



Gryphon Minerals Limited
ABN 31 107 690 657

NOTICE OF GENERAL MEETING

– and –

EXPLANATORY STATEMENT

– and –

PROXY FORM

DATE AND TIME OF MEETING:
11 June 2009 at 10.00am

VENUE: Freemasons Hall
181 Roberts Road, Subiaco Western Australia 6008

These documents should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

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NOTICE OF MEETING

Notice is hereby given that the General Meeting of the members of Gryphon Minerals Limited (“**Gryphon**” or the “**Company**”) will be held at Freemasons Hall, 181 Roberts Road, Subiaco, Western Australia 6008, at 10.00am, 11 June 2009.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

AGENDA

ORDINARY BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolutions:-

1. RATIFICATION AND APPROVAL OF PREVIOUS ISSUE AND ALLOTMENT OF SHARES – TRANCHE 1

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, this meeting approves and ratifies the prior issue and allotment of 15,900,000 Shares at an issue price of 20 cents each and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

1. Prior to making a decision with respect to Resolution 1, members should refer to Section 1 of the Explanatory Statement which accompanies this Notice of Meeting.
2. In accordance with ASX Listing Rule 7.5.6 the Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. APPROVAL OF ISSUE AND ALLOTMENT OF SHARES – TRANCHE 2

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, this meeting approve the issue and allotment of 34,100,000 Shares at an issue price of 20 cents each and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

1. Prior to making a decision with respect to Resolution 2, members should refer to Section 2 of the Explanatory Statement which accompanies this Notice of Meeting.
2. In accordance with ASX Listing Rule 7.3.8 the Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of the security holder, if Resolution 2 is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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3. GRANT OF OPTIONS TO MR PARSONS

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

“That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.11, and all other purposes, this meeting hereby approves and authorises the Directors to grant within one month of the date of this Meeting 3,500,000 Options to Mr Parsons (or his nominee) on the terms and conditions set out in the Explanatory Statement that forms part of this Notice of Meeting.”

1. Prior to making a decision with respect to Resolution 3, members should refer to Section 3 of the Explanatory Statement which accompanies this Notice of Meeting.
2. The Company will disregard any votes cast on Resolution 3 by Mr Parsons or any associate of Mr Parsons. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if 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.

4. GRANT OF OPTIONS TO MR ASHTON

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

“That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.11, and all other purposes, this meeting hereby approves and authorises the Directors to grant within one month of the date of this Meeting 1,000,000 Options to Mr Ashton (or his nominee) on the terms and conditions set out in the Explanatory Statement that forms part of this Notice of Meeting.”

1. Prior to making a decision with respect to Resolution 4, members should refer to Section 4 of the Explanatory Statement which accompanies this Notice of Meeting.
2. The Company will disregard any votes cast on Resolution 4 by Mr Ashton or any associate of Mr Ashton. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if 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.

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5. GRANT OF OPTIONS TO MR MURCIA

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

“That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.11, and all other purposes, this meeting hereby approves and authorises the Directors to grant within one month of the date of this Meeting 500,000 Options to Mr Murcia (or his nominee) on the terms and conditions set out in the Explanatory Statement that forms part of this Notice of Meeting.”

1. Prior to making a decision with respect to Resolution 5, members should refer to Section 5 of the Explanatory Statement which accompanies this Notice of Meeting.
2. The Company will disregard any votes cast on Resolution 5 by Mr Murcia or any associate of Mr Murcia. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if 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.

6. APPROVAL OF ISSUE AND ALLOTMENT OF OPTIONS

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, this meeting approves and authorises the Directors to issue and allot 3,000,000 Options exercisable at \$0.30 and \$0.35 on or before 11 June 2011 and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

1. Prior to making a decision with respect to Resolution 6, members should refer to Section 6 of the Explanatory Statement which accompanies this Notice of Meeting.
2. In accordance with ASX Listing Rule 7.3.8, the Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of the security holder, if Resolution 6 is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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PROXIES

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of the member. If two proxies are appointed, and a member does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes. A proxy need not be a member of the Company.
2. In order to vote on behalf of a company that is a shareholder of Gryphon, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.
3. Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be lodged at the registered office of the Company, at 181 Roberts Road, Subiaco WA 6008, or by facsimile (61 8) 9287 4334 not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.
4. An instrument appointing a proxy:
 - a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
 - b) may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument;
 - c) shall be deemed to confer authority to demand or join in demanding a poll;
 - d) shall be in such form as the Directors determine and which complies with Section 250A of the Corporations Act 2001;
 - e) proxies appointing the Chairman which do not specify the way in which the proxy is to vote on a particular resolution will be recorded as voting in favour of the resolutions.

ATTENDANCE AND VOTING ELIGIBILITY

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that Shares held at 5.00pm WST on Tuesday, 9 June 2009 will be taken, for the purposes of this General Meeting, to be held by the persons who held them at that time.

BY ORDER OF THE BOARD



Brett Dunnachie
Company Secretary
Dated: 11 May 2009

Gryphon Minerals Limited
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EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Gryphon Minerals Limited (“**Gryphon**” or the “**Company**”) in connection with Resolutions 1 to 6 of the General Meeting of members to be held at Freemasons Hall, 181 Roberts Road, Subiaco, Western Australia 6008, at 10.00am, 11 June 2009.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting. Please refer to Section 7 of this Explanatory Statement for a glossary of terms.

1. RATIFICATION AND APPROVAL OF PREVIOUS ISSUE AND ALLOTMENT OF SHARES – TRANCHE 1

Resolution 1 seeks Shareholder ratification for the prior issue of 15,900,000 Shares.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company subsequently ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company’s 15% capacity and enabling it to issue further securities up to that limit.

Resolution 1 proposes the ratification and approval of the allotment and issue of Shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

The information required to be provided to shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

In compliance with the information requirements of ASX Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

- a. Date of Allotment and Issue of the Shares: 1 May 2009.
- b. Number of Shares allotted and issued: 15,900,000.
- c. Price at which Shares were allotted and issued: \$0.20.
- d. The Shares rank pari-passu on allotment and issue with the existing Shares of the Company;
- e. The allottees in respect of Resolution 1 were institutional and sophisticated investors. None of the allottees were related parties of the Company. No allottee, either individually or in association with any related entity, was allotted securities, which would, if added to existing holdings, result in the holder and their related entities holding in excess of 19.9% of the issued capital of the Company;
- f. the Company intends to use the funds raised by the issue of Shares the subject of Resolution 1, being gross proceeds of \$3,180,000, for ongoing exploration on the Company’s Banfora Gold Project, in Burkina Faso, Africa. Any surplus funds will be used for general working capital purposes, review and analysis of new projects and for the funding of the Company’s existing activities.

The Board unanimously recommends that Shareholders vote in favor of Resolution 1.

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2. APPROVAL OF ISSUE AND ALLOTMENT OF SHARES – TRANCHE 2

Resolution 2 seeks Shareholder approval for the issue of 34,100,000 Shares.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2 to allow Shareholders to assess the proposed facility for the future issue of 34,100,000 Shares:

- a. the maximum number of Shares to be allotted and issued under Resolution 2 is 34,100,000;
- b. the Shares will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- c. the issue price of the Shares proposed to be allotted and issued will be \$0.20 to raise gross proceeds of \$6,820,000;
- d. The allottees in respect of Resolution 2 will be institutional and sophisticated investors. The allottees will not be related parties of the Company. No subscriber, either individually or in association with any related entity, will be allotted securities, which would, if added to existing holdings, result in the holder and their related entities holding in excess of 19.9% of the issued capital of the Company;
- e. The Shares to be issued are fully paid ordinary shares which rank pari-passu with the existing Shares of the Company;
- f. The funds will be used for ongoing exploration on the Company's Banfora Gold Project, in Burkina Faso, Africa. Any surplus funds will be used for general working capital purposes, review and analysis of new projects and for the funding of the Company's existing activities;
- g. the Shares are expected to be issued and allotted on the one date, however no Shares will be issued or allotted after the date which is three (3) months after the date of the Meeting.

The Board unanimously recommends that Shareholders vote in favor of Resolution 2.

If Resolution 2 is approved and the Shares the subject of Resolution 2 are issued, the Company will have the following securities on issue:

- 165,989,098 ordinary shares;
- 100,000 40 cent options expiring 27 July 2009;
- 2,700,000 62 cent options 30 November 2009;
- 2,700,000 75 cent options expiring 30 November 2009;
- 50,000 25 cent options expiring 31 August 2010.

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3. GRANT OF OPTIONS TO MR PARSONS

Resolution 3 seeks the approval of members to grant 3,500,000 Options to Mr Parsons.

Shareholder approval of the grant of the options the subject of Resolution 3 is sought for the purposes of:

1. Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to directors and other “related parties” of a company; and
2. ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The object of Resolution 3 is to provide Mr Parsons with a mechanism to participate in the future development of the Company and an incentive for his future involvement with and commitment to the Company.

If shareholder approval is obtained, the options will be granted within 1 month of shareholder approval.

Terms of Options

Subject to shareholder approval, the Options will be granted on the terms and conditions set out in Annexure “A” to this Explanatory Statement.

Part 2E.1 of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving financial benefit to a “related party” of the Company (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval is obtained to the giving of the benefit.

The object of Part 2E.1 of the Corporations Act is the protection of public companies resources.

For the purposes of Part 2E.1, Mr Parsons (or his nominee) is considered to be a related party of the Company and, therefore, the proposed grant of Options to him (or his nominee) requires prior shareholder approval.

An aggregate amount of \$275,000 excluding superannuation per annum is payable to Mr Parsons, for the provision of Managing Director services to the Company.

Mr Parsons currently has a beneficial interest in the following securities of Gryphon Minerals Limited:

	Number	Percent of Issued Capital
• Fully paid ordinary shares:	5,490,601	4.16%
• 62 cent options expiring 30 November 2009	800,000	
• 75 cent options expiring 30 November 2009	800,000	

In accordance with the requirements of Part 2E.1 and, in particular, sections 219 and 221 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed grant of options:

1. being a Director, Mr Parsons is a related party of the Company to whom the financial benefit would be given by virtue of section 228(2)(a) of the Corporations Act (or in the case of his nominee, section 228(4) of the Corporations Act);
2. the nature of the financial benefit to be given is the grant of 3,500,000 Options on the terms set out in Annexure “A” to this Explanatory Statement;

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3. Mr Parsons is not entitled and does not wish to make a recommendation to Shareholders regarding Resolution 3 on the basis that he has an interest in the outcome of the Resolution;
4. Messrs Ashton and Murcia recommend that Shareholders vote in favour of Resolution 3 on the basis the Options to be granted provide Mr Parsons with an appropriate incentive for his future commitment to the Company. Messrs Ashton and Murcia have no interest in the outcome of Resolution 3;
5. the Options are to be granted for no consideration;
6. an estimate of the value of the Options is set out in Annexure "B" to this Explanatory Statement;
7. neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision as to whether it is in the best interests of the Company to pass the Resolution other than as follows:
 - (a) if all the options the subject of Resolutions 3, 4 and 5 are granted and exercised, then the Company's fully paid share capital will be diluted by approximately 3.79% (based on the existing number of Shares). The Company will, however, receive subscription monies totaling \$1,625,000. If, however, only the Options, the subject of this Resolution 3, are exercised, then the Company's fully paid share capital will be diluted by approximately 2.65% (based on the existing number of Shares). The Company will, however, receive subscription monies totaling \$1,137,500;
 - (b) the Directors consider that the incentive represented by the grant of Options is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration;
 - (c) the primary purpose of the grant of Options is to provide an incentive to Mr Parsons. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options, the subject of Resolution 3; and
 - (d) the Board, with the exclusion of Mr Parsons, has examined carefully the remuneration package of Mr Parsons to determine the fairness and reasonableness of the remuneration package. As part of the examination, the Board has reviewed the remuneration packages of industry executives in similar roles to Mr Parsons as Managing Director of Gryphon Minerals.

Based on the examination, the Board has concluded that the totality of Mr Parsons' remuneration package, including the equity component of 3,500,000 Options now to be considered for approval by shareholders, is fair and reasonable in the circumstances of Gryphon Minerals, in light of Mr Parsons' management experience and knowledge of the mineral exploration industry.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue options to a related party without shareholder approval. Resolution 3 seeks this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 is provided in the Resolution and the notes above.

Approval pursuant to ASX Listing Rule 7.1 is also not required in order to issue the options as approval is being obtained pursuant to an exception to ASX Listing Rule 10.11. Shareholders should note that the issue of these options will not be included in calculating the 15% threshold prescribed by ASX Listing Rule 7.1.

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4. GRANT OF OPTIONS TO MR ASHTON

Resolution 4 seeks the approval of members to grant 1,000,000 Options to Mr Ashton.

Shareholder approval of the grant of the options the subject of Resolution 4 is sought for the purposes of:

1. Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to directors and other "related parties" of a company; and
2. ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The object of Resolution 4 is to provide Mr Ashton with a mechanism to participate in the future development of the Company and an incentive for his future involvement with and commitment to the Company.

If shareholder approval is obtained, the options will be granted within 1 month of shareholder approval.

Terms of Options

Subject to shareholder approval, the Options will be granted on the terms and conditions set out in Annexure "A" to this Explanatory Statement.

Part 2E.1 of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving financial benefit to a "related party" of the Company (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval is obtained to the giving of the benefit.

The object of Part 2E.1 of the Corporations Act is the protection of public companies resources.

For the purposes of Part 2E.1, Mr Ashton (or his nominee) is considered to be a related party of the Company and, therefore, the proposed grant of Options to him (or his nominee) requires prior shareholder approval.

An aggregate amount of \$75,000 per annum (exc. GST) is due and payable to Mentoring Services for Business Pty Ltd, a company controlled by Mr Ashton, for the provision of Non-Executive director services to the Company.

Mr Ashton currently has a beneficial interest in the following securities of Gryphon Minerals Limited:

	Number	Percent of Issued Capital
• Fully paid ordinary shares:	1,000,000	0.76%
• 62 cent options expiring 30 November 2009	400,000	
• 75 cent options expiring 30 November 2009	400,000	

In accordance with the requirements of Part 2E.1 and, in particular, sections 219 and 221 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed grant of options:

1. being a Director, Mr Ashton is a related party of the Company to whom the financial benefit would be given by virtue of section 228(2)(a) of the Corporations Act (or in the case of his nominee, section 228(4) of the Corporations Act);
2. the nature of the financial benefit to be given is the grant of 1,000,000 Options on the terms set out in Annexure "A" to this Explanatory Statement;

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3. Mr Ashton is not entitled and does not wish to make a recommendation to Shareholders regarding Resolution 4 on the basis that he has an interest in the outcome of the Resolution;
4. Messrs Murcia and Parsons recommend that Shareholders vote in favour of Resolution 4 on the basis the Options to be granted provide Mr Ashton with an appropriate incentive for his future commitment to the Company. Messrs Murcia and Parsons have no interest in the outcome of Resolution 4;
5. the Options are to be granted for no consideration;
6. an estimate of the value of the Options is set out in Annexure "B" to this Explanatory Statement;
7. neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision as to whether it is in the best interests of the Company to pass the Resolution other than as follows:
 - (a) if all the options the subject of Resolutions 3, 4 and 5 are granted and exercised, then the Company's fully paid share capital will be diluted by approximately 3.79% (based on the existing number of Shares). The Company will, however, receive subscription monies totaling \$1,625,000. If, however, only the Options, the subject of this Resolution 4, are exercised, then the Company's fully paid share capital will be diluted by approximately 0.76% (based on the existing number of Shares). The Company will, however, receive subscription monies totaling \$325,000;
 - (b) the Directors consider that the incentive represented by the grant of Options is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration;
 - (c) the primary purpose of the grant of Options is to provide an incentive to Mr Ashton. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options, the subject of Resolution 4; and
 - (d) the Board, with the exclusion of Mr Ashton, has examined carefully the remuneration package of Mr Ashton to determine the fairness and reasonableness of the remuneration package. As part of the examination, the Board has reviewed the remuneration packages of industry executives in similar roles to Mr Ashton as Non-Executive Chairman of Gryphon Minerals.

Based on the examination, the Board has concluded that the totality of Mr Ashtons remuneration package, including the equity component of 1,000,000 Options now to be considered for approval by shareholders, is fair and reasonable in the circumstances of Gryphon Minerals, in light of Mr Ashtons management experience and knowledge of the mineral exploration industry.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue options to a related party without shareholder approval. Resolution 4 seeks this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 is provided in the Resolution and the notes above.

Approval pursuant to ASX Listing Rule 7.1 is also not required in order to issue the options as approval is being obtained pursuant to an exception to ASX Listing Rule 10.11. Shareholders should note that the issue of these options will not be included in calculating the 15% threshold prescribed by ASX Listing Rule 7.1.

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5. GRANT OF OPTIONS TO MR MURCIA

Resolution 5 seeks the approval of members to grant 500,000 Options to Mr Murcia.

Shareholder approval of the grant of the options the subject of Resolution 5 is sought for the purposes of:

1. Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to directors and other “related parties” of a company; and
2. ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The object of Resolution 5 is to provide Mr Murcia with a mechanism to participate in the future development of the Company and an incentive for his future involvement with and commitment to the Company.

If shareholder approval is obtained, the options will be granted within 1 month of shareholder approval.

Terms of Options

Subject to shareholder approval, the Options will be granted on the terms and conditions set out in Annexure “A” to this Explanatory Statement.

Part 2E.1 of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving financial benefit to a “related party” of the Company (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval is obtained to the giving of the benefit.

The object of Part 2E.1 of the Corporations Act is the protection of public companies resources.

For the purposes of Part 2E.1, Mr Murcia (or his nominee) is considered to be a related party of the Company and, therefore, the proposed grant of Options to him (or his nominee) requires prior shareholder approval.

An aggregate amount of \$45,000 per annum (exc. GST) is due and payable to Murcia Consulting Pty Ltd, a company controlled by Mr Murcia, for the provision of Non-Executive director services to the Company.

Mr Murcia currently has a beneficial interest in the following securities of Gryphon Minerals Limited:

	Number	Percent of Issued Capital
• Fully paid ordinary shares:	150,000	0.11%
• 62 cent options expiring 30 November 2009	400,000	
• 75 cent options expiring 30 November 2009	400,000	

In accordance with the requirements of Part 2E.1 and, in particular, sections 219 and 221 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed grant of options:

1. being a Director, Mr Murcia is a related party of the Company to whom the financial benefit would be given by virtue of section 228(2)(a) of the Corporations Act (or in the case of his nominee, section 228(4) of the Corporations Act);
2. the nature of the financial benefit to be given is the grant of 500,000 Options on the terms set out in Annexure “A” to this Explanatory Statement;

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3. Mr Murcia is not entitled and does not wish to make a recommendation to Shareholders regarding Resolution 5 on the basis that he has an interest in the outcome of the Resolution;
4. Messrs Ashton and Parsons recommend that Shareholders vote in favour of Resolution 5 on the basis the Options to be granted provide Mr Murcia with an appropriate incentive for his future commitment to the Company. Messrs Ashton and Parsons have no interest in the outcome of Resolution 5;
5. the Options are to be granted for no consideration;
6. an estimate of the value of the Options is set out in Annexure "B" to this Explanatory Statement;
7. neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision as to whether it is in the best interests of the Company to pass the Resolution other than as follows:
 - (a) if all the options the subject of Resolutions 3, 4 and 5 are granted and exercised, then the Company's fully paid share capital will be diluted by approximately 3.79% (based on the existing number of Shares). The Company will, however, receive subscription monies totaling \$1,625,000. If, however, only the Options, the subject of this Resolution 5, are exercised, then the Company's fully paid share capital will be diluted by approximately 0.38% (based on the existing number of Shares). The Company will, however, receive subscription monies totaling \$162,500.
 - (b) the Directors consider that the incentive represented by the grant of Options is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration;
 - (c) the primary purpose of the grant of Options is to provide an incentive to Mr Murcia. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options, the subject of Resolution 5; and
 - (d) the Board, with the exclusion of Mr Murcia, has examined carefully the remuneration package of Mr Murcia to determine the fairness and reasonableness of the remuneration package. As part of the examination, the Board has reviewed the remuneration packages of industry executives in similar roles to Mr Murcia as Non-Executive Director of Gryphon Minerals.

Based on the examination, the Board has concluded that the totality of Mr Murcia's remuneration package, including the equity component of 500,000 Options now to be considered for approval by shareholders, is fair and reasonable in the circumstances of Gryphon Minerals, in light of Mr Murcia's management experience and knowledge of the mineral exploration industry.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue options to a related party without shareholder approval. Resolution 5 seeks this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 is provided in the Resolution and the notes above.

Approval pursuant to ASX Listing Rule 7.1 is also not required in order to issue the options as approval is being obtained pursuant to an exception to ASX Listing Rule 10.11. Shareholders should note that the issue of these options will not be included in calculating the 15% threshold prescribed by ASX Listing Rule 7.1.

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6. APPROVAL OF ISSUE AND ALLOTMENT OF OPTIONS

Resolution 6 seeks Shareholder approval for the issue of 3,000,000 Options.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6 to allow Shareholders to assess the proposed facility for the future issue of 3,000,000 Options:

- (a) the maximum number of Options which may be allotted and issued is 3,000,000;
- (b) the Options will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- (c) the issue price of the Options proposed to be allotted and issued will be nil;
- (d) the allottees in respect of Resolution 6 is Management, staff and consultants. The allottees are not a related party of the Company. No subscriber, either individually or in association with any related entity, will be allotted securities, which would, if added to existing holdings, result in the holder and their related entities holding in excess of 19.9% of the issued capital of the Company;
- (e) The Options do not rank equally in all respects with the existing ordinary shares on issue. Only upon exercise of the Options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with an existing class of quoted securities. The Option does not entitle the holder to participate in the next dividend or interest payment;
- (f) The Options are expected to be issued and allotted on the one date, however no Options will be issued or allotted after the date which is three (3) months after the date of the Meeting;
- (g) there are no funds raised by the issue of Options.

The terms and conditions of the Options the subject of Resolution 6 is set out in Annexure A to this explanatory statement.

The Board unanimously recommends that Shareholders vote in favor of Resolution 6.

If Resolution 6 is approved and the Options the subject of Resolution 6 is issued, the Company will have the following securities on issue:

- 131,889,098 ordinary shares;
- 100,000 40 cent options expiring 27 July 2009;
- 2,700,000 62 cent options 30 November 2009;
- 2,700,000 75 cent options expiring 30 November 2009;
- 50,000 25 cent options expiring 31 August 2010;
- 1,500,000 30 cent options expiring 11 June 2011;
- 1,500,000 35 cent options expiring 11 June 2011.

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NOTE: RESOLUTIONS 1, 2, 3, 4, 5 & 6

Shares and Options currently on issue are:

- 131,889,098 ordinary shares;
- 100,000 40 cent options expiring 27 July 2009;
- 2,700,000 62 cent options 30 November 2009;
- 2,700,000 75 cent options expiring 30 November 2009;
- 50,000 25 cent options expiring 31 August 2010.

The highest and lowest ASX trading prices of the company's fully paid shares in the last 12 months are:

<i>High:</i>	<i>50.5 cents</i>	<i>19 May 2008</i>
<i>Low:</i>	<i>5.9 cents</i>	<i>23 January 2009</i>

Latest Available trading prices (5 May 2009):

Ordinary fully paid shares 26.5 cents

ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Statement carefully before deciding how to vote on each Resolution.

Attached to the Notice of Meeting is a proxy form for use by Shareholders. Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the Meeting in person.

Enquiries

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Statement should be directed to the Company's Managing Director, Mr Stephen Parsons or Company Secretary, Mr Brett Dunnachie (telephone: +61 8 9287 4333).

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7. GLOSSARY OF TERMS

In this Explanatory Statement:

“ACN”	Australian Company Number
“Gryphon” or “Company”	Gryphon Minerals Limited (ABN 31 107 690 657).
“ASIC”	Australian Securities and Investments Commission.
“ASX”	ASX Limited (ACN 008 624 691)
“ASX Listing Rules” or “Listing Rules”	The Official Listing Rules of ASX as amended from time to time.
“Corporations Act”	The Corporations Act 2001 (Commonwealth).
“Director”	A director of Gryphon.
“Options”	An option issued to Directors, Management, Staff and Consultants to subscribe for a Share at an exercise price of 30.0 and 35.0 cents per share for Tranche 1 and Tranche 2 respectively. Each option is exercisable on or before 11 June 2011, and otherwise on the terms set out in Annexure “A” to this Explanatory Statement.
“Meeting”	The Meeting of the Company to be held on 11 June 2009.
“Notice of Meeting”	The notice convening the Meeting, which accompanies this Explanatory Statement.
“Resolutions”	Resolutions in the Notice of Meeting.
“Share”	A fully paid ordinary share in the capital of the Company.
“Shareholder”	The registered holder of a Share in the Company.

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ANNEXURE “A”

Terms and Conditions of Options

The terms and conditions of the Options proposed to be allotted and issued and the subject of proposed Resolution 3, 4, 5 and 6 are as follows:

- a) Each Option entitles the holder to subscribe for one Share in the capital of the Company. The options are issued in two tranches as follows:

Tranche 1 – 50% of options issued per Option Holder are exercisable at the price of 30.0 cents per Share.
Tranche 2 – the remaining 50% of options issued per Option Holder are exercisable at the price of 35.0 cents per Share.
- b) Subject to paragraph (c) below, the Options are exercisable at any time up to 5.00pm Perth time on 11 June 2011 by completing an Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company. Any Options not exercised by that time will lapse.
- c) An Option Holder may exercise some of that person's Options, which does not affect that holder's right to exercise the remainder of their Options by the deadline in paragraph (b) above. Options must be exercised in multiples of 100 at a time, unless the Option Holder exercises all Options able to be exercised at that time.
- d) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Options are transferable at the discretion of the Board. Application will not be made to ASX for official quotation of the Options.
- e) All Shares issued upon exercise of the Options will, from the date they are issued, rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
- f) Option Holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Options without exercising the Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 10 business days after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- g) Subject to paragraph (h), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Option or any other terms of those Options.
- h) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to 11 June 2011 the rights of Option Holders, including the number of Options or the exercise price of the Options or both will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- i) Option Holders will be sent all communications sent to Shareholders of the Company, but Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Option holders in the manner provided by the Company's Constitution for the giving of notices to shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Option Holders

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ANNEXURE “B”

ESTIMATE OF THE VALUE OF OPTIONS

An estimate of the value of the Options that are proposed to be granted (pursuant to the passing of Resolutions 3, 4 and 5) using the Black and Scholes Options Pricing Model has been calculated as set out below:

	Name of Allottee	Number of Options	Estimated Value using Black & Scholes Model \$
Resolution 3	Parsons	3,500,000	231,000
Resolution 4	Ashton	1,000,000	66,000
Resolution 5	Murcia	500,000	33,000
	Total		330,000

The estimated value of the Options was calculated using the following assumptions:

1. risk free rate of 3.26% based on the 2 year Australian Government Bond rate as at 4 May 2009;
2. current share price of 26.5 cents;
3. dividend yield of 0%;
4. forecast volatility of 65%: the volatility rate based on the range to which the shares have been trading on the Australian Stock Exchange (ASX). It is not uncommon to have lower or higher volatility for mining exploration companies.
5. option exercise price of 30 cents and 35 cents for tranche 1 and 2 respectively; and
6. option expiry date of 11 June 2011

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Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - a) send the proxy form by post to Gryphon Minerals Limited, PO Box 536, West Perth, WA 6872;
 - b) deliver the proxy form to the Company's Registered Office – 181 Roberts Road, Subiaco, Western Australia; or
 - c) by facsimile to the Company on facsimile number INT + 61 8 9287 4334,

so that it is received not later than 10.00am (WST) on 9 June 2009.

Proxy forms received later than this time will be invalid.

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