



GRYPHON MINERALS LIMITED
ACN 107 690 657

NOTICE OF GENERAL MEETING

TIME: 2:00pm (WST)

DATE: Tuesday, 28 June 2016

PLACE: 288 Churchill Avenue
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.

Details of the Meeting

Notice is hereby given that a General Meeting of Shareholders of Gryphon Minerals Limited (ABN 31 107 690 657) will be held at 288 Churchill Avenue, Subiaco, Western Australia on Tuesday, 28 June 2016 at 2.00pm (WST).

Your Vote and Voting Eligibility

The business of the Meeting affects your shareholding and your vote is important. To vote in person, attend the Meeting at the time, date and place set out above. If you are unable to attend the Meeting, you are encouraged to complete and return the Proxy Form attached to this Notice of Meeting.

The Board has 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 2.00pm (WST) on Sunday, 26 June 2016.

Voting by Proxy

You have the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. If you are a corporate Shareholder refer to the "Corporate Representatives" section below.

If you are entitled to cast two or more votes at the Meeting you may appoint one or two proxies. If you appoint two proxies, you should complete two separate Proxy Forms and return both forms together. If you appoint two proxies you may specify the percentage of votes each proxy is to exercise. If no proportion is specified, each proxy may exercise half of your votes.

You can direct your proxy to vote "for", "against" or "abstain" from voting on each resolution by marking the appropriate box in the Voting Directions section of the Proxy Form.

If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chair, who must vote the proxies as directed.

If you sign the Proxy Form, but do not complete the boxes in the Voting Directions section of the Proxy Form, the Chair will be appointed as your proxy.

If you appoint the Chair as your proxy and do not direct him how to vote, you are expressly authorising the Chair to cast your undirected proxy on all proposed Resolutions in accordance with his intentions set out below.

If the Chair of the meeting is appointed, or taken to be appointed as a Shareholder's proxy and the appointment does not direct the Chair as to how to vote on a resolution, the Chair intends to exercise all available votes in favour of all of the proposed Resolutions.

The completed Proxy Form must be received at the office of Link Market Services Limited, as detailed below by 2.00pm (WST) on Sunday, 26 June 2016.

Mail:	Gryphon Minerals Limited C/- Link Market Services Limited Locked Bag A14 Sydney NSW 1235 Australia	Hand delivery:	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 Australia
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By Facsimile: +61 2 9287 0309

Online: Login to the Link Market Services Limited's website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote.

Corporate Representatives

Corporate Shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate Shareholder's representative and the representative will need to bring adequate evidence of their appointment to the meeting, unless this has been previously provided to the Company. The authorisation may be effective either for this meeting only or for all meetings of the Company. Shareholders can download and fill out the 'Appointment of Corporate Representation' form from Link Market Services Limited's website:

www.linkmarketservices.com.au/corporate/InvestorServices/Forms.html

BUSINESS OF THE MEETING

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the matters to be considered at the Meeting (as set out below).

1. Resolution 1: Approval of the Gryphon Minerals Limited – 2016 Equity Incentive Plan

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

"That, pursuant to and in accordance with Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the 'Gryphon Minerals Limited – 2016 Equity Incentive Plan', a summary of which is set out in the Explanatory Statement, and the issue of Securities under the Plan as an exception to Listing Rule 7.1, on the terms and conditions set out in the Explanatory Statement".

ASX Voting Exclusion:

The Company will disregard any votes cast on Resolution 1 by any Director (other than directors who are ineligible to participate in the Company's Equity Incentive Plan) or by any associates of those Directors. However, the Company need not disregard a vote if:

- a. it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- b. 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:

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

- a. a member of the Key Management Personnel; or
- b. a Closely Related Party of such a member; and
- c. 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.

2. Resolution 2: Issue of Performance Rights to Related Party – Mr Stephen Parsons

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

"That, for the purpose of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights to Mr Stephen Parsons (or his nominee/s) in accordance with the Company's 2016 Equity Incentive Plan 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 Mr Stephen Parsons (or his nominee/s), and any of his associates. However, the Company need not disregard a vote if:

- a. it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- b. 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 proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either:

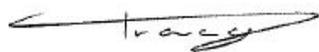
- a. a member of the Key Management Personnel; or
- b. a Closely Related Party of such a member; and
- c. the appointment does not specify the way the proxy is to vote on this Resolution.

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.

Dated this 24th day of May 2016

By Order of the Board



Carl Travaglini
Company Secretary, Gryphon Minerals Limited

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice.

The Explanatory Statement should be read in conjunction with the Notice. Capitalised terms used in the Notice and Explanatory Statement are defined in the Glossary.

1. Resolution 1: Approval of the Gryphon Minerals Limited – 2016 Equity Incentive Plan

At the Company's 2012 Annual General Meeting, the Company's existing equity incentive plan ("Old Plan") was approved by Shareholders for the purposes ASX Listing Rule 7.2 (Exception 9). In accordance with ASX Listing Rule 7.2 (Exception 9), that approval expired on 20 November 2015. The Old Plan was consistent with ASIC Class Order 03/184 ("CO 03/184"), which provides relief from certain provisions of the Corporations Act relating to disclosure, on-sale and licensing. In October 2014, ASIC issued a new class order, ASIC Class Order 14/1000 ("CO 14/1000"), which governs employee incentive schemes. Unlike CO 03/184, the new CO 14/1000 allows contractors and casual employees to participate in employee incentive schemes and simplifies the calculation of the aggregate number of securities which may be issued by an entity under the Class Order.

Accordingly, the Board has resolved to adopt a new equity incentive plan ("Plan") that is consistent with CO 14/1000.

Like the Old Plan, the purpose of the Plan is to:

- a. assist in the reward, retention and motivation of Eligible Employees;
- b. link the reward of Eligible Employees to Shareholder value creation; and
- c. align the interests of Eligible Employees with Shareholders by providing an opportunity to Eligible Employees to receive an equity interest in the form of Equity Incentives.

Shareholder approval of the Plan is therefore sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the purpose of Listing Rule 7.2 (Exception 9).

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) 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 plan as an exception to ASX Listing Rule 7.1.

Resolution 1 seeks Shareholder approval for the adoption of the Plan in accordance with Exception 9 of ASX Listing Rule 7.2.

If Resolution 1 is passed, the Company will be able to issue Equity Incentives under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. The Company will seek Shareholder approval in accordance with the Corporations Act and the Listing Rules prior to issuing any Equity Incentives to Directors or their associates.

No securities have currently been issued under the Plan. However, the following securities have been issued under the Old Plan since the date of the last approval of the Old Plan by Shareholders at the Company's 2012 Annual General Meeting:

- a. 47,546,030 Share Appreciation Rights at no acquisition price (of which 41,696,189 have lapsed or expired)
- b. 12,294,716 Performance Rights at no acquisition price (of which 678,535 have lapsed or expired and 226,181 have vested and converted into ordinary shares of the Company)

A summary of the key terms of the Plan is set out in Annexure A.

It is considered by the Directors that the adoption of the Plan and the future grant of Equity Incentives under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A copy of the full terms and conditions of the Equity Incentive Plan will be sent to shareholders of the Company free of charge on request.

2. Resolution 2: Issue of Performance Rights to Related Party– Mr Stephen Parsons

2.1. General

The Company has agreed, subject to obtaining Shareholder approval, to issue 5,000,000 Performance Rights to the Managing Director of the Company, Mr Stephen Parsons (or his nominee/s) on the terms and conditions set out below.

The 5,000,000 Performance Rights will be issued in two separate equal tranches of 2,500,000 to be issued on the same date, but with each tranche having a different Performance Hurdle as set out below:

Tranche 1: Will vest upon the Board resolving to commence construction of the Banfora Gold Project in Burkina Faso on or before 31 December 2019.

Tranche 2: Will vest upon first gold pour being achieved at the Banfora Gold Project in Burkina Faso on or before 31 December 2020.

In addition, the Performance Rights will only vest after 3 years of service by Mr Stephen Parsons to the Company from the date that Shareholder approval to the issue of the Performance Rights is obtained (subject to the Performance Rights vesting in the circumstances described below).

In the event of a change of control of the Company, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms. When determining the vesting of the Performance Rights, the Directors will take into consideration a number of criteria, but in particular the value to shareholders as a result of a change of control.

The Board believes a change of control clause is appropriate due to the following:

- a. Mr Parsons has been dedicated to create shareholder wealth by attempting to develop the Banfora Gold Project.
- b. The Board believes the company is close to developing Banfora so it is considered reasonable to include a change of control provision; and
- c. Mr Parsons has voluntarily reduced his base salary over the past three years and the issue of the Performance Rights is consideration for his commitment to the Company and cost reductions.

The Company believes that the issue of Performance Rights is appropriate to align the creation of shareholder value and remuneration whilst minimising cash outflows.

2.2. Background

Over the past three years the Company has implemented significant cost reduction measures to conserve the Company's cash position.

Mr Parsons has personally contributed to these cost reduction measures by:

- a. agreeing to a voluntary reduction in base salary (incl. super) from \$547,500 to \$394,200 (28%) over the past three years;
- b. voluntarily waiving 50% of his accrued 2013 Financial Year short term incentive (\$325,000); and
- c. deferring the remaining 50% of his accrued 2013 Financial Year short term incentive until first gold pour at the Banfora Gold Project, or if there is a change of control of the Company, or cessation of Mr Parsons' employment with the Company.

The Directors believe the issue of Performance Rights to Mr Parsons is reasonable given:

- a. the increased workload and commitment to the Company that Mr Parsons has demonstrated through the voluntary reduction of his base salary and the waiver and deferral of the 2013 Financial Year short term incentive payments;
- b. the strategy to increase the "at risk" component of Mr Parsons' remuneration;
- c. the strategy to align the creation of shareholder value and remuneration; and
- d. the objective of conserving the Company's cash position.

The Board believes that the value of the Performance Rights issued to Mr Parsons is reasonable given the lower base salary that Mr Parsons has voluntarily agreed to.

As such the Directors (excluding Mr Parsons) unanimously recommend shareholders vote in favour of Resolution 2.

2.3. Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a 'financial benefit' (including an issue of shares or rights) to a 'related party' of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

As a Director, Mr Parsons is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Performance Rights constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit issue of the Performance Rights under Resolution 2 to Mr Parsons as a related party of the Company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 2:

- a. The related party to whom the financial benefit is to be given
Mr Stephen Parsons (or his nominee/s).
- b. The nature of the financial benefit
The issue of 5,000,000 Performance Rights to Mr Stephen Parsons. The Performance Rights will be issued on the terms set out in Annexure B.
- c. Valuation of the financial benefit
The Company engaged Stantons International to prepare independent valuations of the Performance Rights. Using the Market Valuation methodology, Stantons International has calculated the estimated value of each Performance Right to be \$0.15 per Performance Share, or an aggregate value of \$750,000.

The following variables and assumptions were used in the valuation:

- i. A Company share price of \$0.15 (closing market price on ASX on 9 May 2016).
- ii. Expiry date of 31 December 2020.

The valuation shown is indicative only and as a result of fluctuating share prices will vary between the date of this Notice of Meeting and when the Performance Rights are issued (if approved).

The Board believes that the value of the Performance Rights issued to Mr Parsons as a percentage of fixed remuneration is reasonable given the lower base salary that Mr Parsons has voluntarily agreed to.

- d. Current remuneration and security interests
As at the date of this Notice Mr Parsons' annual salary (including 9.5% compulsory superannuation) was \$394,200.

As at the date of this Notice Mr Parsons directly and indirectly held the following security interests in the Company:

- 7,036,310 Shares;
- 3,333,333 Share Appreciation Rights with an exercise price of \$0.235; and
- 218,530 Share Appreciation Rights with an exercise price of \$0.87.

- e. Dilution
The number of Performance Rights issued equals the number of Shares that may be issued upon vesting and/or exercise of the Performance Rights. The maximum number of Shares that may be issued on the exercise of the Performance Rights is 5,000,000.

If all of the Performance Rights issued under this Resolution were converted into Shares, and no other Shares were issued by the Company, the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 1.25%.

- f. Accounting
The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods means that, under AASB2 Share-based Payment, equity-based compensation (such as the Performance Rights under this Resolution) will be recognised as an expense in respect of the services received.

g. Trading history

As at the date of the Notice, the Company had 401,596,447 Shares on issue. The highest and lowest market sale price in the Company during the twelve months immediately preceding the date of the Notice was \$0.18 on 2 May 2016 and \$0.046 on 2 September 2015. The closing market sale price of the Company's Shares on ASX on 18 May 2016 was \$0.15.

As at the date of this Notice, the Company had 11,390,000 performance rights and 5,849,841 share appreciation rights on issue. There were no other equity based securities on issue as at the date of this Notice.

h. Terms of the securities

The terms of the Performance Rights are set out in Annexure B.

i. Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights.

j. The intended use of the funds raised

There will be no funds raised in connection with the issue of the Performance Rights under this Resolution as the Performance Rights are to be issued without payment of cash consideration.

k. Director's interests

Mr Stephen Parsons has a material personal interest in the outcome of Resolution 2 as the recipient of the Performance Rights. No other Director has a material personal interest in the outcome of Resolution 2.

l. Director's recommendations

The recommendation of the Directors and the reasons for that recommendation are as follows:

- i. each Director (other than the abstaining Director Mr Stephen Parsons) recommends that Shareholders vote in favour of Resolution 2; and
- ii. each of the Directors making the recommendation to vote in favour of Resolution 2 considers that the Resolution is in the best interests of the Company as recognition of Mr Stephen Parsons' continued contribution to the Company's progress to date and to further incentivise his ongoing performance and commitment to the Company.

m. Other information

Other than as set out in the Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 2.

2.4. 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 these Performance 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.

The issue of the Performance Rights under Resolution 2 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those Performance Rights (once approved by Shareholders and issued) will be excluded from the calculations under Listing Rule 7.1.

2.5. ASX Shareholder approval (Listing Rule 10.14)

As required by Listing Rule 10.15, the following information is provided in relation to Resolution 2:

- a. The maximum number of Performance Rights to be issued to Mr Parsons (or his nominee/s) is 5,000,000;
- b. The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance 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. No securities have previously been issued under this Plan. Since last approval under the Old Plan, Mr Parsons being the only person referred to in Listing Rule 10.14 who received securities under the Old Plan received the following number of securities:
 - i. 10,874,124 Share Appreciation Rights at no acquisition price (of which 7,322,261 have lapsed or expired)
 - ii. 344,435 Performance Rights at no acquisition price (of which 258,326 have lapsed or expired)
- d. As at the date of this Notice, Mr Parsons is the only person declared by the Board to be eligible to be issued Performance 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. A voting exclusion statement for Resolution 2 has been included in the Notice of Meeting preceding this Explanatory Statement;
- f. As the Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance 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 Performance Rights;
- g. Details of any securities issued under the Plan will be published in each annual report of the entity relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under Listing Rule 10.14;
- h. It is expected that the 5,000,000 Performance Rights will be issued to Mr Parsons (or his nominee) as soon as practicable after Shareholder approval is obtained and in any event no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules); and
- i. The terms of the Performance Rights are set out in Annexure B.

GLOSSARY

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

ASX means ASX Limited.

ASX Listing Rules means the listing rules of ASX.

Board means the board of directors of the Company.

Chair means the chair of the Meeting.

Change of control has the meaning given to that term in the Plan summarised in Annexure A.

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 Company;
- e. a company the member controls; or
- f. a person prescribed by the Corporations Regulations 2001 (Cth).

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 directors of the Company.

Equity Incentive means:

- a. a Performance Right; and/or
- b. a Share Appreciation Right,

as the case may be, which is granted under the Plan.

Equity Securities has the same meaning as in the ASX Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Plan means the Gryphon Minerals Limited 2016 Equity Incentive Plan summarised in Annexure A.

Performance Right has the meaning given to that term in the Plan summarised in Annexure A.

Proxy Form means the proxy form accompanying the Notice.

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 Company;
- e. a company the member controls; or
- f. a person prescribed by the Corporations Regulations 2001 (Cth).

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 2015.

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.

Share Appreciation Right has the meaning given to that term in the Plan, summarised in Annexure A.

Shareholder means a holder of a Share.

Vesting Conditions means any time based criteria, requirements or conditions which must be met prior to Equity Incentives vesting.

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

ANNEXURE A – KEY TERMS AND CONDITIONS OF THE PLAN

The key terms of the Plan are as follows:

- (a) **Eligibility:** The Board may in its sole and absolute discretion offer Plan Rights to any of the following people:
- (i) a full time or part time employee (including an executive director) or non-executive director of the Company or an associated body corporate (being a body corporate that is a related body corporate of the body, a body corporate that has voting power in the body of not less than 20% or a body corporate in which the body has voting power of not less than 20%) (**Group Company**);
 - (ii) an individual who is or might reasonably be expected to be engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position with a Group Company; or
 - (iii) an individual or company with whom a Group Company has entered into a contract for the provision of services under which the individual or a director or their spouse performs work for a Group Company.

Persons who the Board invites to participate in the Plan are called **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:** Where an offer is made under the Plan in reliance on CO 14/1000 (or any amendment or replacement of it) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares which would be issued if the Plan Rights the subject of the offer vested, will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the CO 14/1000 or an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

- (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 holders 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:

Quantity of Shares =

Quantity of Exercised Share Appreciation Rights
x (Subsequent Market Value – Initial Market Value)

÷ Subsequent Market Value

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,
 - (vi) 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.

(r) **Definitions:**

Change of Control Event means:

- (i) a change in Control of the Company;
- (ii) 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);
- (iii) 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
- (iv) 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
- (v) 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
- (vi) 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:

- (i) an offer to a person situated at the time of receipt of the offer outside Australia;
- (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (iii) 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
- (iv) 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.

ANNEXURE B – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

- (a) **(Performance Rights)** Each Performance Right is an option to acquire by way of issue an ordinary share in the capital of Gryphon Minerals Limited (Company).
- (b) **(Exercise Price)** There is no exercise price of each Performance Right. However the Performance Rights are not exercisable until they have vested.
- (c) **(Expiry Date)** The Performance Rights expire on 31 December 2020.
- (d) **(General meetings)** The Performance Rights shall not confer on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (Shareholders). Holders have the right to attend general meetings of Shareholders.
- (e) **(No voting rights)** The Performance Rights do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (f) **(No dividend rights)** The Performance Rights do not entitle the Holder to any dividends.
- (g) **(Rights on winding up)** The Performance Rights will not participate in the surplus profits or assets of the Company upon winding up of the Company.
- (h) **(Not transferable)** The Performance Rights are not transferable.
- (i) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (j) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, upon conversion of the Performance Rights into fully paid ordinary shares (Shares), the Company must within 10 Business Days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (k) **(Participation in entitlements and bonus issues)** Holders of Performance Rights will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.
- (l) **(No other rights)** The Performance Rights give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (m) **(Vesting on achievement of milestones)**
Vesting of the following types of Performance Rights is subject to the following milestones:

Tranche 1: Will vest upon the Board resolving to commence construction of the Banfora Gold Project in Burkina Faso on or before 31 December 2019.

Tranche 2: Will vest upon first gold pour being achieved at the Banfora Gold Project in Burkina Faso on or before 31 December 2020. The Performance Rights will also vest upon the Board exercising its discretion in the following circumstances:

i. the significant achievement of the strategic objectives set by the Board; or
ii. other significant contribution to the Company's business achieved prior to the expiry of the Performance Rights.
- (n) **(Lapse)** If the relevant Milestone is not achieved by the required date or, subject to clause (q), the relevant Performance Rights will lapse.
- (o) **(Exercise procedure)** Subject to the Performance Rights having vested, the Holder may exercise the Performance Rights at any time on or before the expiry date by providing to the Company an exercise notice. The Company will issue the Holder with a new holding statement for the Shares within 10 Business Days following exercise.
- (p) **(Ranking upon exercise)** The Shares issued following the exercise of the Performance Rights will rank pari passu in all respects with existing Shares.
- (q) **(Vesting on Change of Control)** In the event of a change of control of the Company, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms.
- (r) **(Deferral of taxing point)** Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (Act) applies to this Plan, subject to the requirements of the Act.



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

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

PROXY FORM

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

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 you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **2:00pm (WST) on Tuesday 28 June 2016 at 288 Churchill Avenue, Subiaco WA 6008** (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

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

Resolutions

	For	Against	Abstain*
1 Approval of the Gryphon Minerals Limited – 2016 Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Performance Rights to Related Party – Mr Stephen Parsons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2



* 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.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).

STEP 3

GRY PRX1601A



HOW TO COMPLETE THIS SECURITYHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

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.

To appoint a second proxy you must:

- 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; and
- 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 or online at www.linkmarketservices.com.au.

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 **2:00pm (WST) on Sunday 26 June 2016**, 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

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**