

Gryphon Minerals (GRY)

Opinion Data

| | |
|--|------------------------|
| Recommendation | Speculative Buy |
| Risk Rating | High |
| Current share price | \$0.44 |
| Price range - high/low | \$0.80 - \$0.30 |
| Market capitalisation (fully diluted) | \$40m |

Company Background

Gryphon Minerals (GRY) floated on the ASX in April 2004 as a mineral exploration company with nickel and gold exploration projects in WA. The IPO raised \$3m at \$0.20/share.

In August 2005, GRY entered into a joint venture over the Banfora Gold project in Burkina Faso in West Africa. This has since become the company's flagship project, with GRY now owning 90% of the project, the balance being held by the Burkina Faso government. GRY's tenements overlie Birrimian greenstones, which host almost all of the known gold mineralisation in West Africa, including the nearby Morila, Syama and Tongon projects.

The nickel tenements in Western Australia are currently being explored by Minara Resources, under a farm in/joint venture agreement.

Since listing, GRY has raised ~\$15m, primarily through share placements at a premium to market, including a \$2.2m placement to Newmont Mining Corporation (at a 25% premium to the market at the time).

Highlights

GRY began exploration on the Banfora Gold project in Burkina Faso early in 2006, with several significant targets now identified. A maiden resource was announced in September 2007, with the majority of the resource in oxide material at less than 100m depth.

Given the early success that GRY has achieved and the tenor of ongoing exploration results, the Banfora Gold Project has the potential to contain large scale gold mineralisation. Indeed, GRY is targeting a resource of ~1moz by the end of 2008.

To this end GRY, is currently conducting an extensive drilling program, including 30,000m of RC resource definition drilling, 5,000m of exploration diamond drilling, and 50,000m of RAB drilling targeting further regional targets. In addition, GRY expects to complete ~5,000 regional soil geochemical samples over the next six months.

Early results from the RC drill program confirm good mineralisation outside of the existing resource boundaries, including intersections such as 12m @ 8.7g/t, 26m @ 2.7g/t and 28m @ 2.5g/t.

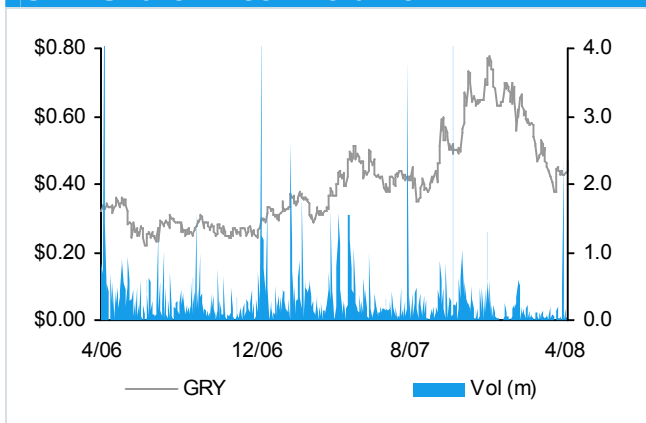
While the primary goal of the drilling program is to expand the shallow (<100m) oxide resource base, GRY will also be targeting deeper sulphide mineralisation (Morila style) through the diamond drilling program.

Outlook / Investment View

Although still at an early stage of development, we have completed an indicative model on the Banfora project. On an EV/oz basis it offers good relative upside. At the current spot gold price and FX rate (US\$950/oz and A\$0.93) we would value GRY's key project, Banfora, at \$64m and we would value GRY at \$0.74/share. We note, however, that the project is highly leveraged to the gold price – at our base case US\$675/oz gold price, GRY would be NPV neutral. In the absence of sustained higher gold prices, GRY would need to find higher-grade ounces or continue expanding its resource base. Either of these seems reasonable possibilities.

GRY is an attractive junior gold exploration play, underpinned by good management and a highly experienced exploration team, on landholdings that appear capable of delivering substantial resource growth.

GRY Share Price / Volume



Analyst: Hunter Hillcoat

+612 9233 9604

Directory

Equities Research Team

Melbourne

| Ryan Whitelegg | 613 8601 2045 | Head of Research |
|-----------------------|----------------------|--|
| Craig Stranger | 613 8601 2010 | Deputy Head, Emerging Companies |
| Heath Andrews | 613 8601 2644 | Analyst |
| Jason Brown | 613 8601 2071 | Infrastructure Analyst |
| John Buonaccorsi | 613 8601 2661 | Diversified Financial Services Analyst |
| Andrew Chambers | 613 8601 2605 | Infrastructure Analyst |
| Andrew Cleeland | 613 8601 2065 | Quantitative Data Analyst |
| Jon Fernie | 613 8601 2618 | Assistant Analyst |
| David Grossman | 613 8601 2616 | Analyst |
| Thomas Hodson | 613 8601 2628 | Property Analyst |
| Paul Jenz | 613 8601 2068 | Agribusiness & Science |
| Simon Oaten | 613 8601 2671 | Oil & Gas Analyst |
| Scott Pullan | 613 8601 2640 | Assistant Analyst |
| Maribel Quiza | 613 8601 2085 | Assistant Analyst |
| Chris Wiltshire | 613 8601 2680 | Assistant Analyst |

Sydney

| | | |
|-----------------|---------------|-----------------------------|
| Tim Gerrard | 612 9233 9603 | Resources Analyst |
| Hunter Hillcoat | 612 9233 9604 | Resources Analyst |
| Colin McLelland | 612 9233 9635 | Assistant Resources Analyst |
| Rohan Sundram | 612 9233 9638 | Analyst |

Institutional Sales

Melbourne

| Greg Burns | 613 8601 2626 | Head of Institutional Sales |
|-------------------|----------------------|------------------------------------|
| Lawry Bugeja | 613 8601 2635 | Institutional Research Sales |
| Peter Hollick | 613 8601 2011 | Institutional Research Sales |
| Stuart Low | 613 8601 2022 | Dealers Assistant |
| Sandy Milne | 613 8601 2081 | Institutional Research Sales |
| Enzo Salvatore | 613 8601 2014 | Institutional Research Sales |
| Tony Smith | 613 8601 2041 | Institutional Research Sales |
| Chris Walker | 613 8601 2038 | Institutional Research Sales |
| Peter Ward | 613 8601 2099 | Institutional Research Sales |
| Robert Wood | 613 8601 2031 | Institutional Sales Trading |

Sydney

| | | |
|-------------------|---------------|------------------------------|
| Leo Borovilas | 612 9233 9606 | Institutional Sales Trading |
| Chris Chia | 612 9233 9605 | Head of Asian Sales |
| Roderick Clarkson | 612 9233 9608 | Institutional Research Sales |
| Dave Gulson | 612 9233 9637 | Institutional Sales Trading |
| Tim Parry | 612 9233 9646 | Asian Sales |
| Mark Smith | 612 9233 9649 | Institutional Sales Trading |
| Stephen Smith | 612 9233 9629 | Institutional Sales Trading |
| Gavin Todd | 612 9233 9639 | Institutional Research Sales |
| James Wilson | 612 9233 9607 | Institutional Research Sales |
| Andrew Harvey | 612 9233 9619 | Dealers Assistant |

London

| | | |
|--------------|------------------|---------------------------|
| Todd Hadden | +44 20 7201 2188 | Australian Research Sales |
| Greg Peacock | +44 20 7201 2188 | Australian Research Sales |

Private Clients

Melbourne

| Scott Young | 613 8601 2674 | Head of Private Clients |
|--------------------|----------------------|-------------------------------------|
| Craig Sharpe | 613 8601 2023 | Head of Private Clients - Melbourne |
| Peter Atkinson | 613 8601 2652 | Client Advisor |
| John Axsentieff | 613 8601 2042 | Senior Client Advisor |
| Marshall Biggins | 613 8601 2047 | Options Strategist |
| Elizabeth Bing | 613 8601 2018 | Client Advisor |
| Alan Crute | 613 8601 2621 | Senior Client Advisor |
| Peter Cuthbertson | 613 8601 2096 | Client Advisor |
| Nick Fitzsimmons | 613 8601 2029 | Client Advisor |
| Kate Hanrahan | 613 8601 2058 | Client Advisor |
| Michael Heffernan | 613 8601 2053 | Senior Client Advisor |
| Peter King | 613 8601 2002 | Client Advisor |
| Mark Leslie | 613 8601 2076 | Client Advisor |
| Peter Mason | 613 8601 2015 | Client Advisor |
| Daniel McFarlane | 613 8601 2639 | Client Advisor |
| Simon Taylor | 613 8601 2069 | Client Advisor |
| Patrick Trindade | 617 3361 3302 | Client Advisor |
| Anthony Zaita | 613 8601 2084 | Client Advisor |

Sydney

| | | |
|------------------|---------------|----------------------------------|
| Alan Birkenleigh | 612 9233 9625 | Head of Private Clients - Sydney |
| David Dwyer | 612 9233 9643 | Client Advisor - Options |
| Josh Graham | 612 9233 9645 | Client Advisor - Options |
| Adam Schlipalius | 612 9233 9616 | Client Advisor |
| Ian Schlipalius | 612 9233 9621 | Senior Client Advisor |
| Mark Schwarz | 612 9233 9642 | Client Advisor - Options |

DISCLOSURE

Recommendation Criteria

Investment View

Austock Securities Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

| Buy | Hold | Sell |
|-------|----------|------|
| > 20% | 20% - 5% | < 5% |

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Risk Rating

Austock Securities Limited has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

Disclosure of Economic Interests

The views expressed in this research report accurately reflect the personal views of each author described in this publication about the subject issuer and its securities. In the situation where multiple analysts are responsible for the research, no part of the relevant analyst's compensation was, is or will be directly or indirectly related to any recommendation or view expressed in this report.

Austock and its associates within the meaning of the Corporations Act may hold securities in the companies referred to in this publication.

However, neither Austock, an associate of Austock within the meaning of the Corporations Act nor any author and/or immediate family of the authors described in this report have any interests in the companies referred to in this publication which are considered to be material.

Disclaimer/Disclosure

This publication has been prepared solely for the information of the particular person to whom it was supplied by Austock Securities Limited ("Austock") AFSL 244410. This publication contains general financial product advice. In preparing the advice, Austock has not taken into account the investment objectives, financial situation and particular needs of any particular person. Before making an investment decision on the basis of this advice, you need to consider, with or without the assistance of a financial product adviser, whether the advice in this publication is appropriate in light of your particular investment needs, objectives and financial situation.

Austock is a subsidiary of Austock Group Limited ABN 90 087 334 370 ("AGL"). Mr William Bessemer is currently a director of AGL and is a director of ABS which is a company described in this publication. That association between Austock and ABS might reasonably be expected to be capable of influencing Austock in providing the general advice in this publication. Mr Bessemer has a relevant interest in shares in ABS and receives remuneration and benefits from ABS in his capacities as a shareholder and director of ABS, but Austock does not believe that those interests might reasonably be expected to be capable of influencing Austock in providing the general advice in this publication.

An associate of Austock, Austock Property Investments Ltd (APIL), has a relevant interest in 880 shares (55%) of the responsible entity of Australian Education Trust (AEU), Austock Property Management Ltd (APML). The cost of that interest was \$1.5 million. The current directors of APML are all associates of Austock. Those associations between Austock and AEU might reasonably be expected to be capable of influencing Austock in providing the general advice in this publication.

The directors of APML receive remuneration and benefits from APML in their capacities as directors of APML. The directors of APML may from time to time have relevant interests in units in AEU and receive benefits from AEU in their capacity as unitholders of AEU. However, Austock does not believe that those interests might reasonably be expected to be capable of influencing Austock in providing the general advice in this publication.

Disclosure of Corporate Involvement

Austock has provided corporate advisory, investment banking and dealing services and has also been involved in publicly-announced transactions in the past twelve months involving the payment of fees to Austock from the following companies referred to in this publication: ABB, ABS, AEU, ARX, AVE, BEC, CPR, DKN, EQT, JMB, KAM, LPM, LYC, MAE, NEC, OGC, RFG, RSG, SGH, SGX, SNO, SRL, TIM, TTI, TZN, WCB.

OFFICE LOCATIONS

Melbourne

Level 1, 350 Collins Street
Melbourne VIC 3000

Phone: 613 8601 2000

Fax: 613 9600 1138

Sydney

Level 9, 56 Pitt Street
Sydney NSW 2000

Phone: 612 9233 9600

Fax: 612 9251 9368

Brisbane

Level 3, 100 Eagle Street
Brisbane QLD 4000

Phone: 617 3361 3303

Fax: 617 3229 4305