



STRICTLY PRIVATE AND CONFIDENTIAL

Shield Mining Limited
ACN 108 267 083

5 July 2010

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Mr Sebastian Bednarczyk
Adviser – Issuers
Australian Securities Exchange
Level 9
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PERTH WA 6000

Total : 2 pages

Dear Sebastian,

SHIELD MINING LIMITED

We refer to your letter dated 1 July 2010 and in particular your request to answer the questions you have asked, and respond as follows below:

Question 1:

"Does the Company believe that the Takeover is material to the Company pursuant to listing rule 3.1?"

Answer: YES.

Question 2:

"When did the Company become aware of the intention of Gryphon to make the Takeover? In your response to this question please indicate the date and approximate time the Company became aware."

Answer: The evening of Tuesday 29 June 2010.

¹ Your letter refers to (and defines) the "Takeover" and the "Announcement" in the following context: "The announcement lodged by the Company on 30 June 2010 at 5:11 PM (EST) to ASX Limited ("ASX") ("Announcement") regarding the takeover offer by Gryphon Minerals Limited ("Gryphon") to acquire 100% of the Company ("Takeover")". It also refers to the Secondary Trading Notice and Appendix 3B lodged by the Company on 21 June 2010 at 3:36 PM (EST) regarding the issue of 10,980,879 shares on 18 June 2010 ("Cleansing Notice")

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Question 3:

"If the answer to any part of question 1 is "yes" and the Company became aware of the intention of Gryphon to make the Takeover prior to the release of the Announcement, please advise the following:"

- 3.1 Why was the information not released to the market at this earlier time? Please comment specifically on the application of listing rule 3.1; and
- 3.2 Why, if the Company was not able to announce the Takeover at that time, did the Company not request a trading halt at that time, pending the release of an announcement concerning the Takeover?

Answer 3.1: The Company requested a Trading Halt (pre-open) on the morning of 29 June 2010. Prior to the evening of 29 June 2010 (when the Company became "aware" of the Takeover), all of the exceptions of Listing Rule 3.1A applied in respect of the Takeover.

Although not referred to in your Questions, but for clarity and the avoidance of any doubt, the Cleansing Notice of 21 June 2010 complied at that date and time with sub-Section 708A (6), as read with sub-Sections 708A (7) & (8) of the *Corporations Act 2001 (Cth)*.

Answer 3.2: The Company announced the completed proposal and negotiation i.e. the Takeover (on 30 June 2010 at 5:11 PM (EST)) as per the Announcement.

Question 4:

"If the answer to question 1 is "no" please advise the basis on which the Company does not consider the Takeover to be material."

Answer: The answer to Question 1 was YES.

Question 5:

"Please confirm that the Company is in compliance with listing rule 3.1."

Answer: The Company confirms it is in compliance with Listing Rule 3.1.

Please contact me should you have any further queries in relation to our answers.

Yours faithfully



Trevor Harris
Company Secretary



ASX Limited
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Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

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Perth WA 6940

Telephone 61 (08) 9224 0000
Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

1 July 2010

Trevor Harris
Shield Mining Limited
680 Murray Street
PERTH WA 6000

By facsimile: 9322 5444

Dear Trevor,

Shield Mining Limited (the "Company")

We refer to the following;

- (i) The announcement lodged by the Company on 30 June 2010 at 5:11 PM (EST) to ASX Limited ("ASX") ("Announcement") regarding the takeover offer by Gryphon Minerals Limited ("Gryphon") to acquire 100% of the Company ("Takeover").
- (ii) The secondary trading notice and Appendix 3B lodged by the Company on 21 June 2010 at 3:36 PM (EST) to ASX regarding the issue of 10,980,879 shares on 18 June 2010.

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company believe that the Takeover is material to the Company pursuant to listing rule 3.1?
2. When did the Company become aware of the intention of Gryphon to make the Takeover? In your response to this question please indicate the date and approximate time the Company became aware.

3. If the answer to any part of question 1 is "yes" and the Company became aware of the intention of Gryphon to make the Takeover prior to the release of the Announcement, please advise the following:
 - 2.1 Why was the information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1; and
 - 2.2 Why, if the Company was not able to announce the Takeover at that time, did the Company not request a trading halt at that time, pending the release of an announcement concerning the Takeover?
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Takeover to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

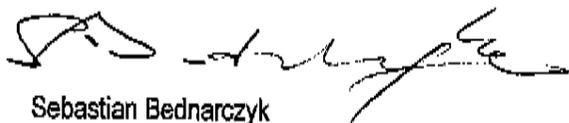
Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 7:30 am W.S.T Tuesday 6 July 2010.

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on the number below.

Yours sincerely,



Sebastian Bednarczyk
Adviser, Issuers (Perth)