

Gryphon Minerals (GRY)

Opinion Data

Recommendation	Speculative Buy
Risk Rating	High
Current share price	\$0.34
Price range - high/low	\$0.80 - \$0.30
Market capitalisation (fully diluted)	\$39m

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 ~\$25m, 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

During the past quarter GRY raised \$10m (at \$0.40/share) to fund the ongoing exploration program at the Banfora Project in Burkina Faso.

The current drilling program entails 30,000m of RC resource definition drilling, 5,000m of exploration diamond drilling, and 50,000m of RAB drilling targeting further regional targets.

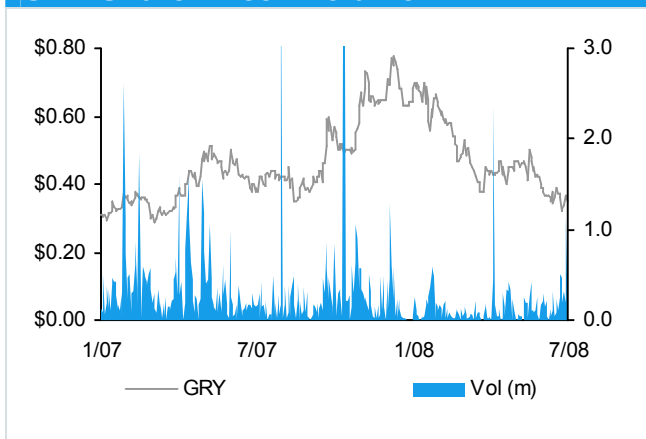
Results thus far continue to be encouraging. Step out drilling at Nogbele has confirmed that mineralisation extends for at least 1,200m along the NW-trending shear zone, and is still open at depth and along strike.

In addition, first pass RAB drilling has identified gold mineralisation at the previously untested Muddi Prospect, including 24m @ 2.52g/t from surface.

While GRY has for some time shown the potential to expand its resource base to 1moz of oxide material (at moderate grades of ~2g/t), the potential for discovering higher-grade, sulphide ounces at depth, as per the several world-class projects in the greater region, has been less certain. However, the first drill result from GRY's current 5,000m diamond drill program enhanced this potential, with GRY announcing 10m at 13g/t from 78m depth. This hole was ~150m away from a diamond drill hole completed last year (part of an early three hole program), which returned 12m at 3.5g/t from 110m. While still very early days it offers some confidence that there is indeed good mineralisation below the oxide resource.

At least three separate high-grade zones have been targeted at depth and this is the first diamond hole into them. In the near term, GRY intends continuing down dip and along strike from the recent hole.

GRY Share Price / Volume



Outlook / Investment View

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.

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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.

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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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