



GRYPHON MINERALS LIMITED

ACN 107 690 657

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00am (WST)

DATE: 20 November 2012

PLACE: BDO
38 Station Street
Subiaco WA 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9287 4333.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am (WST) on 20 November 2012 at:

BDO
38 Station Street
Subiaco WA 6008

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 11:00am (WST) on 18 November 2012.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

For information on restrictions applying to undirected proxies for Resolutions 1 and 6 please read Section 2.4 of the Explanatory Statement and the Proxy Form.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012, together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2012."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANDREA HALL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.12 of the Constitution and for all other purposes, Andrea Hall, a Director who was appointed on 1 September 2012, retires, and being eligible, is re-elected as a Director."

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – DIDIER MURCIA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Didier Murcia, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 4 – APPROVAL TO ISSUE SECURITIES UNDER AN EMPLOYEE INCENTIVE SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to allot and issue securities under the employee incentive scheme titled Gryphon Minerals Limited – Equity Incentive Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (b) a member of the Key Management Personnel; or
- (c) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF PLAN RIGHTS TO RELATED PARTY – STEPHEN PARSONS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to allot and issue 344,435 Performance Rights and 874,124 Share Appreciation Rights to Stephen Parsons (or his

nominee/s) on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (b) a member of the Key Management Personnel; or
- (c) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – SPILL RESOLUTION

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 6.

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Section 250V(1) of the Corporations Act and for all other purposes, approval is given for:

- (a) *the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**); and*
- (b) *all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated pursuant to (b) to be put to vote at the Spill Meeting."*

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*

- (b) *a Closely Related Party of such a member.*

*However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:*

- (a) *the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or*
- (b) *the voter is the Chair and the appointment of the Chair as proxy:*
- (i) *does not specify the way the proxy is to vote on this Resolution; and*
 - (ii) *expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

DATED: 19 OCTOBER 2012

BY ORDER OF THE BOARD



ALEXANDER EASTWOOD
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012, together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.gryphonminerals.com.au>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out in detail the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for the financial year ending 30 June 2012.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were more than 25%. Accordingly, the Spill Resolution will be relevant for this Annual General Meeting if at least 25% of the votes cast on the Remuneration Report resolution are voted against adoption of the Remuneration Report. Refer to Resolution 6 and Section 5 for further information.

2.4 Proxy voting restrictions – PLEASE READ CAREFULLY

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)

You do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote by completing Step 2 of the Proxy Form, you will expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel. Please note the Chairman intends to vote all undirected proxies in favour of all Resolutions other than Resolution 6 where undirected proxies will be voted against this Resolution.

If you appoint any other person as your proxy

You do not need to direct your proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANDREA HALL

Clause 11.11 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but is not to be taken into account in determining the Directors who are to retire by rotation at that meeting.

Andrea Hall will retire in accordance with clause 11.11 of the Constitution and being eligible seeks re-election.

Andrea Hall was recently appointed to the Board on 1 September 2012 as non-executive director.

She is a Chartered Accountant and formerly a Perth-based partner within KPMG's Advisory Services division. She has more than 20 years of experience in internal and external audit, corporate governance, risk management and advisory services. During her tenure at KPMG, she worked closely with many large organisations in mining and other sectors, including iron ore, nickel and gold producers. Prior to this, she managed the Perth-based finance team for WMC Resources Ltd. Andrea was the 2011 Chair of the WA Council for the Institute of Chartered Accountants where she was an elected member for 7 years. She is currently a member of the Murdoch University Audit and Risk Committee and sits on the Board of Commissioners for Lotterywest.

The Company is delighted to have secured someone of Andrea's experience and calibre to join the Board. She has significant audit, financial and corporate governance expertise and a depth of skills and experience that will greatly assist the Company in transitioning into a gold producer.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – DIDIER MURCIA

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not 3 nor a multiple of 3, then the number nearest one-third and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director) must retire from office.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Directors to retire at an annual general meeting must be those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

The Company currently has 5 Directors, 1 of whom is retiring in accordance with clause 11.12 of the Constitution, accordingly 1 must retire by rotation.

Didier Murcia, the Director longest in office since his last election, retires by rotation and seeks re-election.

5. NEW REMUNERATION FRAMEWORK

5.1 Background

Following voting results at its 2011 annual general meeting, the Company reviewed its remuneration framework. This included visiting a number of Shareholders and Shareholder representatives in 2012 and working closely with PricewaterhouseCoopers (**PwC**) as external advisers to provide advice on how the overall design of the Company's revised remuneration policy and framework compares with market practice.

The Board and the Company's remuneration committee recognise that the Company's performance and ultimate success in project delivery depends very much on its ability to attract and retain highly skilled, qualified and motivated people in an increasingly competitive remuneration market. At the same time, remuneration practices must be transparent to shareholders and be fair and competitive taking into account the nature and size of the organisation and its current stage of development.

The Board believes the review has addressed past concerns of Shareholders and resulted in significant improvements to the Company's approach towards executive remuneration which will take effect for the financial year ending 30 June 2013 and beyond, including the adoption of a new executive remuneration policy which is more in line with market practice and aims to reward internal and external performance in a way that is consistent with its exploration and mining peers.

The main objective of the new policy is to ensure that all executive remuneration is directly and transparently linked with strategy and performance by aligning short term incentives and long term incentives with achievement of the Company's short term and long term strategic objectives and longer term Shareholder return.

The new remuneration framework for executives was approved by the Board on 5 July 2012 and provides a mix of fixed remuneration (salary, superannuation and allowances) and variable "at risk" incentive remuneration of both a short term (eg cash bonuses) and long term (ie the proposed equity incentive scheme) nature.

The Board considers that long term incentive should form a key component of total annual remuneration of executives which can be achieved by setting a significant portion of total annual remuneration "at risk" to better align interests with those of Shareholders to encourage the production of long term sustainable growth and to assist with retention.

It was recognised by the Board that the existing option plan as a standalone long term incentive scheme was no longer suitable and was not providing an effective tool to reward, retain and motivate senior executives or staff of the Company.

The Board recognises that to preserve Shareholder value it must therefore have in place a fit for purpose long term remuneration structure which ensures executives are attracted, motivated and retained by the Company during a critical time in the Company's development. A variety of different equity incentive vehicles were explored, with the Board and the Board's remuneration committee taking advice from PwC and deciding that the most appropriate long term incentive component of the Company's remuneration framework should be an executive incentive scheme for the issue of performance rights and share appreciation rights. The Board believes these rights will be more effective in linking reward with performance, while taking into account challenges and market forces to ensure individuals remain motivated and not adversely affected by tax consequences.

5.2 Performance Rights

A Performance Right represents a right to be issued one Share at a future point in time subject to the satisfaction of any conditions related to vesting, performance hurdles and/or exercise.

There is no exercise price payable.

5.3 Share Appreciation Rights

A Share Appreciation Right represents a right to be issued that number of Shares calculated by reference to the performance of the market price of Shares over the term of the Share Appreciation Right and subject to the satisfaction of any conditions related to vesting, performance hurdles and/or exercise.

A Share Appreciation Right is similar to an option in that it only rewards a holder for growth in the Share price. However, as they are referenced to the increase in value from the initial market value set by the Board they will result in less Shares being issued than an equivalent number of options (ie a lesser dilutionary impact for Shareholders) with a corresponding reduction in funds being provided to the Company as there is no exercise price on a Share Appreciation Right.

The formula for calculating the number of Shares to be issued upon conversion of a Share Appreciation Right is set out in Schedule A.

5.4 Remuneration policy for long term incentives to be granted to executives

The Company's new remuneration policy for long term incentives to be granted to executives is discussed in detail in the Company's 2012 annual report.

In summary, as part of the new remuneration policy and framework for executives, the Board has approved the following principles which will apply for grants of long term incentives:

- (a) made annually, and subject to a maximum % threshold amount of fixed remuneration;
- (b) larger ad hoc grants are to be discouraged, however given the Company's current stage of development, they may be granted where considered appropriate by the Board as necessary to attract senior executives who have no significant exposure to equity; and
- (c) will only vest subject to performance measured against longer term internal and external performance measures (i.e. vesting conditions) measured over a 3 year vesting period.

The Board believes a staggered approach to awarding long term incentives over the next three years is more appropriate for project development and is reflective of where the Company is currently positioned. In coming to this decision the Board considered the following:

- (d) retention of the senior management team is critical at this stage in the development of the Company's Banfora Gold Project. As the Company transitions from feasibility studies to project development and ultimately production over the next three years, continuity of the senior management team is imperative to avoid the Company facing a major setback;
- (e) a staggered approach better recognises the substantial amount of work required from a small executive team to develop the Banfora Gold Project and ensures those executives are rewarded "along the way" as the project progresses towards production;
- (f) such approach is better aligned to that of the Company's peers in the same sector who are similarly competing for scarce availability of skills in a tight labour market; and
- (g) no long term incentives were issued to Key Management Personnel other than to Mr Tim Holt as a sign-on award for joining the Company in the financial year ending 30 June 2012.

As the Company moves into production the Board will reconsider this approach and look at moving to a more conventional remuneration model where all long term incentive rights vest at the end of the three year period.

5.5 Key terms of initial long term incentives to be granted to executives for the financial year ending 30 June 2013

The key terms for the initial long term incentives as resolved by the Board on 5 July 2012 to be granted to executives, subject to regulatory approvals and Shareholder approval of Resolutions 4 and 5, are as follows:

- (a) a maximum long term incentive dollar value equal to 50% of fixed remuneration for direct reports to the Managing Director and 75% of fixed remuneration for the Managing Director. This is in line with current market practice as advised to the Company by PwC;
- (b) 50% of the long term incentives will be granted as Share Appreciation Rights, and 50% as Performance Rights under the new executive incentive scheme to be approved by Shareholders pursuant to Resolution 4;
- (c) the number of Performance Rights and Share Appreciation Rights to be granted will be determined by dividing the long term incentive dollar value of the rights by the fair value of the Performance Right or Share Appreciation Right (whichever is applicable);
- (d) the Share Appreciation Rights have been set at an initial market value equal to 125% of the 20-day volume weighted average price of the Shares as at 5 July 2012 being the date the Board resolved to grant them subject to regulatory approvals and Shareholder approval of Resolutions 4 and 5;
- (e) 50% of the long term incentives vest in equal tranches at the end of the 1st financial year and 2nd financial year in which they were resolved by the Board to be granted (ie 25% on 30 June 2013 and 25% on 30 June 2014) and subject to satisfaction of the following internal performance based vesting conditions:
 - (i) 25% on implementation of an enhanced risk management framework for the Company (both in Australia and in the country of operations) as relevant to a company moving from pure exploration into development and production satisfactory to the Board on or before 31 December 2012 (**Performance Hurdle 1**);
 - (ii) 12.5% on securing project funding for the Banfora Gold Project on or before 31 December 2013 (**Performance Hurdle 2**); and
 - (iii) 12.5% on grant of a mining licence for the Banfora Gold Project on or before 31 December 2013 (**Performance Hurdle 3**),
- (f) 25% of the long term incentives will vest at the end of the 3rd financial year in which they were resolved by the Board to be granted (i.e. 30 June 2015) and subject to the Company achieving specified absolute total shareholder return (TSR) targets (i.e. Share price appreciation and dividends paid (if any)) measured over that three year period (**Performance Hurdle 4**) as follows:

Absolute TSR Performance	% to Vest [^]
Less than 10%	0%
10%	50%
Between 10% and 20%	Pro rata between 50% and 100% (ie for each percent over 10% an additional 5% will vest)
Greater than 20%	100%

[^] of those conditional on this performance requirement

- (g) 25% of the long term incentives will vest at the end of the 3rd financial year in which they were resolved by the Board to be granted (i.e. 30 June 2015) and subject to the Company achieving specified relative TSR targets measured over that three year period (**Performance Hurdle 5**) as follows:

Relative TSR Performance*	% to Vest [^]
Less than 50 th percentile	0%
50 th percentile	50%
Between 50 th percentile and 75 th percentile	Pro rata between 50% and 100% (ie for each percentile over the 50 th an additional 2% will vest)
Greater than 75 th percentile	100%

* in comparison to the Performance Peer Group (refer to Section 5.6)

[^] of those conditional on this performance requirement

Absolute TSR targets reward executives when the Company meets or exceeds the growth target set by the Board and relative TSR targets reward executives when the Company outperforms its peers.

For the current long term incentives the Board adopted an approach reflecting current market practices which requires vesting conditions for long term incentives to focus on a combination of both external measures based on absolute and relative TSR and longer term internal project based metrics. In determining the absolute TSR range of 10% to 20%, the Board took into account a number of factors, including the weighted average cost of capital for investors and an appropriate investment return based on the risk profile of the Company. The method of using combined absolute and relative TSR metrics was considered to be a balanced and fair measure of external performance and shareholder return. As the Company migrates to production, use of absolute TSR may be reconsidered as well as use of other internal financial metrics related to production.

5.6 Performance Peer Group

The Performance Peer Group is based on companies in the exploration and mining sector with similar issues to the Company in respect of organisational size, geography, nature and stage of development and complexity. Considerations were given to companies who:

- (a) are primarily focussed on gold exploration or gold project development;
- (b) have a similar geographic location of project areas and/or similar sovereign or country risk profiles;
- (c) are listed on both ASX and the Toronto Stock Exchanges (TSX);
- (d) are currently at, or expected to be at a development stage in the future who meet the above criteria; or
- (e) are currently in production which are of a similar size to the Company's forecast production profile.

Companies within the Performance Peer Group are currently set at:

Regis Resources Ltd	Integra Mining Ltd
Perseus Mining Ltd	Intrepid Mines Ltd
Medusa Mining Ltd	Noble Mineral Resources Ltd
Resolute Mining Ltd	Ampella Mining Ltd
Kingsgate Consolidated Ltd	Azumah Resources Ltd
Silverlake Resources Ltd	Endeavour Mining Corporation
CGA Mining Ltd	Keegan Resources Inc.
Discovery Metals Ltd	Orezone Gold Corporation
Beadell Resources Ltd	PMI Gold Corporation
Saracen Mineral Holdings Ltd	Volta Resources Inc.

Reserve companies have also been nominated in the event any of the above companies departs the primary group.

5.7 Initial grant of long term incentives to Mr Stephen Parsons

The initial long term incentives resolved by the Board on 5 July 2012 to be granted to Mr Stephen Parsons subject to regulatory approvals and Shareholder approval of Resolutions 4 and 5 have been calculated in accordance with the framework summarised in Section 5.5 and as set out below.

The fixed remuneration of Mr Stephen Parsons is \$500,000 (exclusive of superannuation) and as Managing Director of the Company the long term incentive dollar value has been set at the maximum level permitted under the new remuneration framework of 75% of this figure, being \$375,000 and

apportioned equally between Performance Rights and Share Appreciation Rights which vest over a 3 year period.

The quantity of Performance Rights and Share Appreciation Rights to be issued will be determined by dividing the long term incentive dollar value of those rights by the fair value of the Performance Right or Share Appreciation Right (whichever is applicable).

Performance Rights:

Performance Hurdle	Weighting	\$ Value	Fair Value	Quantity*
1	25.0%	\$46,875.00	\$0.730	64,212
2	12.5%	\$23,437.50	\$0.730	32,106
3	12.5%	\$23,437.50	\$0.730	32,106
4	25.0%	\$46,875.00	\$0.470	99,840
5	25.0%	\$46,875.00	\$0.404	116,171
TOTAL	100%	\$187,500.00	-	344,435

* The quantity of instruments to be issued may not equate to the '\$ value' divided by the 'fair value' due to rounding.

Share Appreciation Rights:

Performance Hurdle	Weighting	\$ Value	Fair Value	Quantity*
1	25.0%	\$46,875.00	\$0.246	190,781
2	12.5%	\$23,437.50	\$0.246	95,391
3	12.5%	\$23,437.50	\$0.246	95,391
4	25.0%	\$46,875.00	\$0.187	250,937
5	25.0%	\$46,875.00	\$0.194	241,624
TOTAL	100%	\$187,500.00	-	874,124

* The quantity of instruments to be issued may not equate to the '\$ value' divided by the 'fair value' due to rounding.

The initial market value set by the Board for the purposes of calculating the quantity of Shares that may be issued at the time of conversion of the Share Appreciation Rights has been set at \$0.87 (being 125% of the 20-day volume weighted average price as at 5 July 2012 being the date the Board resolved to grant the Share Appreciation Rights, subject to regulatory approvals and Shareholder approval of Resolutions 4 and 5). An appropriate valuation technique has then been applied to determine the above fair values.

The share price at the time of issue of the Performance Rights was \$0.73 (being the closing share price as at 5 July 2012 being the date the Board resolved to grant the Performance Rights, subject to regulatory approvals and Shareholder approval of Resolutions 4 and 5). An appropriate valuation technique has then been applied to determine the above fair values.

The fair values set out above may change between the date of this notice of meeting and the date the Performance Rights and Share Appreciation Rights are issued due to share price movements and other variables which are used to determine fair value.

The Board acknowledges that as at the date of this Notice the Shares are trading on ASX at a price greater than this value, however, it notes the formula for calculating this initial fair value was set at the time the Board resolved to grant the Share Appreciation Rights.

The delay in seeking Shareholder approval has been primarily due to the time taken to obtain regulatory relief from ASIC to allow eligible grants made pursuant to the employee incentive scheme the subject of Resolution 4 to be exempt from the disclosure and licensing requirements of the Corporations Act.

5.8 Initial grant of long term incentives to other executives

The Board also resolved on 5 July 2012 to grant long term incentives to other executives, being Key Management Personnel who directly report to the Managing Director, subject to regulatory approvals and Shareholder approval of Resolution 4.

These long term incentives will be granted on identical terms and performance criteria as those to be granted to Mr Stephen Parsons other than being to a maximum of 50% of the fixed remuneration of the relevant executive.

6. RESOLUTION 4 – APPROVAL TO ISSUE SECURITIES UNDER AN EMPLOYEE INCENTIVE SCHEME

Resolution 4 seeks Shareholders approval for the Company to allot and issue securities under the employee incentive scheme titled Gryphon Minerals Limited – Equity Incentive Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Performance Rights and Share Appreciation Rights (together **Plan Rights**) under the Plan to eligible employees over a period of 3 years from the date of approval without impacting on the Company's ability to issue up to 15% of its total ordinary securities without prior Shareholder approval in any 12 month period.

Shareholders should note that no Plan Rights have previously been issued under the Plan. As at the date of this Notice, the Board has resolved to grant the Plan

Rights the subject of Resolution 5 and further Plan Rights to other executives as described in Section 5.8 subject to Shareholder approval of Resolutions 4 and 5.

Any future issues of Plan Rights under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 5 for the issue of Performance Rights and Share Appreciation Rights pursuant to the Plan to Mr Stephen Parsons, the Managing Director of the Company.

A summary of the key terms and conditions of the Plan is set out in Schedule A. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary +61 8 9287 4333. Shareholders are invited to contact the Company if they have any queries or concerns.

7. RESOLUTION 5 – ISSUE OF PLAN RIGHTS TO RELATED PARTY – STEPHEN PARSONS

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 344,435 Performance Rights and 874,124 Share Appreciation Rights (**Related Party Plan Rights**) to Mr Stephen Parsons (or his nominee/s) on the terms and conditions set out below.

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Without an exception, the issue of the Related Party Plan Rights to Mr Parsons requires Shareholder approval because:

- (a) the issue of the Related Party Plan Rights constitutes giving a financial benefit; and
- (b) Mr Parsons is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Stephen Parsons who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Plan Rights because of the exception in Section 211 of the Corporations Act which provides an exception for a benefit that is remuneration to an officer of a public company where to give the remuneration is reasonable

given the circumstances of the company giving the remuneration and that officer's circumstances (including the responsibilities involved in such office).

7.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the issue of the Related Party Plan Rights involves the issue of securities under an employee incentive scheme to a Director, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

7.4 Technical information required by ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Related Party Plan Rights to be issued to Mr Parsons (or his nominee/s) is:
 - (A) 344,435 Performance Rights; and
 - (B) 874,124 Share Appreciation Rights,based on the calculation set out in Section 5.7. The maximum number of Shares on conversion of the Related Party Plan Rights is dependent on the satisfaction of the performance hurdles described in Section 5.5 and the ratio at which they convert (i.e. Performance Rights on a 1:1 basis and Share Appreciation Rights on the formula set out in Schedule A, which will be at a rate of less than 1:1);
- (b) the Related Party Plan Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Related Party Plan Rights or the subsequent issue of Shares (if any). Accordingly, no funds will be raised from the issue or vesting of the Performance Rights;
- (c) the issue of securities pursuant to the Plan has not previously been approved. Accordingly, no Plan Rights have previously been issued under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained;
- (d) As at the date of this Notice, Mr Parsons is the only person declared by the Board to be eligible to be issued Plan Rights under the Plan that is covered by ASX Listing Rule 10.14 (i.e. a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained);
- (e) as the Related Party Plan Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Related Party Plan Rights or the subsequent issue of Shares (if any) no loan will be provided by the Company to Mr Parsons in relation to the issue of the Related Party Plan Rights;

- (f) it is expected that the Related Party Plan Rights will be issued to Mr Parsons as soon as practicable after Shareholder approval is obtained and in any event no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Plan Rights will be issued on one date;

8. RECOMMENDATION – RESOLUTIONS 4 AND 5

Mr Stephen Parsons declines to make a recommendation to Shareholders in relation to Resolutions 4 and 5 due to his material personal interest in the outcome of the Resolution on the basis that he will be eligible to be granted Plan Rights should Resolutions 4 and 5 be passed.

The Board (other than Mr Stephen Parsons) recommends that Shareholders vote in favour of Resolutions 4 and 5 for the following reasons:

- (a) the grant of Plan Rights, in particular the vesting conditions or performance hurdles, will better align the interests of the executives who participate in the Plan with those of Shareholders by directly and transparently linking executive remuneration with strategy and performance by aligning incentives with achievement of the Company's strategic objectives and longer term Shareholder return;
- (b) the grant of Plan Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this remuneration will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to executives participating in the Plan;
- (c) the grant of Plan Rights acts as a key retention tool as vesting is staggered over a 3 year period; and
- (d) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company being permitted to grant Plan Rights.

9. RESOLUTION 6 – SPILL RESOLUTION

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 6.

9.1 General

The Corporations Act requirements for this Resolution to be put to vote are set out in Section 2.2.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

9.2 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the voting restrictions set out in Section 2.4 apply in the same manner to this Resolution.

GLOSSARY

\$ means the official currency of the Commonwealth of Australia.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)* for the purposes of this definition.

Company means Gryphon Minerals Limited (ACN 107 690 657).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share

Performance Right means a performance right issued under the Plan.

Plan means the employee incentive scheme titled Gryphon Metals Limited Equity Incentive Plan as summarised in Schedule A.

Plan Rights means a Performance Right or a Share Appreciation Right.

Proxy Form means the proxy form accompanying the Notice.

Related Party Plan Rights means a Performance Right or a Share Appreciation Right issued pursuant to Resolution 5.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2012.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Share Appreciation Right means a share appreciation right issued under the Plan.

Vacating Directors means the Directors who were directors of the Company when the resolution to make the directors' report considered at the last annual general meeting of the Company was passed, other than the Managing Director at that time.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE A – KEY TERMS OF GRYPHON MINERALS LIMITED EQUITY INCENTIVE PLAN

The key terms of the Plan are as follows:

- (a) **Eligibility:** The Board may declare in its sole and absolute discretion any full-time or part-time employee of the Group, any director of any member of the Group and any other person to be eligible to receive Plan Rights under the Plan (**Eligible Employees**).
- (b) **Offer:** The Board is solely responsible for determining the terms and conditions of Plan Rights offered under the Plan and any offer to an Eligible Employee will include as a minimum:
 - (i) the number and type of Plan Rights;
 - (ii) the issue date and expiry date;
 - (iii) the consideration payable (if any);
 - (iv) in the case of a Share Appreciation Right, the Initial Market Value;
 - (v) any conditions related to vesting, performance hurdles and/or exercise;
 - (vi) any disposal restrictions attaching to the Plan Rights and/or Shares issued following the exercise of a Plan Right; and
 - (vii) any rights attaching to the Plan Rights and/or Shares issued following the exercise of a Plan Right.
- (c) **Plan Limit:** The Board must not make an offer under the Plan, grant any Plan Rights or issue any Shares on the exercise of Plan Rights, if the sum of:
 - (i) the maximum number of Shares which would be issued if all outstanding Plan Rights (including any Plan Rights which may be granted upon the acceptance of any outstanding offers) were exercised; and
 - (ii) the number of Shares issued during the previous 5 years under the Plan or any other employee share scheme extended to Eligible Employees,but excluding any Plan Rights granted or Shares issued by way of or as a result of an Excluded Offer, would exceed 5% of the total number of Shares on issue at that time.
- (d) **Rights:** Plan Rights do not entitle the holder to notice of, or to vote or attend at, a meeting of Shareholders, or, receive any dividends declared by the Company.
- (e) **Transferability:** Plan Rights may not be assigned, transferred, encumbered, or otherwise disposed of unless the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, encumbrance or disposal as the Board sees fit, or, such assignment or transfer occurs by force of law upon the death of the holder of those Plan Rights to that holder's legal personal representative.
- (f) **Performance Right:** an entitlement to be issued and/or transferred (as determined by the Board in its sole and absolute discretion) one Share subject to the satisfaction of any conditions related to vesting, performance hurdles and/or exercise.

- (g) **Share Appreciation Right:** a right to be issued and/or transferred (as determined by the Board in its sole and absolute discretion) that number of Shares (rounded down to the nearest whole Share) calculated as follows:

$$\begin{aligned} &\text{Quantity of Shares} = \\ &\text{Quantity of Exercised Share Appreciation Rights} \\ &\times (\text{Subsequent Market Value} - \text{Initial Market Value}) \\ &\div \text{Subsequent Market Value} \end{aligned}$$

subject to the satisfaction of any conditions related to vesting, performance hurdles and/or exercise.

- (h) **Quotation:** Unless otherwise determined by the Board in its sole and absolute discretion, Plan Rights granted under the Plan will not be quoted on the ASX or any other recognised exchange, however, if the Shares are listed on ASX the Company must apply for official quotation of those Shares issued, or transferred, in relation to the exercise of a Plan Right within the time required by the ASX Listing Rules.
- (i) **Shares:** Any Shares allotted and issued, or transferred, in relation to the exercise of a Plan Right will rank equally with all existing Shares on and from the date of issue or transfer subject to any disposal restrictions notified at the time of the offer of the Plan Right. Shares, or any beneficial or legal interest in Shares, may not be transferred, encumbered or otherwise disposed of unless all restrictions on the transfer, encumbrance or disposal of the Shares have been met, the Board has waived any such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.
- (j) **Lapse:** If the conditions related to vesting, performance hurdles and/or exercise are not satisfied by the specified time, the Plan Rights will lapse and the holder will have no entitlement/right to any Shares.
- (k) **Change of Control:** On the occurrence of a Change of Control Event, the Board will determine, in its sole and absolute discretion, the manner in which all unvested Plan Rights and Vested Plan Rights in respect of which an Exercise Condition has not been satisfied or waived at that time will be dealt with, including without limitation, exercising its discretion to allow a holder of Plan Rights to exercise these Plan Rights to participate in any transaction arising from the Change of Control Event.
- (l) **Bonus issues:** If Securities are issued by way of a “bonus issue” (as that term is defined in the ASX Listing Rules) to Shareholders, a holder of Plan Rights is entitled, upon exercise of their Plan Rights, to receive, in addition to any Share issued or transferred upon the exercise of their Plan Rights, and without the payment of any further consideration, the number of Securities that would have been received if the Plan Rights had vested and been exercised before the record date for the bonus issue.
- (m) **Pro-rata issues:** If there is a “pro rata issue” (as that term is defined in the ASX Listing Rules, except a bonus issue) to Shareholders:
- (i) **(Performance Rights)** no adjustment will be required as Performance Rights have a nil exercise price; and

- (ii) **(Share Appreciation Rights)** the Initial Market Value will be reduced in a similar manner to that required for a change in exercise price of options under ASX Listing Rule 6.22.2.
- (n) **Reorganisation:** In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of the Company:
 - (i) the number of Performance Rights will be changed in accordance with the ASX Listing Rules; and
 - (ii) the number of Share Appreciation Rights and/or the Initial Market Value will be changed in a similar manner to that required for options under the ASX Listing Rules.
- (o) **Participation rights:** Plan Rights do not entitle the holder to participate in any new issue of Securities of the Company.
- (p) **Amendment:** The Board may at any time amend the rules of the Plan or the terms and conditions upon which any Plan Rights have been issued, including the timing of when such amendments take effect, whether retrospectively, immediately or in the future. Notice of any such amendments will be given to any holder of Plan Rights affected by the amendments. However, no such amendment may be made if the amendment materially reduces the rights of any holder of Plan Rights issued to them prior to the date of the amendment, other than an amendment introduced primarily:
 - (i) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (ii) to correct any manifest error or mistake;
 - (iii) to allow the implementation of a trust arrangement in relation to the holding of Shares issued under the Plan;
 - (iv) for the purpose of complying with applicable laws; and/or
 - (v) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation,

unless otherwise agreed to in writing by the holder of the Plan Rights.
- (q) **Inconsistency:** To the extent that the rules of the Plan and any applicable law are inconsistent, the provisions of the applicable law will prevail.

Definitions:

Change of Control Event means:

- (a) a change in Control of the Company;
- (b) members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme, which will, upon becoming effective, result in any person (either alone or together with associates) owning more than 50% of the Issued Capital of the Company, or a scheme for the reconstruction of the Company or its amalgamation with any other body

corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company);

- (c) where a person or entity becomes a legal or beneficial owner of or has a relevant interest in more than 50% of the issued capital of the Company; or
- (d) where a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued capital of the Company; or
- (e) a takeover bid (as defined in the Corporations Act) being made to acquire Shares that the bidder (together with its associates within the meaning of section 12 of the Corporations Act) does not already own which results in that bidder (together with its associates within the meaning of section 12 of the Corporations Act) obtaining a relevant interest in at least 50% of the Issued Capital and the takeover bid is declared unconditional; or
- (f) a person or a group of associated persons becomes entitled, subsequent to the date of adoption of this Plan by the Board, to give it or them the ability in general meeting to replace all or allow a majority of the Board in circumstances where such ability was not already held by such person or group of associated persons.

Control has the same meaning in section 50AA of the Corporations Act.

Excluded Offer means any of the following:

- (g) an offer to a person situated at the time of receipt of the offer outside Australia;
- (h) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (i) an offer that did not require the giving of a product disclosure statement (as that term is defined in the Corporations Act) because of section 1012D of the Corporations Act; or
- (j) an offer made under a disclosure document or product disclosure statement (as those terms are defined in the Corporations Act).

Initial Market Value means the Market Value of a Share as at the date of issue of the Plan Right or such other date as determined by the Board and as specified in the offer (plus a premium if applicable and as specified in the offer).

Issued Capital means issued and fully paid Shares.

Market Value means the volume weighted average price of the Shares over a 5 day period, or as otherwise determined by the Board.

Securities has the meaning given in the ASX Listing Rules.

Subsequent Market Value means the Market Value of a Share as at the date of exercise of a Share Appreciation Right.



ABN 31 107 690 657

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:
Gryphon Minerals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7111



X99999999999

SECURITYHOLDER VOTING FORM

I/We being a member(s) of Gryphon Minerals Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed by default as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am (WST) on Tuesday, 20 November 2012, at BDO, 38 Station Street, Subiaco, WA, 6008 and at any adjournment or postponement of the meeting.

Important - If the Chairman is your proxy or is appointed your proxy by default:

The Chairman of the Meeting intends to vote undirected proxies in favour of all resolutions other than resolution 6 where undirected proxies will be voted against the resolution. If the Chairman is my/our proxy or is appointed by default, I/we acknowledge that unless I/we expressly indicate otherwise by providing specific voting directions by marking either the "for", "against" or "abstain" boxes for each resolution in Step 2, I/we will be expressly authorising the Chairman to vote all undirected proxies in accordance with the Chairman's voting intentions on all resolutions even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel or the spill resolution in resolution 6.

Please note you may direct the Chairman to vote contrary to the Chairman's stated voting intentions by providing specific voting directions in Step 2 by marking either the "for", "against" or "abstain" boxes for each resolution.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 1

Adoption of Remuneration Report

☐

For

☐

Against

Abstain*

☐

Resolution 4

Approval to Issue Securities under an Employee Incentive Scheme

☐

For

Against

☐

Abstain*

☐

Resolution 2

Re-Election of Director - Andrea Hall

☐

For

☐

Against

☐

Abstain*

Resolution 5

Issue of Plan Rights to Related Party - Stephen Parsons

☐

For

Against

☐☐

Resolution 3

Re-Election of Director - Didier Murcia

☐

For

☐

Against

☐

Abstain*

Resolution 6

Spill Resolution

☐

For

Against

☐☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 4 and 5 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of these Items and that votes cast by him/her for these Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4 and 5 and your votes will not be counted in calculating the required majority if a poll is called on these Items.

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4 and 5.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

GRY PRX202R

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Sunday, 18 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Gryphon Minerals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**