



**GRYPHON**  
MINERALS LIMITED

# Quarterly Report

30 June 2016

***Teranga Gold Corporation to Acquire  
Gryphon Minerals via a Scheme of  
Arrangement***

***Banfora Gold Project Shovel Ready***

***Burkina Faso Exploration Pipeline***



## HIGHLIGHTS

### Teranga Gold Corporation to Acquire Gryphon Minerals

- Gryphon Minerals Limited entered into a Scheme Implementation Agreement (SIA) with Teranga Gold Corporation (Teranga) (TSX:TGZ) (ASX:TGZ) pursuant to which Teranga will acquire all of the ordinary shares of Gryphon (Gryphon Shares) by way of a scheme of arrangement under the Corporations Act between Gryphon and its shareholders (the Transaction).
- Under the SIA, each Gryphon Share will be exchanged for 0.169 common shares of Teranga (Teranga Shares) or 0.169 Teranga Shares in the form of ASX-listed CHESS Depositary Interests (CDIs).
- Based on the closing price of Teranga CDIs on Australian Securities Exchange (the ASX) on 17 June 2016 (Date the transaction was announced):
  - the Transaction values each Gryphon Share at A\$0.206;
  - the Transaction implies a total equity value for Gryphon of approximately A\$86 million on a fully-diluted basis; and
  - the consideration received by Gryphon shareholders represents a 53% premium over the closing price of Gryphon Shares on the ASX on 17 June 2016 and a premium of 45% over the 20-day volume weighted average price (VWAP) ending on the same date.
- Closing of the Transaction is expected to occur during October 2016.
- Teranga owns and operates the Sabodala Gold mine, the only gold mine and mill in Senegal, West Africa. Located approximately 650km southeast of Dakar, the capital of Senegal, Sabodala has been in operation since 2009. As at 31 December 2015 Teranga's total proven and probable open pit reserves were 2.6 million ounces of gold, including measured and indicated open pit resources of 4.4 million ounces of gold and inferred open pit mineral resources of 0.94 million ounces of gold. The Sabodala Gold mine has a 13.5 year mine life based on current production and proven and probable reserves.
- Refer to TGZ June 2016 quarterly report for more information.

## Exploration

- **Banfora Gold Project**
  - RC drilling undertaken focused on Fourkoura and Nogbele deposits for a total of 55 holes (4,297m) (Refer ASX Announcement 13 July 2016)<sup>1</sup>.
  - Drilling targeted potential and probable ore extensions along strike and down-dip at the Fourkoura and Nogbele deposits. Results received to date from Fourkoura Deposit include:
    - **7m @ 12.8 g/t from 60 metres**
    - **8m @ 7.5 g/t from 47 metres**
    - **11m @ 5.3 g/t from 61 metres**
    - **8m @ 2.4 g/t from 40 metres**
  - Auger drilling continued and focused on the Nogbele and Fourkoura areas for a total of 663 holes (4,309m), with the most robust auger saprolite anomaly prioritised for RC drilling. Results remain pending.
  - A significant exploration program is currently underway with two rigs operating on double shift.
- **Regional Burkina Faso: Golden Hill and Gourma Gold Projects - Exploration Pipeline Strategy**
  - Exploration at the Golden Hill Project included auger drilling at Pourey / C-Zone in preparation of a maiden drilling programme in the next field season.
  - Ground geophysics including IP and magnetics undertaken in the C-zone / Pourey areas in order to better define the mineralised trend.

# Review of the Quarter ending 30 June 2016

## Banfora Gold Project Development

- The Company commenced a review of the operating and capital costs for the 2mtpa heap leach start-up operation in line with recent reductions in costs in the mining industry. This work was put on hold after the Company announced its proposed merger with Teranga (refer ASX Announcement of 20 June 2016).
- The operations team hosted a site visit for key Teranga staff as part of their due diligence review process in advance of entering into the Scheme Implementation Agreement.
- The Company completed the construction and handover of a micro-dam to the community of Nanguelédougou, and a new request has been received from the village of Bavigué-ka for another micro-dam, confirming positive local support for the program. Three micro-dams have been constructed in a co-operative arrangement between Gryphon and the benefiting community.

## Environmental & Social Responsibility

- Work continued updating documentation for International Finance Corporation (IFC) compliance at Banfora. Feedback was received from the IFC regarding updated security management documentation and Gryphon's approach to risk management.

## Corporate

### Cash and Working Capital

- At 30 June 2016 Gryphon held approximately \$9.3 million in cash, plus approximately \$3.8 million in listed investments.
- In July 2016, the Company completed a placement to the value of \$4.4 million to Teranga at \$0.206 per share to fund the start of a resource conversion drill program and plant optimisation studies required to complete a fully optimised and de-risked feasibility study by the first half of 2017 and to update the tailings storage facility design and resettlement action plan required as a result of the decision to move forward with a carbon-in-leach plant.

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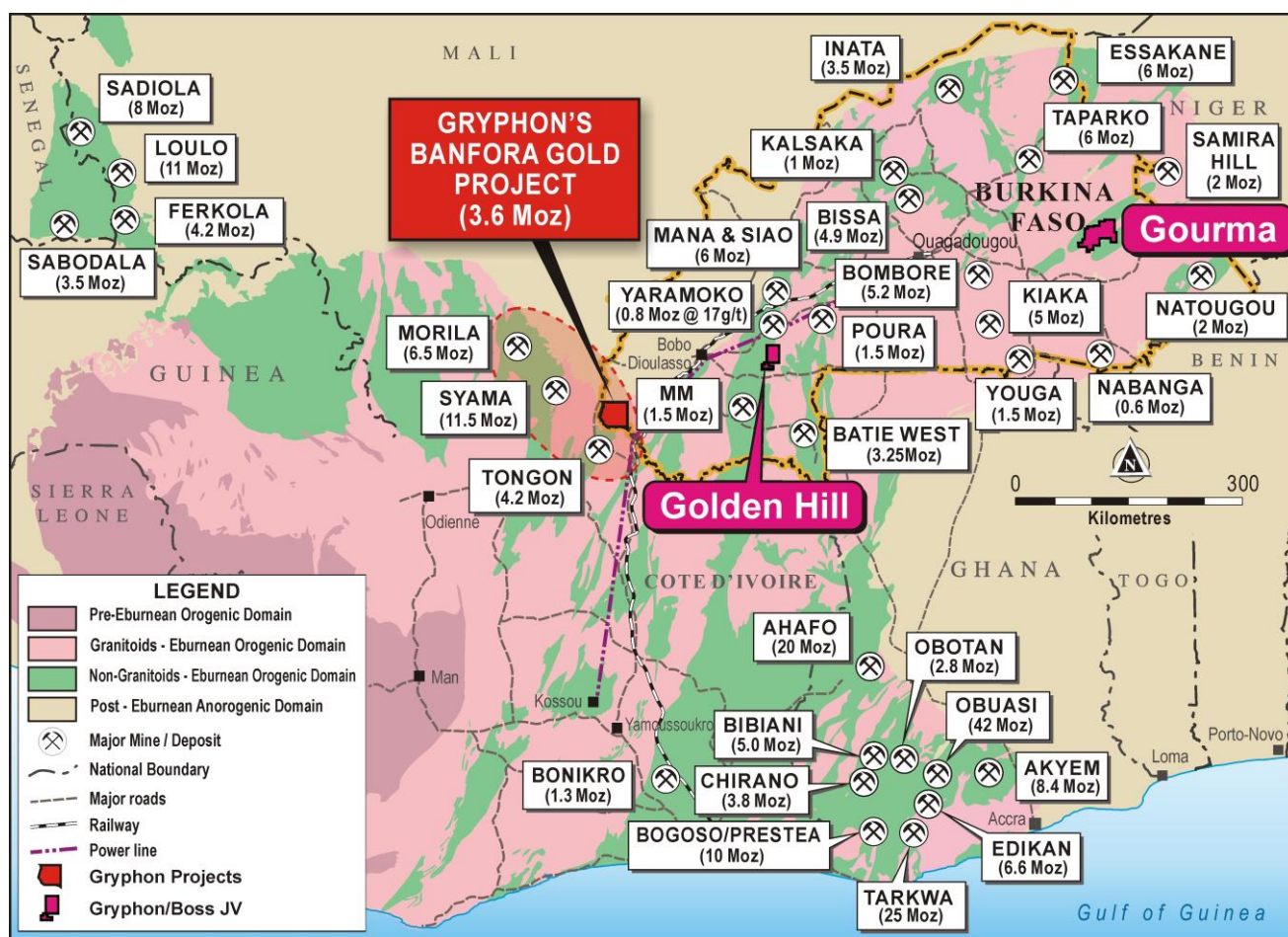
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## Overview of Banfora Gold Project | Burkina Faso

The Banfora Gold Project (Banfora or the Project) is located in the south-west of Burkina Faso, West Africa. Burkina Faso is one of the largest gold producers in Africa and is located on some of the world's most prolific greenstone belts (accounting for 22% of West Africa's greenstone belt exposure). The country is already host to a number of producing mines and this is anticipated to increase given the prospectivity and strong Government support for the mining industry.

The Project includes exploration licenses covering over 1,000 square kilometres and a mining licence that covers 89 square kilometres. These licences are located in a major gold district where world class gold deposits such as Tongon (4.2 Million oz Au), Syama (5 Million oz Au mined & 6.5 Million oz Au in resources) and Morila (6.5 Million oz Au) are also found. The Project has an enviable location being easily accessible by road in close proximity to the regional town of Banfora and the major city of Bobo-Dioulasso. In addition, an existing hydro-power supply source and substation is located less than 100 kilometres to the south of the project site in Côte d'Ivoire, which can potentially be used to power future mining expansion and development.

Figure 1: Banfora Gold Project | Burkina Faso



## Teranga Gold Corporation to Acquire Gryphon Minerals Limited

On 20 June 2016 Gryphon entered into a Scheme Implementation Agreement (the SIA) with Teranga Gold Corporation (Teranga) (TSX:TGZ) (ASX:TGZ) pursuant to which Teranga will acquire all of the ordinary shares of Gryphon (Gryphon Shares) by way of a scheme of arrangement under the Corporations Act between Gryphon and its shareholders (the Transaction).

Under the SIA, each Gryphon Share will be exchanged for 0.169 common shares of Teranga (Teranga Shares) or 0.169 Teranga Shares in the form of ASX-listed CHESS Depositary Interests (CDIs).



# Review of the Quarter ending 30 June 2016

Based on the closing price of Teranga CDIs on Australian Securities Exchange (the **ASX**) on 17 June 2016:

- the Transaction values each Gryphon Share at A\$0.206;
- the Transaction implies a total equity value for Gryphon of approximately A\$86 million on a fully-diluted basis; and
- the consideration received by Gryphon shareholders represents a 53% premium over the closing price of Gryphon Shares on the ASX on 17 June 2016 and a premium of 45% over the 20-day volume weighted average price (VWAP) ending on the same date.

The number of Teranga Shares to be issued under the Transaction will be approximately 70.1 million, on the basis that all Gryphon performance rights will vest and be subject to the Transaction.

Teranga owns and operates the Sabodala Gold mine, the only gold mine and mill in Senegal, West Africa. Located approximately 650km southeast of Dakar, the capital of Senegal, Sabodala has been in operation since 2009. As at 31 December 2015 Teranga's total proven and probable open pit reserves were 2.6 million ounces of gold, including measured and indicated open pit resources of 4.4 million ounces of gold and inferred open pit mineral resources of 0.94 million ounces of gold. The Sabodala Gold mine has a 13.5 year mine life based on current production and proven and probable reserves.

Steve Parsons, Managing Director of Gryphon stated: *"We are very pleased to be joining forces with Teranga Gold Corporation as we look to create a pre-eminent West African mid-tier gold producer. This transaction gives an immediate uplift for Gryphon shareholders and provides significant exposure to Teranga's Sabodala gold mine in Senegal. The combined company can leverage off its strong balance sheet and mining cash flows to help bring the 3.6Moz Banfora Gold Project into development and production in the near term. The combination of the companies provides a great opportunity to leverage off the skill sets of both groups with Teranga's mining and development team and Gryphon's expertise and social licence to operate in Burkina Faso as well as its excellent track record on exploration and discovery".*

*"This acquisition is an exciting opportunity to add a second high quality gold asset to Teranga's asset base to create a geographically diversified company with an enhanced gold production profile, progressing the company towards its vision of becoming a mid-tier West African producer,"* said Richard Young, Teranga President and Chief Executive Officer. *"Banfora provides excellent optionality with attractive economics over a variety of development scenarios along a highly prospective land package which we intend to purposefully explore. Banfora's similar mining characteristics to Sabodala allow us to leverage our experienced mine construction and operating teams with Gryphon's mine development and exploration teams to successfully develop and operate the new mine. Adding Banfora to our low-cost Sabodala operation should position Teranga to produce around 300,000 oz per year with all-in sustaining cash costs below industry average.*

The SIA has been unanimously approved by the boards of directors of Gryphon and Teranga. The Transaction will be subject to, among other things, Gryphon shareholder approval, receipt of all necessary regulatory and Australian court approvals and the satisfaction of certain other conditions customary for a transaction of this nature. Full details of the conditions to the Transaction and all other material terms are in the SIA, a copy which was included in the ASX announcement dated 20 June 2016.

The SIA includes customary deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal, and a mutual reimbursement fee payable by Gryphon or Teranga in specified circumstances.

Closing of the Transaction is expected to occur during October 2016.

The Gryphon Directors unanimously recommend that Gryphon shareholders vote in favour of the Transaction in the absence of a superior proposal and subject to an Independent Expert concluding that the Transaction is in the best interests of Gryphon shareholders. On the same basis, Gryphon Directors intend to vote the Gryphon Shares they hold or control at the time of the Gryphon shareholder meeting in favour of the Transaction.

## Benefits to Gryphon Shareholders

Shareholders of Gryphon are expected to realize the following benefits from the Transaction:

- Meaningful upfront premium to Gryphon shareholders (based on 17 June 2016 close prices of Teranga CDIs and Gryphon Shares on ASX) of 53%, and a 45% premium to the 20-day VWAP of Gryphon Shares on the same basis.
- Participation in a multi-jurisdiction mid-tier gold producer with combined potential for ~300,000 ounces of annual gold production over a 15+ year mine life.
- Significant exploration potential associated with the combined Sabodala, Banfora, Golden Hill and Gourma regions.
- Improved trading liquidity and capital markets access associated with the enhanced size of the combined group and a listing in the mining centric TSX.
- Access to Teranga's strong balance sheet and projected free cash flows from Sabodala to fund the development of Banfora.
- Combines highly skilled development, mine production and exploration teams with proven track records in West Africa.
- Ability to leverage board, management and social license to pursue further West African consolidation.
- Choice of consideration as CDIs listed on the ASX or Teranga Shares listed on the TSX.

## Advisors

Gryphon's financial advisor is Maxit Capital LP, its Australian legal counsel is King & Wood Mallesons and its Canadian legal counsel is Blake, Cassels & Graydon LLP.

## Banfora Gold Project | Exploration

### Highlights

- A RC drill program was completed for a total of 4,297m and 55 holes covering along strike and down plunge depth extensions at the Fourkoura and Nogbele Deposits.
- The holes were focused on a number of high priority targets that could add immediate reserves to the current mine inventory.
- The drill results for the first 11 holes at Fourkoura have been received and released (Refer ASX Announcement 13 July 2016)<sup>1</sup>.
- Further drilling has been conducted at Nogbele targeting strike extensions of existing mineralisation and infilling high grade shoots at the deposit. Results for 3470 m of drilling are currently pending and will be released at first opportunity.
- A review of the underground potential of high grade mineralisation at Nogbele North was undertaken indicating positive opportunity (Refer ASX Announcement 18 April 2016)<sup>1</sup>. Further drill testing is required to prove up the target at depth.
- A significant exploration program is currently underway with two rigs operating on double shift.

### Phase 1 Drill Results

The first results from the drilling conducted during the quarter at the Fourkoura deposit indicated excellent continuity to the known high grade shoot and indicated several areas where further drilling has the potential to expand the current pit for the CIL scenarios. A total of 11 holes for 827m were completed at Fourkoura. Results received from the drilling included:

**BNRC4567 7m @ 12.8 g/t from 60 metres**

**BNRC4564 8m @ 7.5 g/t from 47 metres**

**BNRC4563 11m @ 5.3 g/t from 61 metres**

**BNRC4561 8m @ 2.4 g/t from 40 metres**

An auger drill program focused on strike extents of known mineralisation and untested soil mineralisation within the Nogbele and Fourkoura Deposit areas was completed to focus RC targeting at Nogbele with a total of 4,309m was drilled for 663 holes during the quarter.

# Review of the Quarter ending 30 June 2016

Follow up RC drilling conducted at Nogbele along strike from the Tahiti Deposit intersected strongly sericite, carbonate, pyrite altered granite (G4 alteration type) associated with mafic dykes 180m further northwest along strike from existing resources/reserves following up a strong and gold in auger anomaly. Results from these holes and further drilling infilling existing high grade shoots at Nogbele North, West and Nangolo pits are currently pending and will be released when they are available.

A total of 158 drill samples from the Fourkoura program underwent test analysis involving cyanide leach with a fire assay completed on the tail residue. Assaying was conducted on entire 2kg sample to assess the gold deportment relationship to sampling size at the deposit and any possible upgrade with the coarse gold component. Results of this work await full interpretation but the initial results report a 13% increase in metal and grade vs the original fire assays from the program. Results of the resampling will be taken into consideration for further drilling/assaying at the Fourkoura deposit.

## Underground Targeting Review

A review of the potential of the Nogbele North Deposit to host underground mining inventory for a CIL scenario was undertaken during the quarter. The review included a high level engineering review examining the potential extraction parameters and costs for the lode style high grade veins present at the deposit if continuity is proven at depth. Results indicated that there is potential for economic extraction by narrow vein underground mining techniques if further drilling confirms the continuity of the currently shallow lodes at depth.

The addition of economically extractable underground material would have a significant positive impact on project economics for the CIL development scenario, increasing the mine life without further increase to the project footprint or pre-production capital requirements. Nogbele North is adjacent to the site of the proposed heap leach and CIL processing facility.

Previously announced drill results at Nogbele North intersecting the high grade lode veins in current shallow drilling include (refer ASX announcement 15 May 2013<sup>1</sup>):

Table 1: A selection of significant drill results from Nogbele North high grade veins

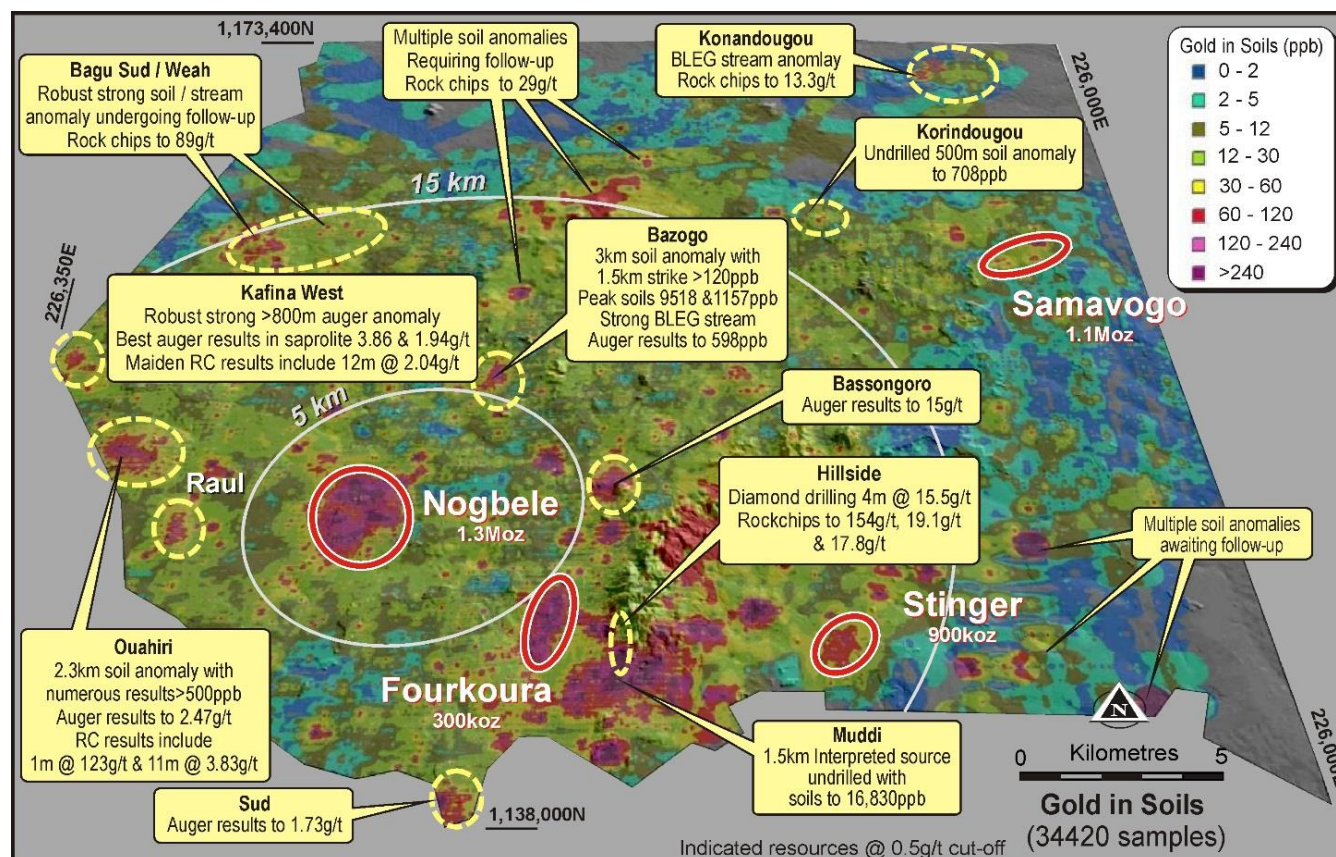
Hole	From	To	Interval (m)	Gold (g/t)	
BNRC3691	132	140	8	10.85	
OPRC2250	8	12	4	23.87	
BNRC1085	59	63	4	25.75	
OPRC1698	32	34	2	61.05	
BNRCD1993	71	74	3	41.86	
OPRC2338	14	18	4	32.73	
OPRC2160	26	30	4	33.04	
OPRC1699	30	34	4	34.34	
BNRC4662	29	39	10	14.74	
BNRC3667	68	71	3	53.45	
BNRC2419	123	125	2	94.29	
BNRC0334	35	37	2	148.62	including 1m @ 296.40 g/t gold
BNRC4664	61	64	3	120.53	including 1m @ 358.01 g/t gold
BNRC3903	19	23	4	152.65	including 1m @ 569.01 g/t gold

## Continued Exploration

A significant exploration program is currently underway at the Banfora Gold Project to advance the project for the updated CIL development scenario due for release first half of 2017. Follow up drilling to extend the high grade lodes reported in the Fourkoura drill results is continuing with a multipurpose RC and a second DD rig currently operating on double shift. Drilling is targeting the extensions of the mineralisation at Fourkoura along strike and down plunge. Drilling will continue at Nogbele and Samavogo deposits when results are compiled from the phase 1 drilling which are still pending.

Work is also advancing on developing detailed exploration programs for the advanced regional targets at the end of rainy season (mid-October) in order to bring further potential reserves into the project inventory. The company intends to begin resource drill programs at the Oahiri and Kafina Prospects as well as maiden RC testing of a number of other regional targets that have been advanced during the preceding low exploration spend period before the end of the calendar year. These potential targets are summarised below in Figure 2.

Figure 2: Multiple High Priority targets in close proximity to the proposed plant location at Nogbele



## Banfora Gold Project - Operational

### Site Works, Environmental & Social Responsibility (ESR)

The Company has maintained a low cost approach with minimal site works being undertaken during the period. The Company did not conduct any substantial pre-construction works again this period.

The site team completed the construction and handover of a new micro-dam to the community of Nanguelédougou (refer pictures below), and a new request has been received from the village of Bavigué-ka for another micro-dam, confirming positive local support for the program which has seen three dams built to date in co-operation with the communities themselves.



Picture 1 : Nanguelédougou Micro-Dam Construction



The Company continues to work closely with the impacted communities to assist with minor road repairs on an as required basis.

Gryphon continues to maintain a positive relationship and open dialogue with local communities and 27 community visits to mining affected villages were conducted this period, as well as 12 visits with administrative authorities.

Local communities are keen to see the Project commence, which is a positive for Gryphon, and the recent development of the Teranga acquisition (refer ASX Announcement of 20 June 2016) has been generally well received by the communities and the administrations.

The Community Consultation Committee (CCC) continues to be the primary platform for communication, however no formal meeting was held this period. The community has been focussed on preparations for and conducting of mayoral elections in the region. A new mayor was announced late in the period, and meeting of introduction being planned for next period.

Gryphon supported a community celebration to open a new grain storage shed in Niankorodougou. With proper storage, families can store grains without spoiling during the harvest season.

Gryphon supported the village of Samavogo to repair a borehole pump, and contributed to the construction of a teacher's residence in Nadjengoala. Sports and culture days for children to celebrate the end of the school year were also supported in two schools in Niankorodougou.

Consultations with women regarding improving stove designs progressed, and Gryphon also obtained input from the Department of Environment to determine the best option for new stoves. As part of the RAP program, Gryphon proposes to use stoves available in Burkina Faso, nationally certified for safety, rather than manufacturing new stoves in-house.

The ESR Manager participated in the 2016 IFC Sustainability Exchange on behalf of Gryphon Minerals, which brought together IFC compliant companies, social and environmental specialists, and investment officers. Gryphon provided feedback on the improvement of implementation of Performance Standard 5 (Land Acquisition and Involuntary Resettlement) and participated in a discussion regarding involving women in the mining sector.

Participation was valuable in terms of maintaining relationships, demonstrating continuity of the Banfora Gold Project and commitment to IFC Performance Standards, and learning about and benefiting from the experiences of other mining companies working in complex situations in West Africa.

Preparation of Social Management Plans (SMPs), which will accompany the IFC compliant ESIA, continued. Ongoing feedback is being exchanged between the IFC and the ESR team, and the majority of SMP updates will be completed in-house.

Work continued updating documentation for IFC compliance at Banfora. Feedback was received from the IFC regarding updated security management documentation and Gryphon's approach to risk management and engagement of the security force at the exploration camp in Niankorodougou.

The revised grievance mechanism and *Règlement Intérieur* (replacing the older Code of Conduct) received positive feedback from the IFC.

The Burkina Faso Ministry for Environment and Sustainable Development visited the exploration camp to evaluate environmental compliance. Based on the visit and feedback from the ministry, Gryphon is assessing suggested areas of improvement such as improved disposal of biomedical waste from the clinic and storage of geology samples, as well as improved disposal systems for grey water, garbage, and used oil.

Ongoing daily activities of the water monitoring program continued as scheduled:

- collection of data from the meteorological station and the rain monitoring stations;
- monitoring of the water table levels;
- monitoring the river levels and flow;
- downloading data collected by “divers” at measuring points; and
- updating Hydata software system & back-ups.

## Burkina Faso Exploration Pipeline | Houndé Belt & Regional Projects

### Golden Hill and Gourma Joint Venture (51% ownership with pathway to 80%)

Gryphon and Boss Resources (ASX: BOE) signed a binding heads of agreement to establish a joint venture over the Golden Hill and Gourma gold projects located in Burkina Faso, totalling over 1,750 km<sup>2</sup>. Refer to ASX announcement dated 4 July 2014 for full terms of the agreement. In January 2016 Gryphon received a controlling 51% holding in the Joint Venture.

Gryphon Minerals continues to apply proven low-cost exploration techniques to explore the two projects using an integrated exploration approach incorporating geology, regolith constrained geochemistry, geophysical interpretations, the use of remote sensing datasets supported by field work and mapping. This low cost approach will ultimately fast track discoveries and mineral inventories across the large land holding by directing higher costs activities such as drilling to those areas with the best chance of delivering economic mineral discoveries. Work during the quarter focused on mapping, prospecting and a small geophysical survey on the Golden Hill Project.

### Gourma Gold Project

The Gourma Project is located within the Fada N'Gourma Greenstone Belt, 250km east of Ouagadougou and only 80 km south-southwest of Niger's largest gold mine Samira Hill (1.9Moz). The Project consists of six contiguous permits that cover a total area of approximately 1,300 km<sup>2</sup>. It is accessible from the south off the Fada N'Gourma-Kantchari highway via a well maintained gravel road and from the west via a gravel road from the town of Gayeri.

Gryphon has undertaken high precision drainage geochemistry from which results, combined with robust understanding of the geology and regolith terrain has provided clear direction and focus for the low cost work the Company has been undertaking. The small efficient exploration team are rapidly working towards generating numerous high quality drill targets across the large land package which are steadily being de-risked ahead of drilling through focused field activities including sub-surface test work using the company owned auger rig.

### Gourma Shear Zone Targeting

Gryphon recently added two further Permits at the Gourma Project which now extends over 60km of a gold bearing crustal shear which has received very little modern exploration. Along the shear there are numerous artisanal workings and company generated robust and significant surface geochemical anomalies.

Recent work included auger testing beneath a number of soil anomalies. The best results were returned from the Djinta Prospect, where **a peak auger assay of 25.7 g/t gold** was returned from weathered bedrock as part of an 80m wide zone of anomalous saprolite at greater than 0.5 g/t gold. As the nearest auger line is 600m away the significance of these results is unknown and awaits further auger follow-up along strike during the next field season.

### Gariaga-Diabatou Trend - Multiple Targets

The Gariaga-Diabatou mineralised trend extends southwest onto the newly acquired Tyabo permit. There are numerous bedrock and eluvial gold workings along the trend, extending over a strike length exceeding 10km. Mineralisation on the trend is interpreted to be on the eastern flank of an antiform which represents a bounding shear zone. Quartz tourmaline veins are more common close to the interpreted contact.

# Review of the Quarter ending 30 June 2016

First pass drilling by Boss in 2012 returned best aircore results of **3m @ 11.3 g/t gold** and **14m @ 2.1 g/t gold** from Gariaga, and **14m @ 2.1 g/t gold** and **12m @ 2.8 g/t gold** from the Diabatou Prospects. The aircore drilling at Diabatou remained in saprolite to an end of hole depth of 80m (Refer to ASX : BOE Announcements on 4 December 2012 and 30 January 2013).

Gariaga is hosted in mafic schist and extends to the southwest beyond a contact with metasediments. Common to both prospects is mineralisation associated with quartz tourmaline veins. The metasediments comprise foliated volcanic sandstone and phyllite, carbonaceous shale and deeply weathered feldspathic semi-schist with lesser amounts of feldspar porphyroblastic schist. There is a quartz rich sandstone (quartz arenite) containing conglomeratic bands in the south west portion of the trend. Mineralisation in all three trends consists of grey, glassy to smokey quartz veins and disseminated mineralisation associated with shearing and silicified zones. This style of mineralisation represents a highly prospective target for hosting broad zones of mineralisation. The disseminated and silicified zones are strongly associated with sericite and pyrite alteration with some malachite and chalcopyrite observed along the trend.

## **Foutouri, Lotto, Tambouana, Boutounou - Eastern Target Areas**

There are a number of prospects with high grade surface mineralisation in the east and southeast of the project. The Sefatendano and Tambouana Prospects are present in northwest striking structures within sheared and altered granite and in gabbro respectively. The high grade veins in the gabbro have historically returned peak rock chip results of up to 42.4 g/t, 35.6 g/t and 12.2 g/t gold. The prospects are associated with strong gold-in-drainage responses. The Company has to date identified a four kilometre soil anomaly on the prospect. A first pass auger program has been completed on broad spaced lines to provide first pass subsurface testing of the soil anomaly returning a peak of 462 ppb gold. The auger lines are currently 400m apart and additional augering and a maiden drill program will be required to better evaluate the significance the results.

In the same area, the Lotto-Tampora Prospects have historically returned rock chips of up to 55.3 g/t, 19.7 g/t and 14.2 g/t gold from laminated quartz veins including recent sampling by Gryphon has returned rock chips of up to 19.7 g/t gold (Refer to ASX Announcement on 17 February 2015)<sup>2</sup>.

## **Golden Hill Project**

The Golden Hill Project is the most advanced of all the projects in the Joint Venture and is considered particularly prospective as it is located within the highly mineralised Houndé Greenstone Belt. This belt hosts the majority of the high grade discovered gold ounces in Burkina Faso, including Semafo's (TSX, OMF: SMF) Siou Deposit (reserves of 769,000oz @ 4.94 g/t gold) plus the high grade Yaramoko deposit owned by Roxgold (TSX.V: ROG) (790,000oz @ 17.15 g/t gold). The belt also hosts Semafo's Mana Mine (6 Moz) and Endeavour Mining's (TSX: EDV, ASX: EVR) 2Moz 2.0 g/t Houndé deposit. The Golden Hill Project straddles the same structure and stratigraphy that host these high grade deposits.

Limited field work was undertaken during the quarter with work focused on refining the geological interpretation and understanding through field mapping, data reviews as well as a small amount of geochemical sampling.

Results from a small auger program comprising 89 holes completed south of the C-Zone Prospect and along strike of the A-Zone at the Pourey prospects returned results to 7.92g/t Au from residual clay. A ground magnetics and array of IP was undertaken across this area with the purpose of identifying the probable strike extensions of the bedrock mineralisation ahead of a maiden drill program next field season.

## Corporate

### Cash and Working Capital

At the end of the quarter, Gryphon held approximately \$9.3 million in cash, plus approximately \$3.8 million in listed investments. The majority of the costs for the quarter were as follows:

- Banfora Gold Project costs of \$0.8 million which mainly comprised camp costs, mining licence taxes and land taxes, wages and artisanal miner management costs and ESR costs.
- Exploration costs of \$0.5 million across the Banfora, Golden Hill & Gourma Projects in Burkina Faso and minor costs in Mauritania prior to divestment. Refer to exploration section for work performed during the quarter and note this number includes Ouagadougou office, geologist team and remote exploration camp costs.
- Administration costs of \$0.7 million which mainly comprises salaries and wages, rent, legal, corporate advisor fees, travel and insurance payments.
- Gryphon participated in the Tawana Resources NL rights issue for \$0.1m at an issue price of \$0.015 per share.

Gryphon also received \$0.5 million for its research and development refund and \$0.2m for the sale of Mauritanian assets.

For more information on cash movements during the quarter, refer to the 30 June 2016 Appendix 5B.

### Placement

In July 2016, Gryphon completed a placement to Teranga whereby Teranga subscribed for 21.2 million fully paid ordinary shares in Gryphon for a total consideration of A\$4.4 million (Placement).

The Placement price of A\$0.206 per Gryphon share, which is equivalent to Teranga's offer price for one Gryphon share as part of the Proposed Gryphon Acquisition, represents a premium to Gryphon's closing share price on 15 July 2016 and results in Teranga owning 5% of Gryphon's issued and outstanding shares.

The funds from the Placement will be used to immediately start a resource conversion drill program and plant optimisation studies required to complete a fully optimised and de-risked feasibility study by the first half of 2017 and to update the tailings storage facility design and relocation action plan required as a result of the decision to move forward with a carbon-in-leach plant.

### Notes

- <sup>1</sup> For full details of exploration results refer to ASX announcement. Gryphon Minerals is not aware of any new information or data that materially affects the information included in the said announcement.

### Competent Persons Statement

The information in this report that relates to the Exploration Results at the Company's Banfora Gold Project, Burkina Faso, the Golden Hill and Gourma Projects, Burkina Faso and the Akjoujt project, Mauritania, is based on and fairly represents information which has been compiled by Mr Sam Brooks who is a member of the Australian Institute of Geoscientists. Mr Brooks has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brooks is a full time employee of Gryphon Minerals and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. Some information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to the Mineral Resources at the Nogbele and Fourkoura Deposits, Burkina Faso is based on information compiled by Mr Sam Brooks who is a member of the Australian Institute of Geoscientists. Mr Brooks has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brooks is a full time employee of Gryphon Minerals and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources at the Stinger and Samavogo Deposits, Burkina Faso is based on information compiled by Mr Dmitry Pertel who is a member of the Australian Institute of Geoscientists. Mr Pertel has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pertel is a full time employee of CSA Global Pty Ltd and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. This information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



## **Forward-Looking Statements**

This announcement may contain “forward-looking statements”. Forward-looking statements are based on assumptions regarding Gryphon’s expected activities, events and/or strategic plans. Statements which are not based on historic or current facts may be forward-looking statements.

Forward-looking statements are based on current views, expectations and beliefs as at the dates they are expressed and which are subject to various risks and uncertainties. Actual results or performance could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this presentation are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of Gryphon, which may cause the actual future activities, events or strategic plans to deliver results materially different from those expressed or implied by the forward-looking statements.

Gryphon disclaims any responsibility for the accuracy or completeness of any forward-looking statement. Gryphon disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Gryphon’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. Investors must not place undue reliance on these forward-looking statements.

## Appendix 1 | Gryphon Minerals Tenements

### Mining Tenements held

Project	Tenement	Location
<b>Banfora</b>	Wahgnion	Burkina Faso
	Nogbele	Burkina Faso
	Nianka	Burkina Faso
	Dierisso	Burkina Faso
	Nianka Nord	Burkina Faso
	Zeguedougou	Burkina Faso
	Nogbele Sud	Burkina Faso
<b>Gourma Project</b>	Boutouanou	Burkina Faso
	Diabatou	Burkina Faso
	Tyara	Burkina Faso
	Foutouri	Burkina Faso
	Tyabo <sup>1</sup>	Burkina Faso
	Kankandi <sup>1</sup>	Burkina Faso
<b>Golden Hill Project</b>	Baniri	Burkina Faso
	Intiedougou	Burkina Faso
	Mougue	Burkina Faso
<b>Saboussiri</b>	EL879	Mauritania
	EL1074	Mauritania
<b>North-West Côte d'Ivoire</b>	Odienne	Côte d'Ivoire
	Samaminkan (FNW)	Côte d'Ivoire

Note 1: Tenements currently being transferred into Gryphon's name at 30 June 2016.

### Mining tenements acquired or disposed

Nil

### Beneficial percentage interests held in farm-in or farm-out agreements

Gourma Project- Boutouanou (51%), Diabatou (51%), Tyara (51%), Foutouri (51%)

Golden Hill- Baniri (51%), Intiedougou (51%), Mougue (51%)

### Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed

*Acquired*

Nil

*Disposed*

Nil



**GRYPHON**  
MINERALS LIMITED

**Non-Executive Chairman**  
Mel Ashton

**Managing Director**  
Stephen Parsons

**Non-Executive Directors**  
Didier Murcia  
Bruce McFadzean

**Company Secretary**  
Carl Travaglini

**Principal & Registered Office**  
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SUBIACO WA 6008  
Telephone: (08) 9287 4333  
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**Share Registry**  
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152 St Georges Terrace  
PERTH WA 6000

**Auditors**  
BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

**Bankers**  
National Australia Bank  
50 St Georges Terrace  
PERTH WA 6000

**Stock Exchange Listing**  
Australian Securities Exchange ("ASX")  
Home Exchange: Perth, Western Australia

**Code: GRY**

**Website Address**  
[www.gryphonminerals.com.au](http://www.gryphonminerals.com.au)

