



Gryphon Minerals SPECULATIVE BUY

27 July 2009

Current Price: **\$0.31**

Ticker: **GRY.ASX**
Sector: **Materials**

Shares on Issue (m): **166.0**

Market Cap (\$m): **51.5**

Cash (\$m): **12.0**

Enterprise Value (\$m): **39.4**

52 wk High/Low: **\$0.37 \$0.06**

12m Av Daily Vol (m): **0.29**

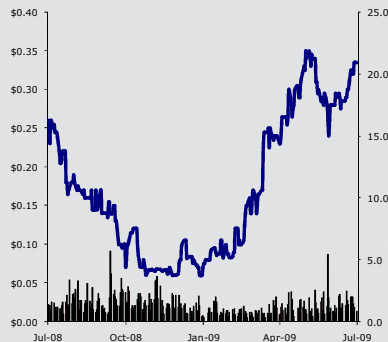
Substantial shareholders

Genesis 8.5%
Macquarie Group 5.4%
Baker Steel 5.3%

Directors

Mel Ashton Non-Executive Chairman
Steve Parsons Managing Director
Didier Murcia Non-Executive Director

Share Price Graph



Analyst:
Troy Irvin

Drawing close to the first million

During the June Q Gryphon Minerals (GRY) doubled the current inferred resource at the Banfora gold project to 820koz @ 2.4g/t. 720koz is contained in the Nogbele deposit and 100koz in the Fourkoura deposit. The two prospects are 7km apart. Most of the gold is less than 100m deep and open along strike and at depth.

Recent step out drill results outside of the resource estimate included 24m @ 4.8g/t from 23m, 9m @ 3.7g/t from 76m, and 12m @ 2.4g/t from 89m. Recent rock chip results up to 3km along strike of the current resource included 53g/t, 21g/t and 14g/t.

Drilling has recommenced targeting shallow (<100 meters) high grade gold zones outside of the resource estimate.

Over the next 6 months a new resource estimate and desktop/scoping studies are anticipated. Argonaut has visited the project and notes road access and grid power within 30km of the eastern boundary of the project.

Burkina Faso is considered pro-mining given the positive impact the sector can have on the economy, and the government installed a new mining code in 2003. The country is underexplored - despite having 22% of the prospective West African Birimian Greenstones, "the land of upright men" has <7% of the gold resources.

Burkina Faso – Gold potential

| Country | % Greenstone Belt | +1Moz Gold Deposits |
|---------------------|-------------------|---------------------|
| Ghana | 19 | 110 Moz |
| Mali | 10 | 33 Moz |
| Burkina Faso | 22 | 12 Moz |
| Guinea | 11 | 12 Moz |
| Ivory Coast | 35 | 8 Moz |
| Senegal | 3 | 3 Moz |
| TOTAL | | +178 Moz |

Source: AMX

Exploration is inexpensive in Burkina Faso – GRY reports a discovery cost of less than US\$10/oz.

Following the recent \$10m placement (50m shares at 20cps) GRY has \$12.0m in the tin.

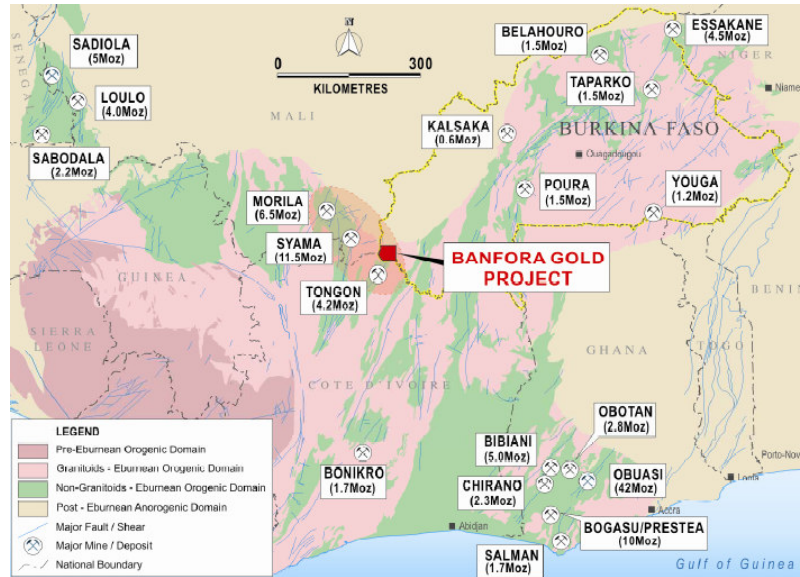
The Company's shareholder register is the envy of most junior exploration peers. Substantial shareholders include Genesis, Macquarie Bank and Baker Steel. Approval from shareholders during the Q will allow the International Finance Corporation, a member of the World Bank Group, to invest \$2m in GRY (10m shares @ 20cps) (subject to Australian Government FIRB approval).

With Banfora drawing close to its first one million ounces GRY is trading on an undemanding EV/resource oz of \$48/oz. The project offers significant resource upside beyond this milestone with grade, shallow depth and low discovery costs on its side.

SPECULATIVE BUY

West African neighbours include Tongon (4.2Moz), Syama (11.5Moz) and Morila (6.5Moz)

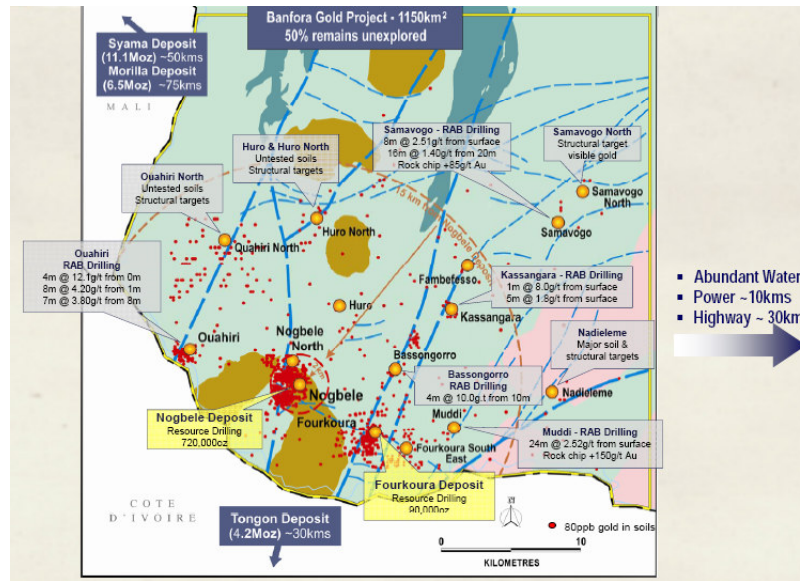
Figure 1: Banfora project location



Source: GRY

Critical mass in West Africa is arguably 2Moz...

Figure 2: Multi million ounce potential



Source: GRY

... Banfora is growing towards its first million with a resource upgrade expected in the current half

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Important Disclosure

The analyst has an immaterial interest in GRY shares.

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