



30 September 2010

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

On 24 September 2010, Gryphon Minerals Limited (**Gryphon** or **Company**) announced a placement of up to 36.1 million fully paid ordinary shares in the capital of the Company (**Shares**) at \$1.25 per Share to professional and sophisticated investors to raise approximately \$45.2 million before costs of the issue (**Placement**).

The Board of Directors of Gryphon are now pleased to offer eligible shareholders the opportunity to participate in a Shareholder Share Purchase Plan (**Plan**) to acquire additional Shares at the same issue price of \$1.25 per Share as that paid by investors under the Placement.

Shareholders Eligible to Participate in the Plan

The right to participate in the offer under the Plan is optional and is available exclusively to shareholders who are registered as holders of Shares at 5pm (WST) on the Record Date of 23 September 2010 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Share Purchase Plan

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares at a price of \$1.25 per Share (**Offer**).

The issue price of the Offer represents a **8% discount** to the volume weighted average trading price of the Company's Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of the Offer (being 24 September 2010).

The amount an Eligible Shareholder can subscribe for will be restricted to a cumulative total of \$15,000 Shares.

Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form.

Current Projects

Details of the Company's current activities are set out in the announcements made by Gryphon to the ASX and are available from the ASX, or Gryphon's website at www.gryphonminerals.com.au.

The funds raised under the Plan will be used by the Company in conjunction with funds raised from the recent placement (at the same price as the SPP) for additional exploration and studies at Gryphon's flagship Banfora Gold Project, where the Company earlier this month announced an increase in the JORC inferred resource estimate to 21Mt @ 2.2 g/t for 1.5 Million oz of gold.

How much can you invest?

Under the Plan, Eligible Shareholders may only acquire a maximum of \$15,000 worth of Shares under a share purchase plan in any 12 month period.

Subscription and Application Procedure

If you would like to participate in the Offer, you can either:

- complete the enclosed Entitlement and Acceptance Form and send it together with your payment by cheque made payable to “Gryphon Minerals Limited” and drawn in Australian currency for the correct amount, to Gryphon’s share registry, Security Transfer Registrars Pty Ltd, at 770 Canning Highway, Applecross, WA 6153, Australia, on or before the **Closing Date of 5pm (WST) on 21 October 2010**. No late applications will be accepted.
- make a BPAY[®] payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY[®] you do not need to return your Application Form. New Zealand holders will not be able to make a payment using BPAY[®]. Payments made by BPAY[®] received after **5pm (WST) on 21 October 2010** will not be accepted.

Applicants should not forward cash and direct bank transfers are not permitted.

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable at \$1.25 per Share	Number of Shares which may be purchased
Offer A	\$15,000	12,000
Offer B	\$11,250	9,000
Offer C	\$7,500	6,000
Offer D	\$5,000	4,000
Offer E	\$2,000	1,600

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the **Closing Date of 5pm (WST) on 21 October 2010**. If the exact amount of money is not tendered with your application, Gryphon reserves the right to either:

- return your Entitlement and Acceptance Form and/or payment and not allot any Shares to you; or
- allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject, or scale back, on an equitable basis, any application. Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is \$3,000,000. In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on an equitable basis.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$1.45. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Shortfall Placement

In the event that less than the maximum number of Shares that are available for subscription pursuant to this Offer are applied for, the shortfall may be placed at the discretion of the directors.

Indicative Timetable

Record Date (5.00pm WST)	23 September 2010
Announcement Date of Plan	24 September 2010
Opening Date of Offer	5 October 2010
Closing Date of Offer	21 October 2010
Dispatch date for holding statements	29 October 2010
Quotation of Shares on ASX	1 November 2010

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Gryphon's Company Secretary, Mr Brett Dunnachie, on (08) 9287 4333 or email admin@gryphonminerals.com.au.

Yours faithfully



Mr Brett Dunnachie
Company Secretary
GRYPHON MINERALS LIMITED

GRYPHON MINERALS LIMITED
ACN 107 690 657
Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Gryphon Minerals Limited (**Gryphon** or **Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Gryphon Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at \$1.25, being a 8% discount to the volume weighted average trading price of Gryphon Shares during the period 5 trading days prior to the announcement of the Offer on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Gryphon to issue a Prospectus, upon such terms and conditions as the board of directors of Gryphon, in its absolute discretion, sees fit.

Shareholders Eligible to Participate

Eligible shareholders of Gryphon Shares that are registered with an Australian or New Zealand address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Gryphon Shares offered under the Plan).

An offer may, at the discretion of the directors of Gryphon, be made under the Plan once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12 month period is \$15,000. The directors of Gryphon may also determine in their discretion the minimum amount for participation, the multiple of Gryphon Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Custodians, trustees and nominees

If you are an eligible shareholder and hold the Gryphon shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to Gryphon in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annexe to your Entitlement and Acceptance Form a certificate to Gryphon (**Custodian Certificate**) with the following information:

- that you held Shares in Gryphon on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (WST) on 23 September 2010 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;

- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Gryphon Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- is exempt from holding an Australian financial services licence by virtue of Class Order [CO 03/184] or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the Corporations Regulations 2001;
- is a trustee of a self managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the shares on account of another person.

If you hold Gryphon shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner describes above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request Custodian Certificate and if you would like further information on how to apply, you should contact Security Transfer Registrars Pty Ltd at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

Gryphon reserves the right to reject any application for Plan Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these

requirements. Gryphon reserves the right to reject applications in accordance with these Terms and Conditions.

Price of Gryphon Shares

The price of Gryphon Shares to be issued under the Plan will be \$1.25 per Share.

Applications and Notices

At the discretion of the directors of the Company, Gryphon will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Gryphon Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Gryphon to participants may be given in any manner prescribed by its Constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of Gryphon Shares

Gryphon Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Gryphon in the relevant offer.

Gryphon Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Gryphon from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Gryphon Shares issued under the Plan. The Company will, promptly after the issue of Gryphon Shares under the Plan, make application for

those Gryphon Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Gryphon may modify or terminate the Plan at any time. Gryphon will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Gryphon may issue to any person fewer Gryphon Shares than the person applied for under the Plan if the issue of the Gryphon Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Gryphon may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Gryphon Shares. The decision of Gryphon in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Gryphon reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Gryphon under these conditions may be exercised by the directors of Gryphon or any delegate of the directors of Gryphon.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Mr Brett Dunnachie, Company Secretary on (08) 9287 4333.

SHARE PURCHASE PLAN APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
FREEMASONS BUILDING
181 ROBERTS ROAD
SUBIACO WA WA 6008
AUSTRALIA

GRYPHON MINERALS LTD

ABN: 31 107 690 657

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

Record Date:

NON-RENOUNCEABLE SHARE OFFER CLOSING AT 5.00PM WST ON 21 OCTOBER 2010

(1) I/We, the above mentioned, wish to apply for the number of Fully Paid Ordinary Shares which will be issued in accordance with the Share Purchase Plan (SPP) and the Constitution of the Company as stated below: *(please mark "X" to indicate one choice only)*

		TOTAL SUBSCRIPTION AMOUNT @ \$1.25 PER SHARE	NUMBER OF SHARES
OFFER A - maximum amount	<input type="checkbox"/>	<input type="text" value="\$15,000.00"/>	<input type="text" value="12,000"/>
OFFER B	<input type="checkbox"/>	<input type="text" value="\$11,250.00"/>	<input type="text" value="9,000"/>
OFFER C	<input type="checkbox"/>	<input type="text" value="\$7,500.00"/>	<input type="text" value="6,000"/>
OFFER D	<input type="checkbox"/>	<input type="text" value="\$5,000.00"/>	<input type="text" value="4,000"/>
OFFER E	<input type="checkbox"/>	<input type="text" value="\$2,000.00"/>	<input type="text" value="1,600"/>

- (2) I/We have enclosed/made payment for the amount shown above (following the payment instructions as detailed overleaf).
- (3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the New Securities allotted to me/us.
- (4) I/We agree to be bound by the Constitution of the Company and the terms of the SPP.
- (5) I/We hereby agree to accept any lesser number of new Shares applied for.
- (6) I/We hereby certify that the amount of Shares subscribed for by me/us pursuant to the SPP (being a maximum of \$15,000.00 worth of Shares) does not exceed \$15,000.00 taking into account the Shares the subject of this application and any other Shares applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including other beneficial interests. **Limit on Participation and Custodian Certification- see overleaf for details.**
- (7) My/Our contact details in case of enquiries are:

NAME TELEPHONE NUMBER

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.

PAYMENT INFORMATION - Please also refer to payment instructions overleaf.



Billers Code: 117226

Ref:

BPAY® this payment via internet or phone banking.

Your BPAY® reference number is unique to this offer and is not to be used for any other offer.



CHEQUE/MONEY ORDER

All cheques (expressed in Australian currency) are to be made payable to **GRYPHON MINERALS LTD** and crossed "Not Negotiable".

REGISTRY DATE STAMP

E & O.E.

PAYMENT INSTRUCTIONS



Billers Code: 117226

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.



CHEQUE/MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm WST on the closing date.

CERTIFICATION

By making payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms of the SPP;
2. Agree to be bound by the Terms of the Constitution of the Company and the SPP;
3. Agree to accept any lesser number of new Securities than the number of Securities applied for; and
4. (If not a Custodian as defined in ASIC Class Order 09/425) Certify that the amount of Securities subscribed for by me/us pursuant to the SPP does not exceed the maximum amount taking into account the Securities the subject of this application and any other Securities applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

LIMITATION ON PARTICIPATION

The maximum subscription limitation of \$15,000.00 will apply even if an eligible Holder has received more than one form (whether in respect of a joint holding or because the eligible Holder has more than one holding under separate Security accounts).

CUSTODIAN CERTIFICATION

If you are a Custodian (as defined in ASIC Class Order 09/425), you must submit a custodian certificate to GRYPHON MINERALS LTD. If you did not receive a custodian certificate, contact Security Transfer Registrars Pty Limited. If you need further information to determine whether you are a Custodian, refer to the terms and conditions of the Plan which accompany this Share Purchase Plan Application Form or contact Security Transfer Registrars Pty Limited.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them at the address on this form.