

2011

Interim Report



GRYPHON
MINERALS LIMITED



ABN: 31 107 690 657

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Corporate Directory

Non-Executive Chairman

Mel Ashton

Managing Director

Stephen Parsons

Non-Executive Directors

Didier Murcia

Steven Zaninovich

David Netherway

Company Secretaries

Brett Dunnachie

Tim Holt

Principal & Registered Office

Freemasons Hall

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SUBIACO WA 6008

Telephone: (08) 9287 4333

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Share Registry

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Auditors

BDO Audit (WA) Pty Ltd

38 Station Street

SUBIACO WA 6008

Bankers

National Australia Bank

50 St Georges Terrace

PERTH WA 6000

St George Bank

167 St Georges Terrace

PERTH WA 6000

Stock Exchange Listing

Australian Securities Exchange ("ASX")

Home Exchange: Perth, Western Australia

Code: GRY

Website Address

www.gryphonminerals.com.au

Director's Report

Your directors present their report on the consolidated entity consisting of Gryphon Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

1. Directors

The following persons were directors of Gryphon Minerals Limited for the duration of the half-year and up to the date of this report (unless otherwise stated):

Non-Executive Chairman	Mel Ashton
Managing Director	Stephen Parsons
Non-Executive Director	Didier Murcia
Non-Executive Director	Steven Zaninovich
Non-Executive Director	David Netherway

2. Review of Operations

Banfora Gold Project (100%) Burkina Faso, West Africa

Burkina Faso is host to a number of mid-sized gold producing mines and numerous gold exploration projects predominantly in the central and eastern provinces of the country. Over the course of the last five years, Burkina Faso has moved from being an insignificant producer of gold to being the fourth largest producer in Africa. This development has been facilitated and supported by a new modern Mining Code and strong government support for the development of the mining industry. The country itself has enjoyed over 24 years of strong democratic government.

The Banfora Gold Project is located in the southwest of Burkina Faso in a major gold producing district, host to the world-class gold deposits of Randgold Resources' Tongon (4.2 million oz Au) only 30 kilometres ("km") to the south, Syama Resolute (5 million oz Au mined and 6.5 million oz Au in resources) 50 km to the west, and Morila Randgold/Anglo (6.5 million oz Au) 75 km to the northwest.

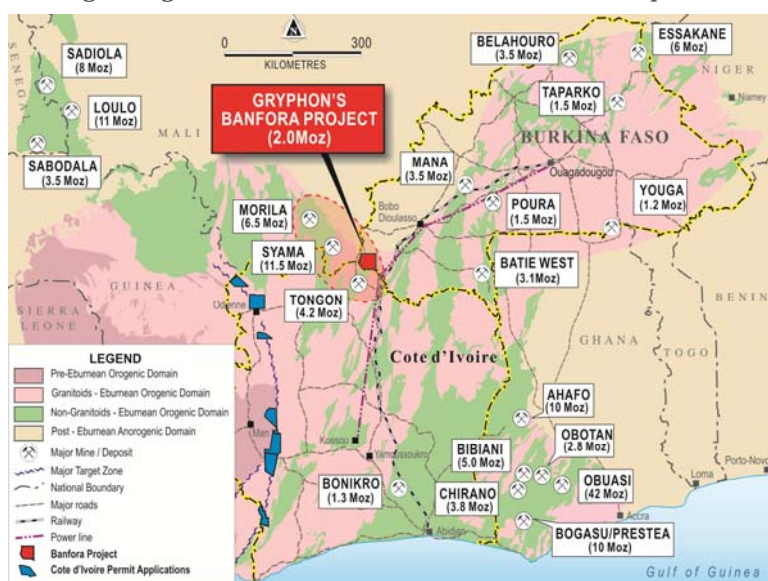
The project area contains six exploration licenses covering a total of 1,200 square kilometres and encapsulates the entire "Loumana" Birimian greenstone belt within Burkina Faso.

In March 2011 the Company announced an increase of the Joint Ore Reserves Committee ("JORC") inferred resource estimate of 29 Mt @ 2.1 g/t for 2 million oz of gold on Nogbele, Fourkoura and Samavogo deposits at the Banfora Gold Project¹. This resource estimate has now been independently verified and is N43-101 compliant. The resource outcrops from surface and the majority is shallow and above 100 metres depth, with mineralisation remaining open along strike and at depth.

The Company's aggressive exploration program has been ramped up with eight drill rigs on site for Q1/2012. Infill and step out drilling continues at the Nogbele and Samavogo deposits, plus regional exploration at Stinger, Ouahiri and other priority satellite targets. At the newly discovered Stinger target, where mineralisation occurs as multiple stacked zones, a detailed reverse circulation ("RC") and diamond drill ("DD") program has commenced to move the discovery to a potential resource estimate in 2012.

Gryphon firmly believes the Banfora Gold Project has the potential to become a multi-million ounce gold mining district and expects new resource and reserve estimates to be released during the first half of 2012.

The project area is easily accessible by road and in close proximity to the town of Banfora. A 100 km sealed road connects Banfora town to the city of Bobo Dioulasso and a further 350 km to Burkina Faso's capital city Ouagadougou. Grid power supplied by hydro-electricity is located approximately 30 km from the eastern boundary of the project.



¹ Refer to GRY ASX Announcement dated 31 March 2011.

Director's Report (continued)

2. Review of Operations (continued)

Banfora Exploration

Nogbele Deposit

Mineralisation at the Nogbele Deposit is controlled by two mineralising structures, an east west trending zone and a northwest-southeast trending zone. The east west mineralisation consists typically of multiple parallel and sub-parallel zones of broad hematite, silica and pyritic alteration, sericitic schists and lode quartz veins that dip between 10 and 60 degrees to the north, 'wrapping' around the 'nose' of the Nogbele granodiorite into the surrounding sediments and mafics.

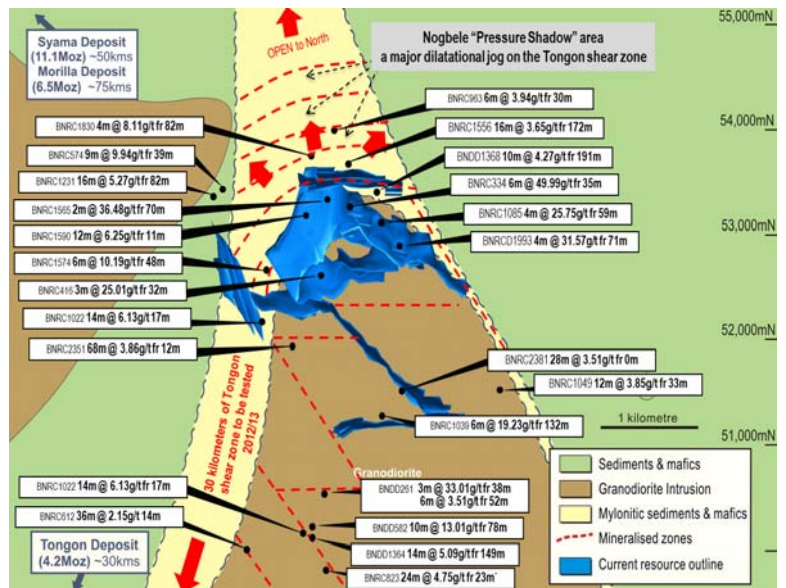
The northwest-southeast mineralisation is shear hosted with little or no quartz veining and strong to moderate hematite, carbonate, sericite and pyritic alteration and are typically higher grade.

The most recent results from the Nogbele deposit include the identification of a new parallel northwest trending zone of significant mineralisation discovered margin of the granodiorite unit including 68m @ 3.86 g/t gold from 12m and 32m @ 1.14 g/t gold from 24m.

On-going infill and step out drilling continues to identify significant gold mineralisation, including recently released results of²:

- 28m @ 3.51 g/t gold from surface;
- 14m @ 3.01 g/t gold from 130m; and
- 10m @ 3.28 g/t gold from 102m.

Mineralisation continues to remain shallow and is open along strike and down dip. A major shear zone on the western margin of the Nogbele granodiorite continues south for 30 km to Randgold's world class 4.2 million oz Tongon gold deposit.

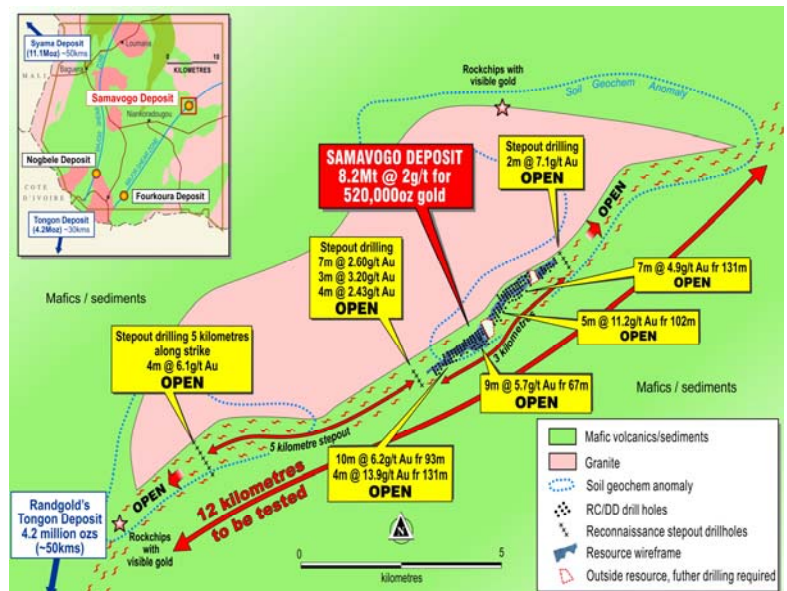


Samavogo Deposit

The Samavogo Deposit is located approximately 20 km to the northeast of the Nogbele Gold Deposit. Consistent with other deposits in the area, the resource is typically shallow with the majority at less than 100m vertical depth due to the shallow angle of mineralisation (approximately 30 degrees) and remains open along strike and down dip. The interim independent inferred resource estimate at Samavogo of 8.2 Mt @ 2.0 g/t for 520,000 oz gold is currently only defined over 3 km of a major shear zone and ongoing work continues to test a further 12 km of this shear³.

Ongoing infill and step out drilling at Samavogo continues to intersect significant gold mineralisation, including³:

- 18m @ 4.65 g/t gold from 73m;
- 23m @ 3.56 g/t gold from 127m;
- 5m @ 12.40 g/t gold from 114m;
- 8m @ 3.11 g/t gold from surface and 6m @ 6.96 g/t gold from 18m;
- 10m @ 3.32 g/t gold from 59m;
- 7m @ 5.52 g/t gold from 40m; and
- 10m @ 2.09 g/t gold from 57m and 6m @ 4.72 g/t gold from 70m.



² Refer to GRY ASX Announcement dated 28 October 2011.

³ Refer to GRY ASX Announcement dated 18 November 2011.

Director's Report (continued)

2. Review of Operations (continued)

Banfora Exploration (continued)

Fourkoura Deposit

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

Stinger

Drilling at the new stinger target has intersected multiple 'stacked' zones of shallow mineralisation.

Following initial drill intercepts of 10m @ 4.39 g/t from 3m, 8m @ 4.62 g/t gold from 8m and 3m @ 19.36 g/t gold from 5m, follow up drilling has highlighted at least three parallel mineralised zones across several kilometres within the 'Stinger corridor'. Mineralisation outcrops from surface have been drilled to typically less than 100m vertical depth. Several recent drill holes confirm mineralisation continues to 150m below surface and at depth.

Results include⁴:

- 7m @ 9.80 g/t gold from 177m;
- 3m @ 12.00 g/t gold from 13m and 13m @ 2.48 g/t gold from 100m;
- 4m @ 5.99 g/t gold from 7m and 3m @ 11.22 g/t gold from 82m;
- 13m @ 1.97 g/t gold from 28m and 20m @ 1.31 g/t gold from 201m;
- 7m @ 7.55 g/t gold from 9m; and
- 2m @ 54.69 g/t gold from 20m.

The Stinger target is located just 10 km to the east of the Nogbele gold deposit and planned processing plant.

Banfora Regional

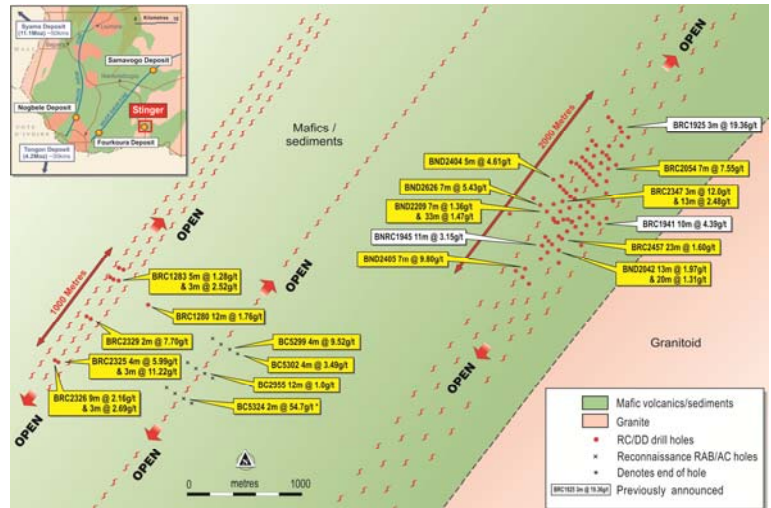
Numerous untested and high priority targets remain within the 1,200 square kilometre project area. A further 15 to 20 high priority regional targets will be tested as part of the on-going exploration program for the property. Of these targets, Ouahiri continues to underline the excellent target potential for the region with first pass drilling intersecting shallow mineralisation along a 17 km strike with intercepts of 15m @ 5.09 g/t gold from surface, 17m @ 2.55 g/t from 16m and 4m @ 12.10 g/t from surface⁵.

Gryphon will continue to undertake reconnaissance rotary air blast drilling targeting new high priority regional targets which will test sections of the 120 km of highly prospective shear zones within the project.

Banfora Feasibility Studies

Detailed feasibility studies ("DFS") on the Banfora Gold Project are well advanced with Lycopodium Minerals Pty Ltd and other consultants. Building on the findings of the preliminary independent engineering studies released in August 2011, the DFS is based on:

- a 3.5 Million tonne per annum ("mtpa") operation and processing plant (based on the Company's anticipated resource growth)
- 200,000 oz gold per annum gold production;
- Simple crush and grind configuration with conventional carbon in leach ("CIL") and a possible gravity circuit;
- Gold recoveries of +93% using a coarse grind (106 microns); and
- Conventional excavator and truck, open pit operations on a contract mining basis.



⁴ Refer to GRY ASX Announcement dated 16 February 2012.

⁵ Refer to GRY ASX Announcement dated 18 November 2011.

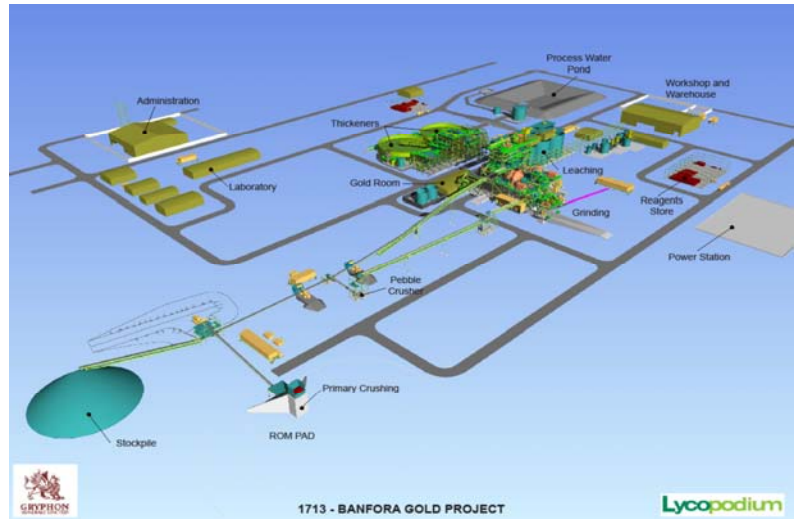
Director's Report (continued)

2. Review of Operations (continued)

Banfora Feasibility Studies (continued)

The Banfora Gold Project is well located for development. Regional topography indicates that all required infrastructure can be readily accommodated. The study also provided a favourable assessment of the projects proximity to surplus water, existing telecommunications facilities, grid power, roads as well as site locations for a processing plant, dams and tailing facilities.

In addition to the engineering studies, a number of preliminary social, community and environmental impact assessments have been completed. These studies are precursors to completing baseline studies for the Project's Environmental Impact Assessment ("EIA"). All have been completed in accordance with international best practice, International Finance Corporation (a member of the World Bank Group and a Gryphon Mineral Shareholder) standards and in compliance with legislation in Burkina Faso. Gryphon maintains regular and on-going communication with local and national government agencies as well as local community stakeholder groups, all of which continue to provide strong support to Gryphon and the proposed future mining development at Banfora.



West African Footprint

Mauritania

The Tijirit Gold Project is located in northwest Mauritania and covers approximately 1,400 square kilometres of contiguous exploration licenses. It is located just 10 km from the 21 million oz Tasiast Gold Mine (Kinross Mining/Red Back Mining). Historical first pass drill results⁶ (undertaken by Shield Mining Ltd, now 100% owned by Gryphon) include 6m @ 17.63 g/t from 10m, 6m @ 10.47 g/t from 16m and 2m @ 24.90 g/t from 56m. The majority of this drilling is to a vertical depth of less than 50 metres and has in places intersected broad mineralised halos in excess of 150 metres wide.

Gryphon has completed an initial structural interpretation drill program, on-going mapping and geophysical and geochemical programmes to develop its geological understanding of the Tijirit Gold Project. Previous historical (Shield Mining Ltd) drilling conducted on the project area have focussed on banded iron formation ("BIF") hosted mineralisation, however broad 50 to +100 metre wide zones of altered 'halo' mineralisation show similarities to mineralised greenschist at the adjacent Tasiast Gold Mine that develop peripheral and along strike to the main ore body at Tasiast.

A 30,000 metre RC/DD drill campaign has commenced to test these broad mineralised 'halo' zones as well as several new previously untested areas within the project. The company is very excited by this upcoming program which will look to test the first 10 highly prospective gold targets over the 1,400 square kilometre Tijirit Gold Project.

The Akjoujt Copper/Gold Project is located 30 kilometres to the west of the Guelb Moghrein copper/gold mine operated by First Quantum Minerals Ltd. The project area covers approximately 750 square kilometres of contiguous exploration license area. Preparations for a DD campaign continued during the quarter and surface gravity surveys, geophysical surveying, soil geochemical sampling and geological mapping was also undertaken.

The Saboussiri Copper/Gold Project is located in southern Mauritania and covers approximately 1,000 square kilometres of continuous exploration licenses. Further soil geological mapping was also undertaken in the project area.

⁶ Refer to Shield Mining Limited ASX Announcement dated 29 July 2009.

Director's Report (continued)

2. Review of Operations (continued)

West African Footprint (continued)

Cote d'Ivoire

The Company has submitted mineral applications over 4,000 square kilometres of highly prospective ground in Cote d'Ivoire in the west and northwest of the country. Gryphon has already commenced initial geological studies and field programs on these highly prospective regions and looks forward to providing further updates as the field season progresses.

Liberia

The Company formed a strategic alliance with Tawana Resources NL (ASX: TAW) ("Tawana") in December 2010 to explore for gold and other minerals in Liberia. Tawana is currently exploring the Sino Gold Project which has extensive artisanal workings and is along strike from Hummingbird Resource PLC's (AIM: HUM) 3.8 million oz Dugbe Gold Project; the Nimba/Lofa Gold Projects located on a known gold hosting structure along strike from the 5 million oz Ity Gold Mine and the Mofe Creek Iron Ore Project located 10 km from the historic Bomi Hills Mine (+50Mt high grade DSO magnetite), only 25 km from the coast and adjacent to a heavy haul railway and port.

In February 2012, Tawana announced it had entered into a binding heads of agreement with a private Liberian company to acquire the gold rights to the Cape Mount Gold Project, located in the northwest of Liberia, along strike from Aureus Mining's 1.57 million oz New Liberty Gold Project.

Mali

On 20 February 2012, the Company announced that it had acquired a 6.72% stake in fellow ASX-listed West African gold explorer Papillon Resources Limited (ASX:PIR) ("Papillon"). The strategic investment by Gryphon provides exposure to Papillon's promising gold projects in Mali, West Africa. While Gryphon remains fully focussed on advancing and delivering the Banfora Gold Project and other Projects in its West African footprint, the investment in Papillon represents growth options to Gryphon shareholders without impacting existing activities.

Renaissance Minerals Limited (Gryphon 16%)

Gryphon holds a strategic interest in Renaissance Minerals Limited (ASX:RNS) ("Renaissance") which has a dominant holding in the Eastern Goldfields, Western Australia of over 3,000 square kilometres. The tenements are positioned on two regional scale gold corridors: Keith-Kilkenny & Laverton Tectonic Zones and Renaissance is targeting multi-million ounce gold systems. Recent drilling results include (33m @ 3.10 g/t Au from 51m, 32m @ 2.61 g/t Au from 13m, 12m @ 2.96 g/t Au from 73m, 22m @ 1.74 g/t Au from 12m)⁷. The Company also owns the Quicksilver Project in Alaska, with rock chip samples of up to 36 g/t gold.

On 20 February 2012, Renaissance announced it had executed a binding agreement to acquire the Okvau Gold Deposit in Cambodia from Oz Minerals Limited (ASX:OZL). The project covers 1,100 square kilometres of a highly prospective new gold province and currently contains a JORC resource estimate of 12.6 Mt @ 1.8 g/t for 729,000 oz gold, with mineralisation remaining open at depth and along strike⁸.

Corporate

In November 2011, Gryphon announced it had successfully raised \$58.5 million via a share placement and \$3.956 million via a share purchase plan that was open to all eligible shareholders. The proceeds of this capital raising have been, and will continue to be, used to fund resource and reserve definition drilling, regional exploration, feasibility studies, procuring long lead items and preliminary site works at Gryphon's flagship Banfora Gold Project. The funds will also be used to continue exploration work at the Company's gold projects in Mauritania as well as to meet working capital requirements and to fund potential acquisitions.

In addition the Company is well advanced in its preparations for a proposed listing on the Toronto Stock exchange ("TSX").

⁷ Refer to RNS ASX Announcement dated 31 January 2012.

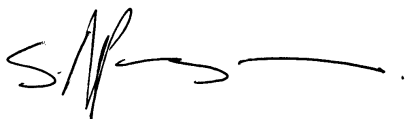
⁸ Refer to RNS ASX Announcement dated 20 February 2012

Director's Report (continued)

3. Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.



Stephen Parsons
Managing Director

Perth, Western Australia, 9 March 2012

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

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

Information in this report relating to mining engineering has been compiled by Mr Stuart Cruickshanks, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stuart Cruickshanks is a full-time employee of Gryphon Minerals Ltd. Mr Stuart Cruickshanks has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stuart Cruickshanks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Lead Auditor's Independence Declaration



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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

9 March 2012

The Directors
Gryphon Minerals Limited
Freemasons Hall
181 Roberts Road
Subiaco WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF GRYPHON MINERALS LIMITED

As lead auditor for the review of Gryphon Minerals Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'BMcV', is written over a light blue horizontal line.

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Interim Financial Statements

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These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by Gryphon Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements cover the consolidated entity consisting of Gryphon Minerals Limited and the entities it controlled from time to time during the half-year period. The financial report is presented in Australian dollars.

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

Gryphon Minerals Limited
Freemasons Hall
181 Roberts Road
Subiaco WA 6008

A description of the nature of the group's operations is included in the directors' report on pages 3 - 7, which does not form part of these interim financial statements.

The interim financial statements were authorised for issue by the directors on 9 March 2012. The company has the power to amend and reissue the financial statements.

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

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2011

	Consolidated	
	31 December 2011 \$	31 December 2010 \$
Revenue		
Revenue from continuing operations	1,341,219	1,030,647
Other income	43,226	101,074
	1,384,445	1,131,721
Expenditure		
Administration expense	1,745,301	1,326,190
Consultancy expense	212,925	1,061,560
Employee benefits expense	1,378,150	1,323,999
Share based payment expense	722,026	8,069,751
Occupancy expense	113,500	109,769
Compliance and regulatory expense	67,110	65,439
Insurance expense	81,446	87,998
Depreciation expense	101,415	56,134
Exploration written off	315,679	311,346
	4,737,552	12,412,186
Loss before income tax	(3,353,107)	(11,280,465)
Income tax expense	-	-
Loss for the half-year attributable to owners	(3,353,107)	(11,280,465)
Other comprehensive income		
Changes in the fair value of financial assets	(1,423,000)	2,158,828
Exchange differences on translation of foreign operations	(208,949)	(114,081)
Total comprehensive income for the half-year attributable to owners	(4,985,056)	(9,235,718)
Basic and diluted loss per share (cents)	(1.1)	(4.3)

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

Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	Consolidated	
		31 December 2011 \$	30 June 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents		82,777,659	50,431,631
Trade and other receivables		2,489,658	1,190,025
Financial assets		228,527	185,302
Total Current Assets		85,495,844	51,806,958
Non-Current Assets			
Trade and other receivables		273,408	234,560
Financial assets		6,930,751	6,734,943
Property, plant and equipment		1,040,679	955,378
Exploration and evaluation expenditure	5	93,909,744	73,295,324
Total Non-Current Assets		102,154,582	81,220,205
Total Assets		187,650,426	133,027,163
LIABILITIES			
Current Liabilities			
Trade payables		1,771,703	3,820,241
Other payables		2,080,139	357,378
Total Current Liabilities		3,851,842	4,177,619
Non-Current Liabilities			
Provisions		88,075	82,211
Total Non-Current Liabilities		88,075	82,211
Total Liabilities		3,939,917	4,259,830
Net Assets		183,710,509	128,767,333
EQUITY			
Contributed equity	7	199,262,650	140,021,427
Reserves		7,450,612	8,395,552
Accumulated losses		(23,002,753)	(19,649,646)
Total Equity		183,710,509	128,767,333

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2011

	Consolidated					Total
	Contributed Equity	Accumulated Losses	Financial Asset Revaluation Reserve	Option Reserve	Foreign Currency Reserve	
	\$	\$	\$	\$	\$	
Balance at 1 July 2010	57,433,883	(11,630,740)	-	2,049,204	-	47,852,347
Loss for the half-year	-	(11,280,465)	-	-	-	(11,280,465)
Fair value adjustment of financial assets	-	-	2,158,828	-	-	2,158,828
Exchange differences on foreign operations	-	-	-	-	(114,081)	(114,081)
Total comprehensive income for the half-year	-	(11,280,465)	2,158,828	-	(114,081)	(9,235,718)
Transactions with owners in their capacity as owners:						
Contributions of equity net of transaction costs	79,294,410	-	-	-	-	79,294,410
Exercise of employee options	247,420	-	-	(247,420)	-	-
Acquisition of non-controlling interest	-	912,868	-	-	-	912,868
Share based payment transactions	-	-	-	8,279,571	-	8,279,751
	79,541,830	912,868	-	8,032,331	-	88,487,029
Balance at 31 December 2010	136,975,713	(21,998,337)	2,158,828	10,081,535	(114,081)	127,103,658
Balance at 1 July 2011	140,021,427	(19,649,646)	(2,189,229)	10,038,770	546,011	128,767,333
Loss for the half-year	-	(3,353,107)	-	-	-	(3,353,107)
Fair value adjustment of financial assets	-	-	(1,423,000)	-	-	(1,423,000)
Exchange differences on foreign operations	-	-	-	-	(208,949)	(208,949)
Total comprehensive income for the half-year	-	(3,353,107)	(1,423,000)	-	(208,949)	(4,985,056)
Transactions with owners in their capacity as owners:						
Contributions of equity net of transaction costs	59,206,206	-	-	-	-	59,206,206
Exercise of employee options	35,017	-	-	(35,017)	-	-
Share based payment transactions	-	-	-	722,026	-	722,026
	59,241,223	-	-	687,009	-	59,928,232
Balance at 31 December 2011	199,262,650	(23,002,753)	(3,612,229)	10,725,779	337,062	183,710,509

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2011

	Consolidated	
	31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities		
Payments to suppliers and employees for administration	(4,293,924)	(3,841,121)
Interest received	1,274,491	880,151
Net cash used in operating activities	(3,019,433)	(2,960,970)
Cash flows from investing activities		
Purchase of property, plant and equipment	(758,859)	(177,125)
Net cash acquired on acquisition of subsidiary	-	4,335,492
Payments for the acquisition of financial assets	(1,618,807)	(370,600)
Payments for exploration and evaluation	(21,454,928)	(8,181,738)
Net cash used in investing activities	(23,832,594)	(4,393,971)
Cash flows from financing activities		
Proceeds from issue of shares	62,552,000	51,915,555
Payments for costs of issue of shares	(3,353,945)	(2,538,518)
Net cash provided by financing activities	59,198,055	49,377,037
Net increase in cash and cash equivalents	32,346,028	42,022,096
Cash and cash equivalents at the beginning of the period	50,431,631	19,338,881
Cash and cash equivalents at the end of the period	82,777,659	61,360,977

Amounts shown above relating to payments to suppliers and employees and receipts from management fees include goods and services tax. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

1. Basis of preparation of interim financial statements

These consolidated interim financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These consolidated interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Gryphon Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

The interim financial statements cover Gryphon Minerals as a consolidated entity consisting of Gryphon Minerals Limited and the entities it controlled from time to time during the half-year ("Gryphon", "Company", "Group" or "Consolidated Entity").

2. Early adoption of AASB 9 *Financial Instruments*

AASB 9 specifies the basis for classifying and measuring financial assets. AASB 9 replaces the classification and measurement requirements relating to financial assets in AASB 139 *Financial Instruments: Recognition and measurement*.

The Company recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either held for trading or at fair value through equity. This classification is based on the objective of the Company's business model for managing the financial assets and the characteristics of the contractual cash flows. Fair value movements during the period for financial assets designated as held for trading are realised through profit and loss. Fair value movements during the period on assets designated as fair value through equity are realised through other comprehensive income.

Dividends from financial assets are included in profit or loss regardless of whether the election has been made to recognise movements in fair value in other comprehensive income.

On disposal, in contrast to AASB 139, the cumulative gains or losses recognised on investments held through equity over the period the Company held the financial asset are transferred directly to retained earnings/accumulated losses and are not permitted to be recognised in profit or loss. Financial assets held as fair value through equity are no longer required to be assessed for impairment.

The Company has reclassified amounts relating to financial assets previously accounted for as held for trading or at fair value through equity. This change in classification has been applied retrospectively and has had no impact on the carrying values of any financial assets currently or previously held, and no impact on the fair value movements of financial assets in profit and loss or other comprehensive income in the current or previous periods. This reclassification of amounts previously disclosed has been applied from 1 July 2010.

3. Dividends

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

4. Segment information

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

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2011

4. Segment information (continued)

Based upon the current operations of Gryphon, the board has identified four operating segments; being exploration for mineral resources within Burkina Faso, Mauritania, Regional and the Corporate/Head Office function.

The amounts provided to the board of directors with respect to total assets and profit and loss are measured in a manner consistent with that of the financial statements. Assets are allocated to a segment based on the operations of the segment and the physical location of the asset.

The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2011 is as follows:

	Exploration				Total \$
	Burkina Faso \$	Mauritania \$	Regional \$	Corporate \$	
Half-year ended 2011					
Interest revenue	-	-	-	1,341,219	1,341,219
Total segment revenue	-	-	-	1,341,219	1,341,219
Total segment loss before income tax	(172,682)	(414,049)	(5,515)	(2,760,861)	(3,353,107)
Half-year ended 2010					
Interest revenue	-	-	-	1,030,647	1,030,647
Total segment revenue	-	-	-	1,030,647	1,030,647
Total segment loss before income tax	(47,764)	(235,858)	(176,081)	(10,820,762)	(11,280,465)
Total segment assets					
31 December 2011	63,025,129	32,458,024	-	92,167,273	187,650,426
30 June 2011	44,327,829	30,192,724	-	58,506,610	133,027,163

5. Exploration & evaluation expenditure

	Consolidated	
	31 December 2011 \$	31 December 2010 \$
Opening balance at 1 July	73,295,324	28,027,017
Exploration expenditure at cost	20,769,326	7,200,726
Exploration expenditure through acquisition	-	26,500,000
Impairment/provisions	(315,679)	(311,346)
Effect of exchange rates	160,773	(677,232)
Closing balance at 31 December	93,909,744	60,739,165

6. Banfora Gold Project

In November 2007, Gryphon announced that it had finalised the acquisition of the Banfora Gold Project in Burkina Faso, West Africa from its joint venture partner Sanembaore Sarl Pty Ltd ("Sanembaore"). Consideration for this tranche of the acquisition was \$404,000; settled with a combination of cash, shares in Gryphon Minerals and the retention of a 1% net smelter royalty on the Project. All payments were made on completion of all relevant Government and Mines Department approvals and requirements.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2011

7. Contributed equity

	Consolidated		Consolidated	
	31 December 2011 Shares	30 June 2011 Shares	31 December 2011 \$	30 June 2011 \$
(a) Issued capital				
Ordinary shares – fully paid	348,164,983	299,922,058	199,262,650	140,021,427
Total contributed equity	348,164,983	299,922,058	199,262,650	140,021,427

	Date	Details	Consolidated	
			2011 Shares	2011 \$
(b) Issue of ordinary shares during the half-year				
	01 Jul 11	Opening balance	299,922,058	140,021,427
	30 Sep 11	Option conversion	200,000	96,000
	23 Nov 11	Share placement	45,000,000	58,500,000
	23 Nov 11	Share purchase plan	3,042,925	3,956,000
	31 Dec 11	Option premium	-	35,017
	31 Dec 11	Transaction Costs	-	(3,345,794)
		Closing balance	348,164,983	199,262,650

8. Events occurring subsequent to reporting date

On 20 February 2012, Gryphon announced it had acquired an approximate stake of 6.72% in fellow ASX-listed West African gold explorer Papillon Resources Limited (ASX:PIR) ("Papillon"). While Gryphon remains fully focussed on advancing and delivering the Banfora Gold Project and on other Projects in its West African footprint, the investment in Papillon represents an opportunity which offers growth options to Gryphon shareholders without impacting existing activities.

In February 2012, Gryphon committed to participate in the Renaissance Minerals Limited equity raising, the funds of which will be used by Renaissance to acquire the Cambodian Gold Assets of OZ Minerals Limited (ASX:OZL). This latest acquisition adds to Renaissance's portfolio of projects which include the prospective Eastern Goldfields and Southern Cross Projects located in Western Australia and the Quicksilver Gold Project located on the Tintina Gold Belt in Alaska. Gryphon has committed to maintain its approximate relative interest in Renaissance which currently sits at 16%.

9. Business combination

On 8 October 2010 the Company completed the 100% acquisition of Shield Mining Limited. Details of this business combination were disclosed in note 29 of the group's annual financial statements for the year ended 30 June 2011.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2011

10. Related party transactions

On 20 September 2011, Mr Steven Zaninovich was appointed to the board of Lycopodium Minerals Pty Ltd ("Lycopodium"). Lycopodium provides consulting services to Gryphon Minerals Limited. During the period from Mr Zaninovich's appointment to period end, Gryphon incurred charges from Lycopodium totalling \$240,794. The aforementioned charges are on an arm's length basis.

11. Commitments

	Consolidated	
	31 December 2011	30 June 2011
	\$	\$
(a) Exploration		
Not longer than one year	1,031,251	2,246,466
Longer than one year, but not longer than five years	2,451,759	2,386,236
Longer than five years	-	-
Total exploration commitments	3,483,010	4,632,702

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

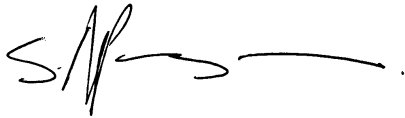
Directors' Declaration

For the half-year ended 31 December 2011

In the directors' opinion:

- (a) The financial statements and notes set out on pages 10 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date, and
- (b) There are reasonable grounds to believe that Gryphon Minerals Limited will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'S. Parsons', followed by a horizontal line and a period.

Stephen Parsons
Managing Director

Perth, Western Australia, 9 March 2012

Independent Auditor's Review Report

31 December 2011



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GRYPHON MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gryphon Minerals Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gryphon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Independent Auditor's Review Report

31 December 2011



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gryphon Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO
BM/1

Brad McVeigh
Director

Perth, Western Australia
Dated this 9th day of March 2012