

Gryphon Minerals Ltd

(GRY \$0.50) Speculative Buy

EUROZ
SECURITIES LIMITED
AUSTRALIAN RESEARCH

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Key Points

Price Target: \$0.65/sh

Continued exploration success, a resource upgrade to 1.1moz and on going drilling including some at regional target should see the positive momentum continue. We have increased our price target to \$0.65/sh and continue to rate GRY as our preferred gold explorer.

GRY has increased its resource base by 35% from 820koz to 1.1moz. The new resource of 14mt @ 2.4 g/t for 1.1moz includes drilling from the past six months. Importantly some 90% of the resource is within the top 100m.

Table 1 Banfora Gold Project Resource Estimate

Deposit	Category	Tonnage (Mt)	Grade Au (g/t)	Contained Gold (Million Ounces)
Nogbele	Inferred	11Mt	2.3	0.9
Fourkoura	Inferred	3Mt	2.5	0.2
Total Banfora Gold Project	Inferred	14Mt	2.4	1.1

The Nogbele resource incorporates two styles of mineralisation, E-W zones consisting of multiple parallel and sub parallel zone of broad hematite, silica, pyrite alteration and quartz veins within a granodiorite intrusion. The NW-SE mineralised zones are shear hosted with little or no quartz veining and strong alteration. These zone are typically higher grade than the E-W zones.

A major shear zone on the western margin of the Nogbele granodiorite continues south for ~ 30km to Rangold's 4.2moz Tongan gold deposit. Drilling within the main Tongan shear zone has intersected large widths of low grade mineralisation – ie 27m @ 0.8 g/t from surface – this gives encouragement that the shear zone is mineralised and will be a target of future exploration.

An active drill program over the past few months has paid dividends with some excellent new high grade results from both Nogebele and Fourkoura projects.

Better results include 6m @ 19.2 g/t from 132m, 4m @ 38 g/t from 60m and 18m @ 3.72 g/t from 39m. These results are from the Nangolo area, slightly north of the main Nogbele grantiod hosted resource. The mineralisation at Nangolo is different with little or no quartz viening and strong alteration.

The most recent drilling at Fourkara (7km from Nogbele) has intersected 17m @ 9.2 g/t from 16m, 6m @ 14.9 g/t from 39m and 14m @ 3.4 g/t from 94m. This is the first drilling for 18 months at this prospect.

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This analyst also declares that he has a beneficial interest in Gryphon Minerals Ltd.

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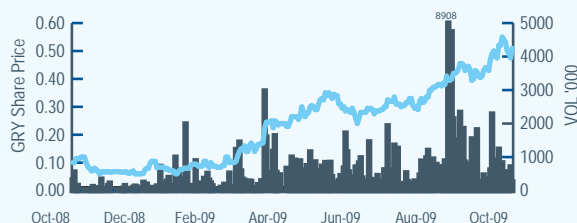
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Market Statistics

Share Price	\$0.50 A\$/sh
Issued Capital	
FP Ord	176m
Opt (@ \$0.45/sh 30/11/09)	4.0m
Opt (@ \$0.62/sh 30/11/09)	2.3m
Opt (@ \$0.75/sh 30/11/09)	2.3m
Total Dil. FPOrd	181m
Market Capitalisation	\$88m
Debt	nil
Cash(as at 30/10/09)	\$10m
Major Shareholders	
- Genesis	8%
- Baker Steel	8%

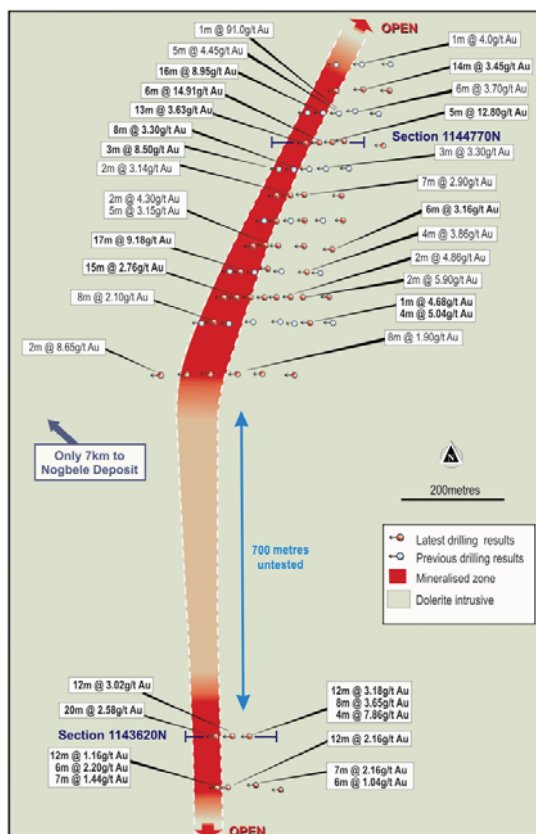
Share Price Performance



Six holes were drilled across two lines on a 700m step out from the main resource and bulk of the mineralisation. Intersections from this aggressive step out included 12m @ 3g/t from 84m 20m @ 2.58 g/t from 44m. This area will be followed up shortly.

GRY plans to drill a further +20,000m (2x RC rigs double shifting) by the end of Dec'09. The focus will be

- Infill the 700m untested strike at Fourkoura
- Extend the Fourkoura strike to the south
- Infill drilling at Nogbele
- Initial RC drilling at six satellite deposits.



Source: Gryphon Minerals Ltd

GRY aim to have an initial indicated resource estimate from Nogbele by the end of the CY'09. This will form the basis of the scoping study which will be due by the end of the 1st Q CY'10.

A new resource statement is anticipated by the end Feb'10 to incorporate this drilling. A target of 1.5moz is not unrealistic.

Investment Case

We maintain our Speculative Buy on GRY for exposure to a cashed up aggressive explorer with multi million ounce potential.

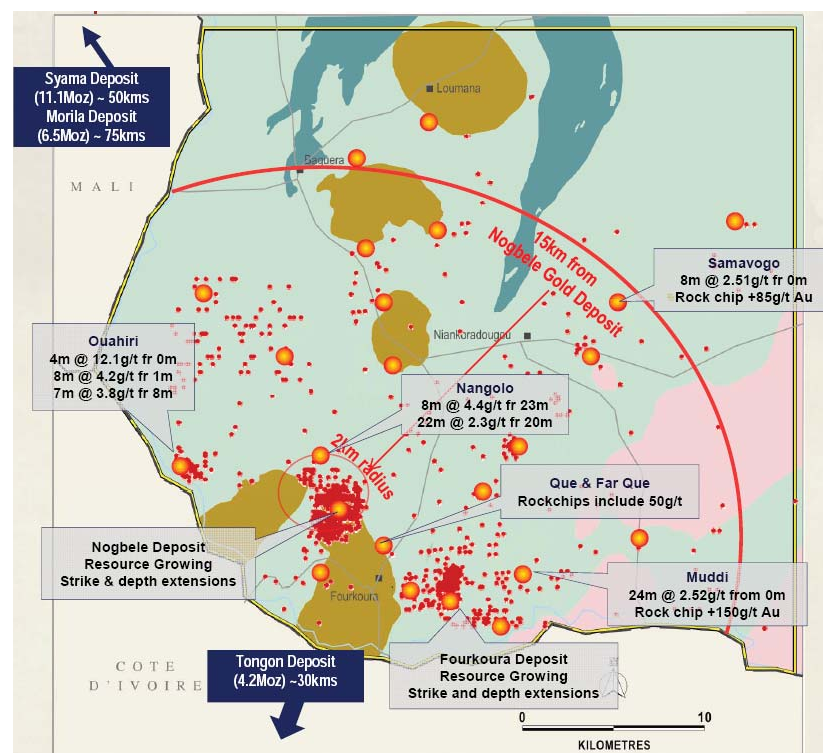
The initial scoping study results, on target for 1st Q CY'09 will be an important milestone to gain an understanding of the economic viability of Banfora. Our view of West Africa emerging producers is a base case reserve of ~ 750-800koz is required to justify a development and whilst its unlikely that GRY will have this amount initially we would be hopeful that maybe +0.5moz would fall into pits and indications that with further drilling it would reach this target of 0.75moz.

The infrastructure around Banfora is good. There is a major highway and railway some 30km from Nogbele and cheap hydroelectric power is also available.

GRY has a current EV per resource oz of \$65/oz, this compares to mid cap producers at ~ \$150/oz – showing the uplift that can be expected as the project moves through various development hurdles and ultimately into production.

We are excited with the potential at Fourkoura especially if the 700m zone between the main resource (80koz) and the step out lines is mineralised. Back of the envelope estimates suggest this could hold ~ 0.3-0.5moz if mineralisation continues. This zone will be drilled shortly.

The satellite targets, all within 15km from Nogbele represent high quality exploration targets and this will be the first RC drilling at any of the prospects. Any mineralisation found could easily be trucked to a central facility at Nogbele.



Source: Gryphon Minerals Ltd

We expect plenty of news flow over the next two months with 2 x RC rigs double shifting, followed by a RAB rig in Dec culminating in an updated resource in late Dec'09

We have increased our price target to \$0.65/sh which equates to an enterprise value per resource oz of ~ \$90/oz. We believe this is a reasonable target based on the real potential to increase the current resource and the exploration upside this large tenement package offers.

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