

Gryphon Minerals (GRY)

Very good resource upgrade

9 April 2009

Opinion Data

| | |
|------------------------|-----------------|
| Recommendation | Speculative Buy |
| Risk Rating | High |
| Current share price | \$0.25 |
| Price range - high/low | \$0.51 - \$0.06 |
| Market capitalisation | \$28m |

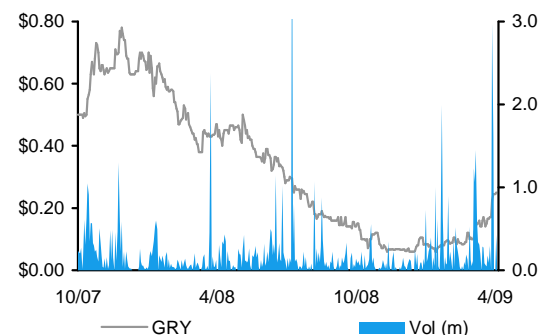
GRY has released a good resource upgrade, 10.6mt at 2.4g/t for 820koz. This was a 100% increase in ounces and a 15% increase in grade (previous resource: 6.1mt at 2.1g/t for 410koz).

The upgrade came sooner than GRY had indicated (had said May'09), was larger than expected at this stage (had expected 700koz) and at a higher grade (had expected 2.1-2.2g/t), which is a significant positive. The forward program is as follows:

- The upgrade benefited from the inclusion of new, high-grade zones. GRY plans to follow these zones along strike, adding high-grade ounces to take the overall resource beyond 1moz. The recent upgrade lends credence to this target.
- Then, during the 3-month wet season, GRY plans to begin infill drilling (25m x 50m and 50m x 50m) to upgrade the current inferred resource to indicated resource (maybe some measured), as well as to gain a better understanding of the high-grade ore shoots.
- From September to the end of 2009, GRY wants to follow up on regional targets (RC and diamond drilling), to add to the overall resource base.
- During all this GRY will be undertaking a desk-top mining study (determining suitable cut-off grades, pit depths, inclusion of low grade ore, etc), which should be completed by August. This is then expected to evolve into a more robust scoping study by the end of 2009. It will also involve some metallurgical test work.
- In its resource GRY is using a cut-off grade of 0.9g/t, which is well above the average applied in West Africa (0.4-0.7g/t), so it may elect to reduce its cut-off, particularly in light of the stronger gold price. Therefore, aside from ongoing exploration efforts, this work should result in more tonnes and more ounces, but at a lower average grade, unless the extensions to the high-grade zones offset this.
- The Company currently has cash on \$4.5m on hand. EV = \$23.9m = ~US\$20/oz of resource, which is at the low end for West African explorers.



GRY Share Price / Volume



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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.

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