Notice
21/06/2010	Form 605 - Ceasing to be a Substantial Holder
21/06/2010	Secondary Trading Notice and Appendix 3B
21/06/2010	Becoming a substantial holder
21/06/2010	Becoming a substantial holder
03/06/2010	Notice of General Meeting/Proxy Form
31/05/2010	Shield Placement to Raise Over A\$3 Million
31/05/2010	Reinstatement to Official Quotation
28/05/2010	Suspension from Official Quotation
26/05/2010	Trading Halt
17/05/2010	Drilling Suspended at Saboussiri, Mauritania
10/05/2010	Drilling Starts on VTEM Anomaly at Saboussiri
03/05/2010	Shield’s Updated Presentation
21/04/2010	Shield’s April 2010 Presentation
20/04/2010	March 2010 Quarterly Report and Appendix 5B
19/04/2010	Shield Focused Gravity Survey on Akjoujt
17/03/2010	Appointment of Company Secretary
05/03/2010	Shield’s Dec 2009 Interim Financial Report