

Gryphon Minerals (GRY)

Opinion Data

Recommendation	Speculative Buy
Risk Rating	High
Current share price	\$0.08
Market capitalisation (fully diluted)	\$9m

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 ~\$35m, primarily through share placements, including a placement to Newmont Mining Corporation.

Highlights

There was little exploration work on GRY's Banfora Gold Project over the past quarter, with drilling suspended over the annual wet season. Activities focussed on geological/structural interpretation and modelling.

With the wet season now over, GRY has recommenced RC drilling, targeting shallow (<100m vertical depth), high-grade mineralisation outside of the current resource. Initial focus will be following up anomalous drill results intersected during the last drill campaign, including 10m @ 13g/t intersected in fresh rock from 78m depth, 12m @ 8.66g/t from surface, and 26m @ 2.70g/t from 24m.

GRY has been fortunate in that it raised \$10m in the Jun'Q. It currently has over \$6m in cash, leaving sufficient funding to last well into 2009. It still intends, however, to conserve cash and only expects to make use of one drill rig in the current drill campaign.

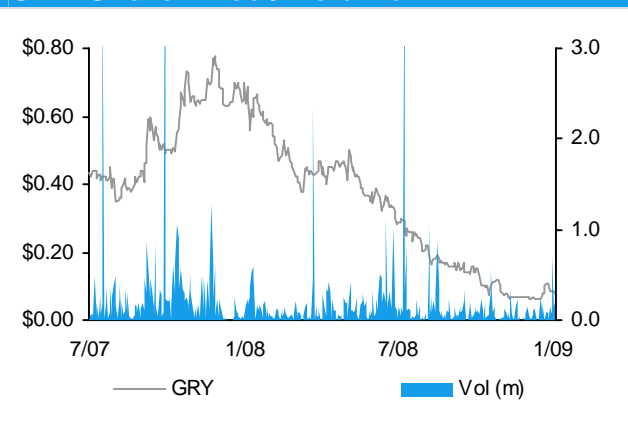
The overall drill program remains unchanged; it will merely take longer to complete. The one drill rig should still be sufficient to take the resource base to ~750koz in early 2009 (all shallower than 100m) and likely to be at a higher grade than the current resource of 400koz at 2.1g/t.

Outlook / Investment View

GRY's share price has suffered in the current market, like most of its peer group in the junior exploration sector. However, it remains an attractive exploration play, underpinned by good management and a highly experienced exploration team, on landholdings that appear capable of delivering substantial resource growth.

GRY's current market cap of \$9m is backed by \$6m in cash, thereby valuing the projects at just \$3m. Assuming that it achieves a resource base of 0.75moz within the current quarter, that would equate to a valuation of ~\$8/oz, certainly inexpensive by any comparative measure.

GRY Share Price / Volume



Analyst: Hunter Hillcoat

+612 9233 9604

Directory

Equities Research Team

Melbourne

Craig Stranger	613 8601 2010	Head of Research, Emerging Companies
Paul Jenz	613 8601 2068	Research Strategy, Agribusiness & Chemicals
Heath Andrews	613 8601 2644	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
David Grossman	613 8601 2616	Analyst
Thomas Hodson	613 8601 2628	Analyst
Simon Oaten	613 8601 2671	Oil & Gas Analyst
Maribel Quiza	613 8601 2085	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

Private Clients

Melbourne

Simon Taylor	613 8601 2069	Head of Private Clients & Private Portfolio
John Axsentieff	613 8601 2042	Senior Client Adviser
Alan Crute	613 8601 2621	Senior Client Adviser
Nick Fitzsimmons	613 8601 2029	Client Adviser
Kate Hanrahan	613 8601 2058	Client Adviser
Michael Heffernan	613 8601 2053	Senior Client Adviser
Peter King	613 8601 2002	Client Adviser
Peter Mason	613 8601 2015	Client Adviser
Daniel McFarlane	613 8601 2639	Client Adviser
Patrick Trindade	613 8601 2669	Client Adviser

Sydney

David Dwyer	612 9233 9643	Client Adviser - Options
Josh Graham	612 9233 9645	Client Adviser - Options
Mark Schwarz	612 9233 9642	Client Adviser - Options

Institutional Sales

Melbourne

Tony Smith	613 8601 2041	Head of Institutional Research Sales
Lawry Bugeja	613 8601 2635	Institutional Research Sales
Peter Hollick	613 8601 2011	Institutional Research Sales
Stuart Low	613 8601 2022	Institutional Research Sales
Enzo Salvatore	613 8601 2014	Institutional Research Sales
Wayne Shand	613 8601 2642	Institutional Research Sales
Chris Walker	613 8601 2038	Institutional Research Sales
Peter Ward	613 8601 2099	Institutional Research Sales
Matthew White	613 8601 2624	Institutional Research Sales
Robert Wood	613 8601 2031	Institutional Sales Trading

Sydney

Leo Borovilas	612 9233 9606	Institutional Sales Trading
Roderick Clarkson	612 9233 9608	Institutional Research Sales
David Gulson	612 9233 9637	Institutional Sales Trading
Desiree Hemberger	612 9233 9652	Institutional Research Sales
Gavin Todd	612 9233 9639	Institutional Research Sales
James Wilson	612 9233 9607	Institutional Research Sales

Asia

Chris Chia	612 9233 9605	Head of Asian Sales
------------	---------------	---------------------

UK

Roderick Clarkson	612 9233 9608	Head of UK Sales
Desiree Hemberger	612 9233 9652	UK Research Sales

OFFICE LOCATIONS AND DISCLOSURE

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

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 Hunter Hillcoat about the subject issuer and its securities. No part of the analyst's compensation was, is or will be directly or indirectly related to any recommendation or view expressed in this report.

In addition, Hunter Hillcoat certifies that none of the following persons holds an economic interest in the securities covered in this report or other securities issued by the subject issuer which may influence the report:

- the author of this report;
- a member of the immediate family of the author of this report;
- Austock Securities Limited;
- an associate of Austock Securities Limited within the meaning of the Corporations Act.

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 securities 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 securities adviser, whether the advice in this publication is appropriate in light of your particular investment needs, objectives and financial situation. Austock and its associates within the meaning of the Corporations Act may hold securities in the companies referred to in this publication. Austock believes that the advice and information herein is accurate and reliable, but no warranties of accuracy, reliability or completeness are given (except insofar as liability under any statute cannot be excluded). No responsibility for any errors or omissions or any negligence is accepted by Austock or any of its directors, employees or agents. This publication must not be distributed to retail investors outside of Australia.

Disclosure of Corporate Involvement

Austock Securities Limited has in the previous 12 months been involved in a publicly-announced transaction involving the payment of a fee to Austock Securities Limited by the corporate issuer described in this report. The fee received by Austock was \$50,000. Austock Securities does and seeks to do business with companies covered in its research.

Austock Securities reports are available on Bloomberg, Reuters, FactSet, Capital IQ and www.austock.com