



Quarterly Report

For the period ending
31 December 2006

Highlights

- Banfora Gold Project - Burkina Faso (West Africa):
 - RC drilling intersected significant gold mineralisation including 24m @ 2.64g/t gold from 8m, 8m @ 3.26g/t gold from 12m & 4m @ 14.50g/t gold from 92m at the Nogbele Prospect.
 - Continuation of regional soil geochemical programme.
 - Continuation of 10,000 metre RC drill programme.
- Completion of \$3.96 million share placement to Newmont Mining Corporation, Dundee Precious Metals Ltd, Macquarie Bank & Rand Merchant Bank.
- Appointment of Mr Michael Fox as Exploration Manager West Africa.



Introduction

During the December quarter Reverse Circulation (RC) Drill results were reported on the Company's highly prospective **Banfora Gold Project**, Burkina Faso - West Africa.

At the Nogbele Prospect RC drilling was conducted, significant intersections included **24m @ 2.64g/t Au** from 8m in BNRC306, **8m @ 3.26g/t Au** from 12m in BNRC312 & **4m @ 14.5g/t Au** from 92m in BNRC310.

The Company is undertaking an aggressive exploration programme consisting of approximately **10,000 metres of Reverse Circulation (RC) drilling** targeting gold mineralisation at the Nogbele and Fourkoura Prospects and **regional soil geochemical sampling** within the Banfora Gold Project. Results from the programmes will be made available at the earliest opportunity.

During the period the Company issued 12,364,346 shares, at a premium to the share price, and a free 1 for 1 attaching option exercisable at 40 cents on or before 31 December 2008 and being subject to shareholder approval, to major investor groups **Newmont Mining Corporation, Macquarie Bank, Dundee Precious Metals Inc** and **Rand Merchant Bank** which raised \$3.96 million for the Company.

The Company during the period appointed **Mr Michael Fox as Exploration Manager for West Africa**. Mr Fox brings considerable experience to the Company that will be invaluable in unlocking the full potential of the Banfora Gold Project. Mr Fox has held a number of technical management positions for Company's developing projects and mining operations worldwide over the past 25 years, which have included IAMGold's (Gallery Gold) Mupane Gold Mine in Botswana and Rwamagaza Gold Project in Tanzania, African Gold Resource's (AGR) Booro Gold Project and Armada's Erdenet copper mine in Mongolia, Western Mining Corporation's (WMC) Hill 50 Gold Mines and Kalgoorlie Gold Operations in Australia and the Senior Manager of the Bank of Western Australia's Resource Project Financing and Project Evaluation.

Banfora Gold Project - Burkina Faso, West Africa

The Banfora Gold Project is located in the south-west of Burkina Faso, West Africa in a major gold producing district, host to such world class gold deposits as Tongon (3.2Moz) Syama (5 Million oz Au mined & 6.5 Million oz Au in resources) and Morila (6.5Moz). The project area contains contiguous exploration licenses covering a total of approximately 1150km².

The Banfora Gold Project Joint Venture (JV) is an "earn-in" JV agreement granting Gryphon the right to acquire 90% (Government 10%) of the highly prospective Banfora Gold Project.

The Project area is easily accessible by road and in close proximity to the town of Banfora. A 100km sealed road connects the project to the major city of Bobo Diolasso and a further 350km to Burkina Faso's capital city Ouagadougou. Grid power is located approximately 30km from the eastern boundary of the project.

From the Joint Venture database there is a plethora of high magnitude, well defined soil geochemical anomalies that require follow up drill testing. Several of these anomalies are at greater than >250ppb gold and are continuous for over 1000 metres, and have received little or no drilling.

Gryphon Minerals announced results from its inaugural drill programme earlier in 2006 within the large grano-diorite intrusion known as the Nogbele (Nog-be-lee) Prospect. Reverse Circulation and Aircore drilling has targeted areas where broad laterally extensive magnetic zones and high order magnitude soil geochemical anomalies are prevalent. The Company has now drill defined at least seven mineralised gold zones with a combined strike length in excess of five kilometres. Significant gold mineralisation has been intersected on all seven mineralised zones, including the major Nogbele South Zone that extends for over 1200 metres strike length.



Reconnaissance drilling was also undertaken on the Fourkoura (For-korr-a) Prospect located at the intersection of a major shear corridor and a zoned dolerite intrusive, similar in style to the Golden Mile dolerite in Western Australia. A large historical soil geochemical anomaly extends over 2500 metres in strike length with several peak values over 1000ppb gold that coincides with the dolerite. Gold Mineralization is open in all directions, and the dolerite intrusion continues untested to the north below shallow transported cover.

A selection of Gryphon's significant drill results to date from the Nogbele and Fourkoura Prospects include:

BNRC296 -	16m @ 8.95g/t	Au from 32m
BNRC006 -	16m @ 5.44g/t	Au from 0m
	3m @ 6.95g/t	Au from 34m
BNAC051 -	41m @ 2.12g/t	Au from 0m
BNRCD259 -	28m @ 2.23g/t	Au from 0m
BNRC021 -	6m @ 4.41g/t	Au from 88m
BNRC030 -	8m @ 3.12g/t	Au from 34m
BNRC001 -	15m @ 2.03g/t	Au from 36m
BNRC291 -	8m @ 3.01g/t	Au from 0m
BNAC063 -	7m @ 3.49g/t	Au from 8m

The joint venture provides Gryphon with an extensive land holding and a cost-effective entry into one of the worlds most prospective known gold provinces.

For more detail on the Banfora Gold project please refer to the previous Gryphon Minerals Australian Stock Exchange (ASX) Announcements that can be viewed on the Company's website: www.gryphonminerals.com.au.

Activities during the December Quarter

During the December period drill results were announced from the Company's current RC drill programme being undertaken at the **Nogbele Prospect**.

Initial drilling has targeted the "Nogbele South Mineralised Zone" which extends for in excess of 1200 metres in strike length within the large grano-diorite intrusion known as the Nogbele Prospect. Significant drill intercepts are tabled below (Table 1).

Table 1 : Nogbele Prospect – RC Drilling table

Hole Name	Easting	Northing	From (m)	To (m)	Interval (m)	Gold (g/t)	Gram/Meters g/t
BNRC306	236680	1146355	8	32	24	2.64	63.36
		<i>including</i>	8	20	12	3.37	40.44
			108	110	2	1.03*	2.06
BNRC307	236680	1146400	4	16	12	1.07	12.84
BNRC310	236740	1146440	92	96	4	14.50	58.00
BNRC312	237680	1146452	12	20	8	3.26	26.08

* Drill hole ends in mineralisation

Table 1 - Notes

- All holes drilled by Reverse Circulation.
- Assays are for 4m composite samples.
- 4m composites are in the process of being re-assayed as 1m sample splits.
- Assaying conducted by SGS Laboratories, Ouagadougou, Burkina Faso using industry standard 50g lead collection fire assay with AAS finish.
- Reference standards, field duplicates and blank samples are routinely inserted; quality control samples are routinely monitored.
- All holes Azimuth direction of 180 degrees and dip direction of -60 degrees.



The Company is continuing the **10,000 metre RC drill programme**, initially targeting infill and strike extensions of the southern mineralized zone followed by broad step-out drilling on the northern Nogbele zones. Drilling will also target the northern strike extensions of Fourkoura Dolerite Prospect, only 7.5 kilometres to the south east of Nogbele, where previously announced drill intersections included 16 metres @ 9.85g/t Au.

The Company is also continuing a **major regional soil geochemical programme** targeting large portions of the Banfora Project area that have previously been un-explored. The soil programme will consist of approximately 10,000 sample locations. Areas of anomalism will be field checked and prioritised for further "infill" soil sampling and/or follow up Rotary Air Blast (RAB) Drilling.

Results from these drilling programmes will be made available at the earliest opportunity.

Collurabbie Project

Gryphon Minerals' 100% owned Collurabbie project covers approximately 270km² and hosts both the Northern and the Southern extensions of the sequence of ultramafic and mafic rock types that host the mineralisation at the Collurabbie Joint Venture Nickel Discovery. WMC Resources announced in November 2004, that drill results from their Collurabbie JV Project indicated the potential for a new nickel sulphide province.

Gryphon's tenure is located approximately 30km along strike to the North West and 30km along strike to the South of the Collurabbie Joint Venture Nickel Discovery.

Reconnaissance Rotary Air Blast (RAB) drilling by Gryphon Minerals in December 2005 within its southern tenure confirmed the presence of rock types favorable to nickel, copper, gold and PGE mineralization.

Activities during the December Quarter

During the period Gryphon undertook a first pass ground Electro-Magnetic (EM) programme over an area of the Collurabbie South license. The survey is covering approximately 95 line kilometres across 22 lines using 100 metre stations.

Results from the survey are being reviewed and interpreted and will be made available on completion.



Project Generation

During the December quarter Gryphon Minerals continued to identify and review additional mineral exploration projects both in Australia and West Africa, which may offer value enhancing opportunities to Shareholders.

Detailed information on all aspects of Gryphon Minerals projects can be found on the Company's comprehensive website www.gryphonminerals.com.au.

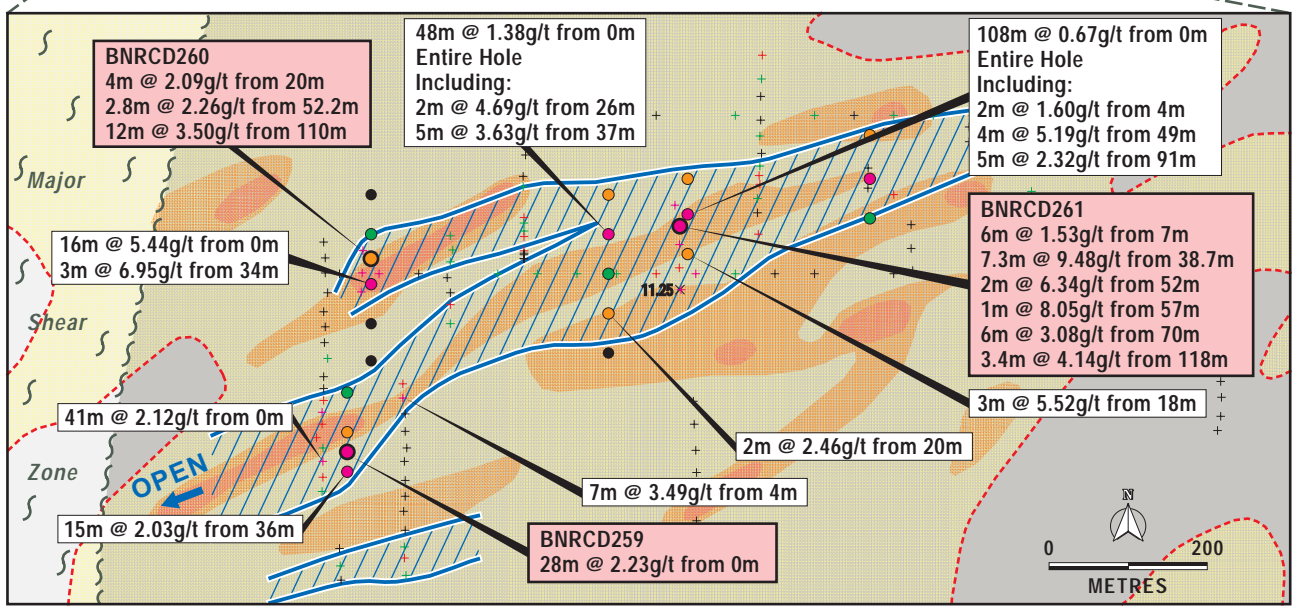
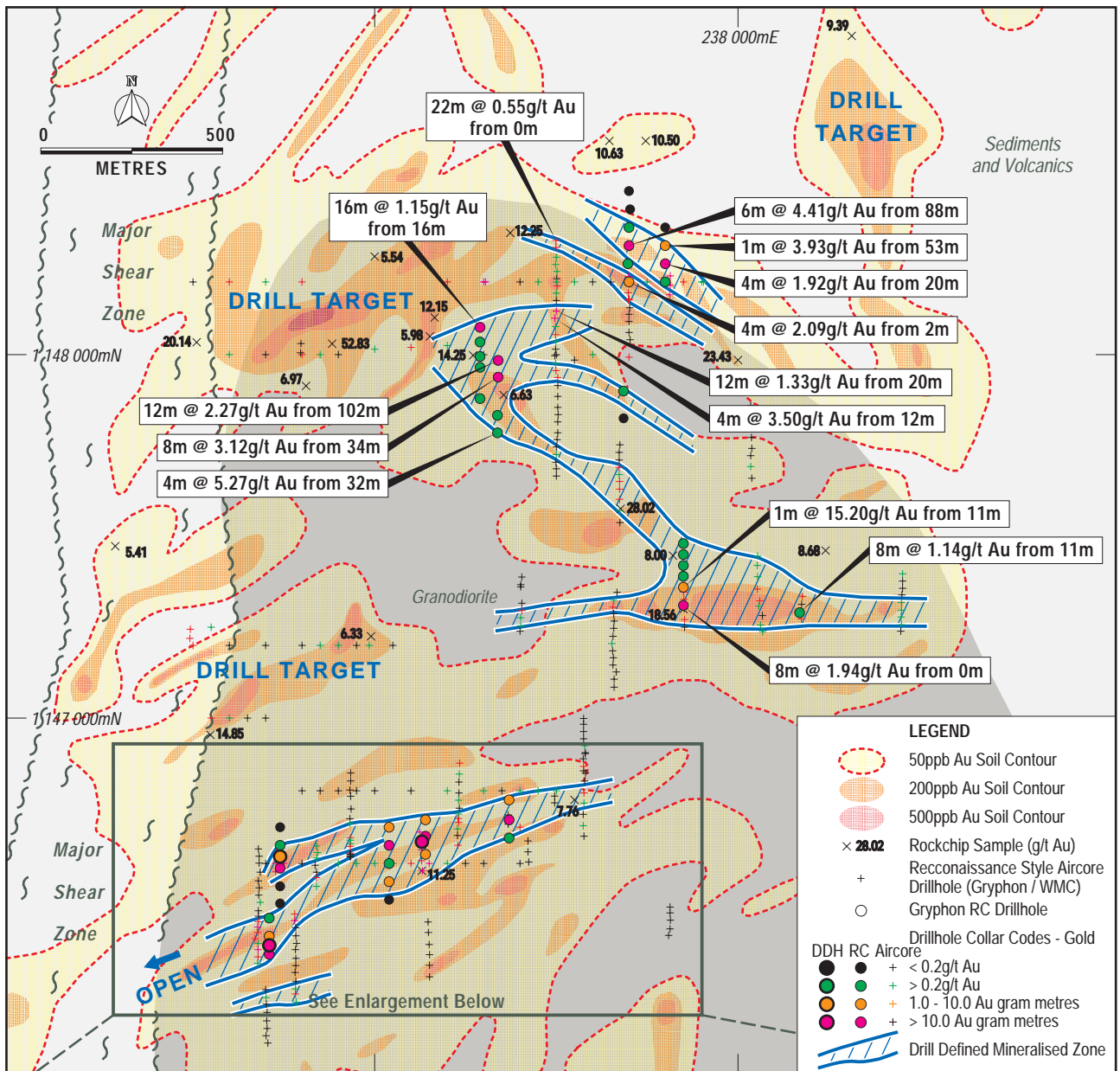
Yours faithfully

Steve Parsons
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Stephen Parsons, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stephen Parsons is a full-time employee of the company. Mr Stephen Parsons has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stephen Parsons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

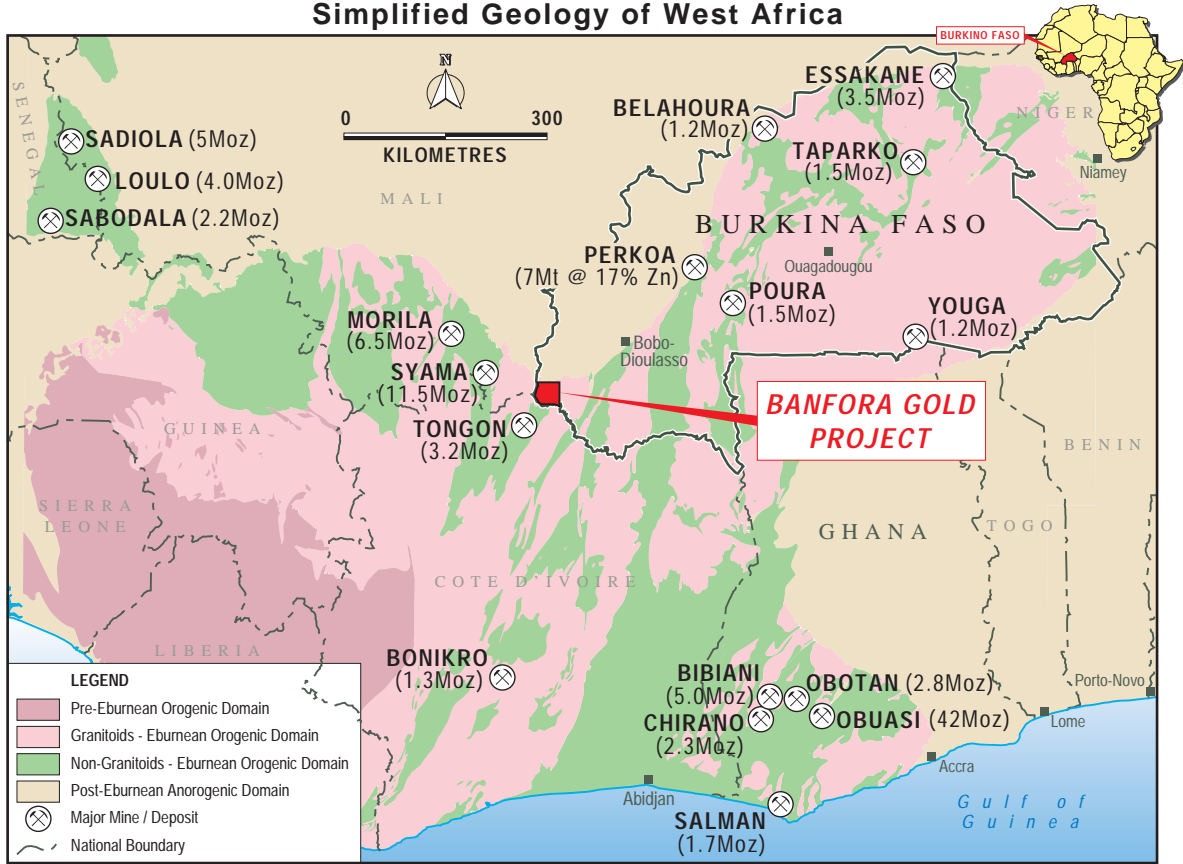
BANFORA GOLD PROJECT

Nogbele Prospect - Geology, Geochemistry and Mineralised Zones

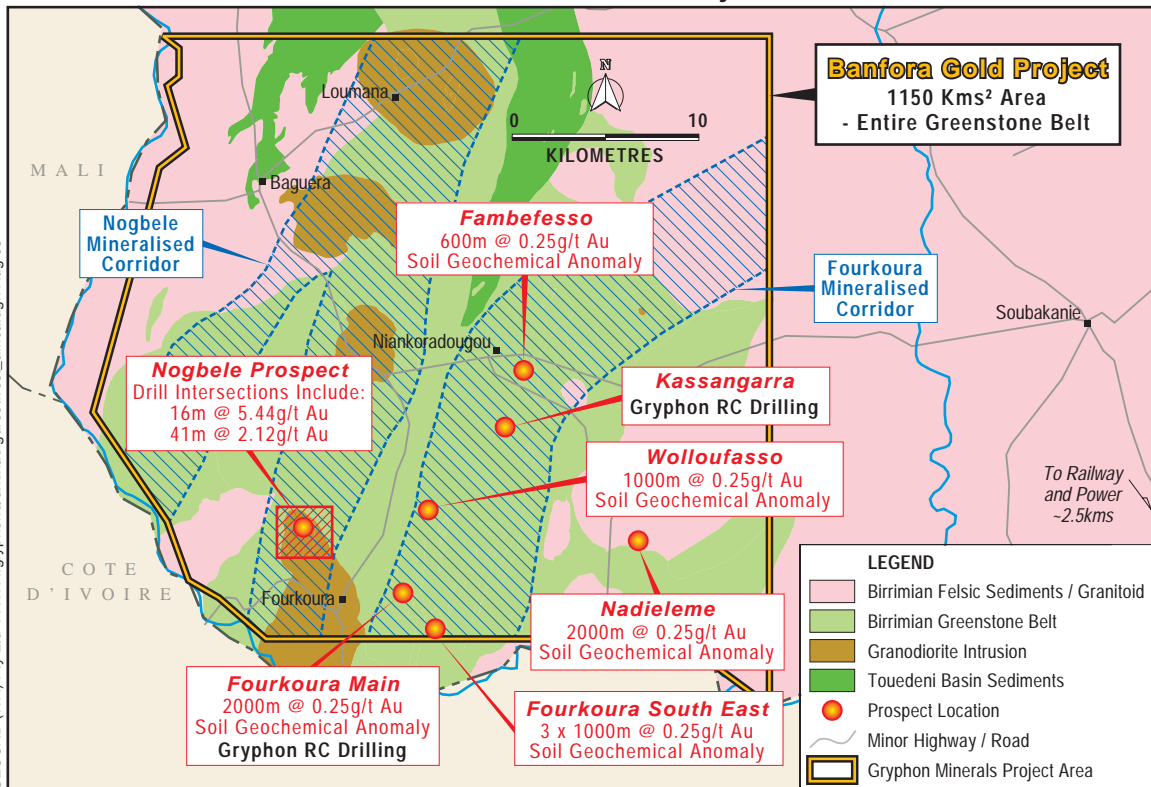


BANFORA GOLD PROJECT

Simplified Geology of West Africa



Banfora Gold Project



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GRYPHON MINERALS LIMITED

ABN

31 107 690 657

Quarter ended ("current quarter")

31 December 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(669)	(1,523)
(b) development	-	-
(c) production	-	-
(d) administration	(368)	(733)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,015)	(2,213)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(88)	(263)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(88)	(263)
1.13 Total operating and investing cash flows (carried forward)	(1,103)	(2,476)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,103)	(2,476)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,093	4,093
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	4,093	4,093
	Net increase (decrease) in cash held	2,990	1,617
1.20	Cash at beginning of quarter/year to date	2,261	3,634
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,251	5,251

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	156
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors	
Salaries, Fees and Superannuation	109
Payments to Director related entities	
Mining Corporate Advisory Services (Advisory Services)	12
MPH Lawyers (Legal Services)	1
181 Roberts Road Syndicate (Rent for Premises)	34

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,133
4.2 Development	-
Total	1,133

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	782	969
5.2 Deposits at call	4,469	1,292
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,251	2,261

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil.			
6.2 Interests in mining tenements acquired or increased	E28/1587		Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	71,089,098	71,089,098		
7.4 Changes during quarter				
(a) Increases through issues	12,364,346	12,364,346	32.0 cents	32.0 cents
(b) Decreases through returns of capital, buy-backs	162,000	162,000	25.0 cents	25.0 cents
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	5,900,000	-	35.0 cents	1 April 2007
	400,000	-	30.0 cents	31 January 2007
	2,750,000	-	25.0 cents	31 July 2007
	125,000	-	33.0 cents	31 January 2007
	7,500,000	-	25.0 cents	30 November 2007
	600,000	-	33.0 cents	30 March 2009
	400,000	-	25.0 cents	26 May 2008
	300,000	-	30.5 cents	23 June 2008
	100,000	-	40.0 cents	27 July 2009
	4,000,000	-	35.0 cents	30 November 2008
	100,000	-	25.0 cents	30 November 2008
	500,000	-	35.0 cents	23 November 2008
	7,000,000	-	40.0 cents	31 December 2008
7.8 Issued during quarter				
	4,000,000	-	35.0 cents	30 November 2008
	100,000	-	25.0 cents	30 November 2008
	500,000	-	35.0 cents	23 November 2008
	7,000,000	-	40.0 cents	31 December 2008
7.9 Exercised during quarter	162,000	-	25.0 cents	31 December 2006
7.10 Expired during quarter	50,000	-	25.0 cents	31 December 2006
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31/01/07
(Company secretary)

Print name: Kent Hunter

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==