



## GRYPHON MINERALS LIMITED (ASX: GRY)

Gryphon Minerals Ltd. (GRY) is a recently listed (April 2004) minerals exploration company with gold projects in Burkina Faso, West Africa and prospective gold and nickel assets in Western Australia. The Banfora Gold Project tenements are located in one of the world's most prospective gold provinces, encircled by three, 3.0+ million oz gold mines. Early stage exploration of the 1150 km<sup>2</sup> tenement identified numerous drilling targets through previous geochemical and geomagnetic work. Gryphon's Radio Project, Collurabbie South Project, Mt. Windarra and Mt. Rankin Projects, located in greenstone belts of WA's Yilgarn Craton, are high quality nickel and gold projects with significant exploration upside potential.

### Gryphon Minerals Ltd. Capital Structure

Tradeable Shares (millions)	41.84	Cash at Bank (millions) March 2006	2.70
Escrowed Shares (millions)	7.30	Current Share Price (cents)	34.0
Total Issued Ord. Shares (millions)	49.14	Yearly Hi/Low	0.34/0.165
Market Cap.(\$0.34/share) (millions)	16.71	Total Issued Shares + Options (millions)	66.92

- At Banfora Gold Project, GRY is subject to JV with Burkinabe partner Sanenbaore Sarl. GRY will spend \$2 mil to earn 51% in project. On carrying to bankable feasibility study GRY to pay JV partner \$1.0 million to earn 90% (Burkina Faso government 10%).
- Follow up drilling at Banfora has occurred only on one prospect area (Nogbele). Drilling as to date discovered, high grade gold intersections have been encountered in upper 100 m. zone. Many soil geochemical anomalies to be drilled with over 600 km<sup>2</sup> of tenement untested.
- Mt. Windarra Project is located a few hundred metres from Poseidon NL discovery mine (now owned by Niagara Mining). Project subject to JV with Minara Resources with partner spending \$1.0 m. to earn 70%. Encouraging early results of **15 m @ 0.53% Ni**.
- The Collurabbie South Project is located 30 km along strike south of BHP/Falcon Minerals Olympia Prospect nickel, copper and PGE discovery. Recent RAB drilling intersected **2 m. @ 0.64% Ni** mineralisation in the base of a shallow drill hole.
- The Radio Project hosts a historical high grade mine which produced **71,000 oz @ 38.5 g/t Au**. Gryphon's initial RC drilling identified additional mineralisation extending all directions from the mine and expects to recommence mining operations soon.
- Mt. Rankin (250 km<sup>2</sup>) is prospective for Ni, Au and Fe and located 100 km north of Western Areas NL Flying Fox deposit in the highly prospective Southern Cross Greenstone Belt. Historical RAB drilling for Au encountered 0.5% Ni intersections.
- Gryphon has recently completed a placement to raise \$3.5 million with several major institutional investor groups. Following the capital raising Gryphon has over \$5 million in cash at bank.

### Recommendation:

### Speculative Buy

Gryphon Minerals is leveraged to both gold and nickel in its very prospective project areas. Early drilling results from the Banfora Gold project and the vast area of the tenement indicate good potential for Gryphon Minerals to replicate the results of the surrounding multi-million oz. gold resources of adjacent mines. Gryphon Mineral's nickel properties have attracted major companies wanting to JV properties. World prices for both commodities are at near record levels and provide GRY with excellent upside prospects.



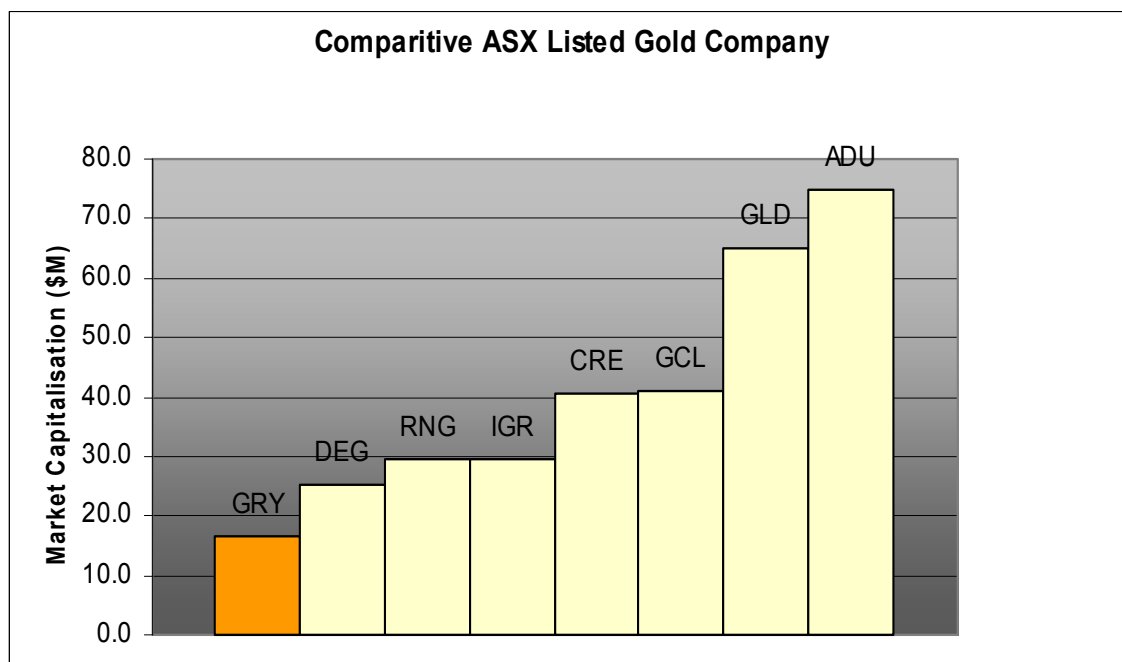
## Gryphon Minerals: Excellent Prospects Amongst Resource Peers

Gryphon Minerals is compared below on an enterprise value (EV) to 10 ASX & TSX listed gold exploration firms in both Australia & West Africa. The prospectivity of its Gryphons tenements have provided the firm with a market premium amongst similarly capitalised companies with measured and gold resources. Investor's expectations are that the Gryphon will experience similar fortunes to closely related firm Adamus Resources.

### Comparative Market Capitalisation

ASX/TSX Code	Company	Market Cap. (\$M)	Resource (oz Gold)
GRY	Gryphon Minerals Ltd.	16.7	-
DEG	DeGrey Mining Ltd.	25.1	203K
RNG	Range River Gold Ltd.	29.5	529K
IGR	Integra Mining Ltd.	29.6	1.1M
CRE	Crescent Gold Ltd.	40.4	1.2M
GCL	Goldcrest Resources	41.0	529K
GLD	Goldbelt Resources	65.0	1.2M
ADU	Adamus Resources Ltd.	75.05	1.02M

Note: GRY has not yet released a resource statement for it's gold properties.





## West African Gold Deposits and Gold Mines

The West Africa region is a fast growing region of multi-million ounce mines. Within a distance of 75 km from the Banfora Gold Project are 3 multi-million ounce gold mines. Within Burkina Faso the country's first gold mining operation at Taparko (in the same Birman greenstone rocks as Banfora) is currently in construction by High River Gold (TSX: HRG). Investors should note that the discovery cost for the Taparko deposit was \$8/oz for the 1.18 Moz open pit resource.

Neighbouring countries Cote d'Ivoire and Mali also host several large mines within the Birman greenstone belt. Randgold Resources Morila mine produced 650,000 oz/Au in 2005 at an average cash cost of \$US220/oz. The resources remaining a Morilla are 3.5 Moz but Randgold is commencing an aggressive 40,000 m. drilling regional drilling program in 2006 to delineate additional resources. The Tongon deposit in Cote d'Ivoire is currently a 2.9Moz Inferred Resource @ 2.65 g/tonne with the resource occurring at a depth of 150 m. Due to the civil unrest in the region Randgold was forced to shelve this highly prospective project, although a 40,000 m. RC drill phase has recently been announced.

Randgold believes that the Burkina Faso country is so highly prospective that it has expanded its exploration tenements to comprise a total of 2,070 km<sup>2</sup>. This consolidates a ground holding that reportedly hosts 8 million ounces in six deposits along the countries southern border.

Fellow ASX listed mining company Resolute Mining Ltd. is the owner of the Syama Gold Project in neighbouring Mali which it acquired from Randgold in 2004 for \$US13m. Resolute has completed a Feasibility Study and has an estimated recoverable of 6.43 Moz/Au. The company has this week announced the go ahead of the US\$120 million project only 50 km from Banfora. Gryphon Minerals tenements are located amongst these large scale mines and deposits with expectation of following in the footsteps of its West African predecessor Adamus Resources.



## Adamus Resources: A West African Success Story

Adamus Resources (ASX: ADU) has grown their Western African (Ghana) Ashanti Gold Project to over 1.5 Moz in 3.5 years. In August 2002 it acquired the Salman project located in Southern Ghana and added the Anwia deposit in January 2004. Adamus has completed a scoping study which indicates that the current deposit is economic and expects to complete a bankable feasibility study by end of CY2006. In the event of a successful BFS, the company could commence mining in late CY2007.

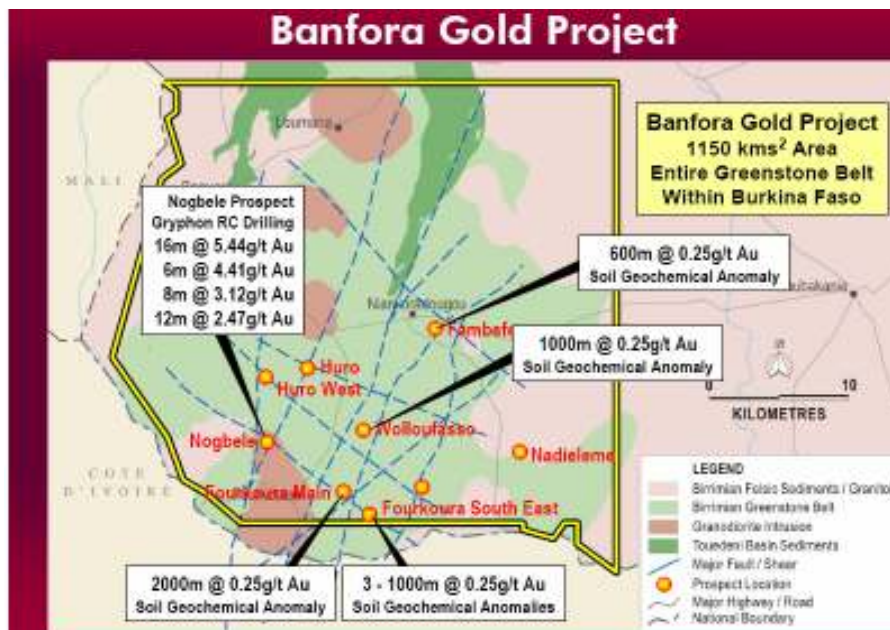
Gryphon Minerals follows Adamus Resources success in Africa by leveraging off the latter's knowledge, people and knowledgeable investor base. Hamish Halliday, is Management Consultant to GRY and Managing Director of ADU. Both Hamish Halliday and Managing Director of GRY, Steve Parson's, studied geology in Christchurch, NZ and kept in touch over the 12 succeeding years. The companies now occupy the same premises in West Perth and share experienced board members as well.

## Banfora Gold Project History

The acquisition of a large tenement in Burkina Faso in August 2005 is a coup for the fast growing GRY. The Banfora Gold Project was originally granted to Western Mining Corporation (WMC) Australia in 1996 and was at that time one of the highest ranked targets in West Africa. WMC divested itself of the project as a result of a corporate decision to close down exploration in Africa.

The project was divested to Resolute (West Africa) Ltd. in 1999 who subsequently closed down most of its exploration in 2000 as a result of the failed Bulong Laterite nickel project. Resolute Mining's financial strain left the project in the hands of Sanenbaore Sarl (Gryphon's Burkanian JV partner).

Gryphon negotiated well for its tenements and as a result, paid relatively little upfront for the Banfora Gold Project. The current arrangements require that GRY spend \$A2.0 m to earn 51% then taking it to a bankable feasibility study and then a further \$A1.0m at decision to mine and a 1% smelter royalty to earn a 90% interest in the project (government retains 10%).





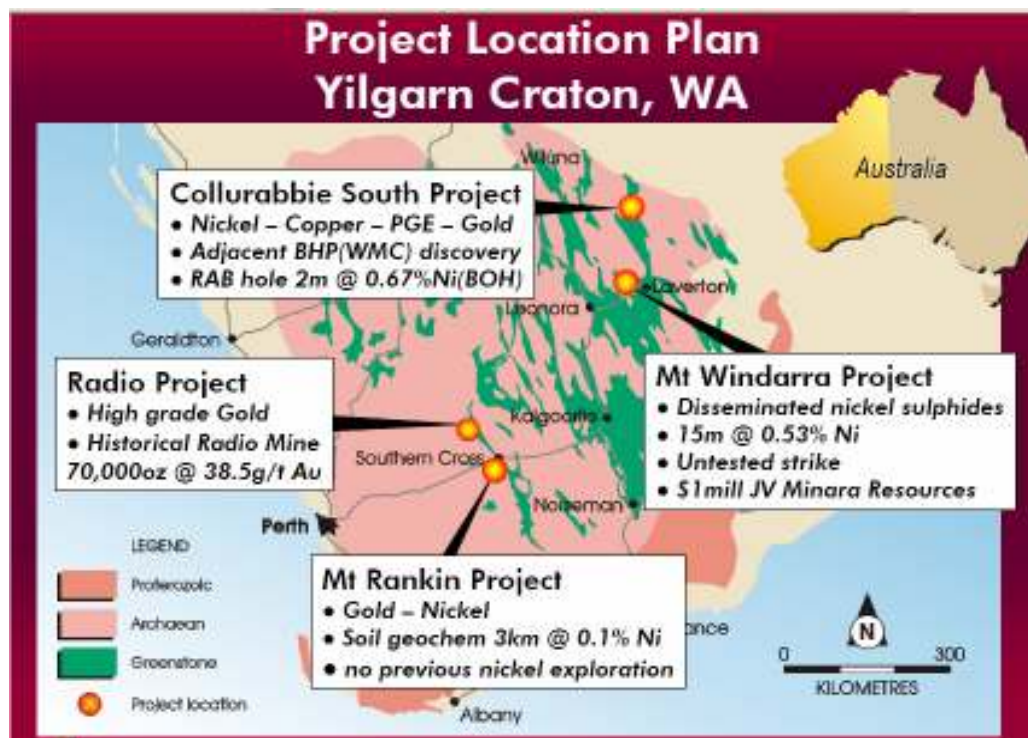
## Banfora Gold Project Going Forward

The Banfora project when acquired by GRY had only received reconnaissance style exploration drilling. The project was previously exploratory drilled for a total of 8000 m to a maximum depth of 60 metres. Geochemical soil samples were collected over 40% of the project area and rock chip samples and ground magnetic surveys conducted in prospective areas. The immense size of the tenement and aerial extent of the prospects are shown above.

GRY's inaugural 2,000 m. RC drilling program at Banfora (Nov. 2005) was in the prospective Nogbele Prospect. The follow up drilling program of some 7,000 m, stepping out from the gold prospects discovered is currently ongoing. In its inaugural program GRY confirmed a direct correlation between a zone of large scale mineralisation and magnetic alteration. The follow up drilling program is targeting this zone of magnetic alteration of which only 700 m, or roughly 10% has been drilled. Gryphon expects results to confirm a much greater extent of mineralisation.

Should significant mineralisation be confirmed at the project area justifying proceeding to a mine, the project area is close to infrastructure. A sealed road of 100 km connects the project to Bobo Diolasso (Burkina Faso's 2<sup>nd</sup> largest city) and grid power is only 30 km from the project boundary.

## Gryphon Minerals Australian Projects



A recent overview of GRY's Australian tenements presented at a February 2006 mining conference is shown above. The four project areas above are at various stages of exploration and development with at least one project undergoing evaluation for mining in the near future



## **Mt. Rankin Project**

Mt. Rankin is prospective for Ni, Au and Fe and located 100 km north of Western Areas NL Flying Fox deposit in the highly prospective Southern Cross Greenstone Belt. Historical RAB drilling for Au encountered 0.5% Ni intersections

The Mt. Rankin Project is 100% owned by GRY and has had relatively little exploration for gold and virtually no exploration for nickel mineralisation compared to other parts of the Southern Cross Greenstone Belt. The project currently covers an area of 250 km<sup>2</sup>

## **Collurabbie South Project**

The Collurabbie South Project is located 30 km along strike south of BHP/Falcon Minerals Olympia Prospect nickel, copper and PGE discovery. The Collurabbie South Project is 100% owned by GRY and the 90 km<sup>2</sup> tenement hosts a sequence of mafic and ultramafic rock types that GRY believes could be the extension of the BHP/Falcon Minerals discovery.

Recent RAB drilling in Q4 2005 of a total of 34 holes were spaced on 2500 m grid spacing within the central part of the tenement. These drill holes intersected **2 m. @ 0.67% Ni** mineralisation in the base of a shallow drill hole which is believed to represent weathered sulphide minerals. GRY is currently assessing the results of this program in an effort to determine the next phase of exploration which may include a JV with a major exploration company.

## **Mt. Windarra Project**

The Mt. Windarra Project is located a few hundred metres from Poseidon NL discovery mine. The project is currently the subject of a JV with major nickel producer Minara Resources (ASX: MRE) with partner spending \$1.0 m. to earn 70% of the project.

GRY believes that the project area offers a number of excellent ground EM targets with excellent potential for discovery of massive sulphide nickel. To date Minara Resources has spent approximately \$650k with encouraging early results of **15 m @ 0.53% Ni**.

## **Radio Project**

The Radio Project hosts a historical high grade mine which produced **71,000 oz @ 38.5 g/t Au**. The project area covers an area of approximately 245 km<sup>2</sup> and is located 30 km of Bullfinch in the Southern Cross Greenstone Belt.

Gryphon's initial RC drilling identified additional mineralisation extending all directions from the mine and expects to recommence mining operations soon pending a pre-feasibility study and selection of a mining contractor. Early cash flow from this asset would underwrite expenditures at GRY's other projects.



## **Board and Management**

### **Mr. Mel Ashton Non Executive Chairman**

Mr. Ashton is a Chartered Accountant with over 25 years experience. For the majority of time he has specialised in Corporate Reconstruction and has established his own practice in Western Australia which has grown to be a market leading firm. He is a Fellow of the Australian Institute of Company Directors, Chairman of the Institute of Chartered Accountants, and Vice President of the Fremantle AFL Football Club Ltd.

### **Mr. Steve Parsons BSc (Hons) Geology, MAusIMM Managing Director**

Mr. Parsons has gained extensive experience in mineral exploration throughout Australia where he's worked for a variety of exploration and mining companies exploring for a variety of commodities including gold, base metals and PGE's. Mr. Parsons has considerable experience in all aspects of technical management and has been largely responsible for the acquisition of Gryphon Minerals tenement portfolio.

### **Mr. Hamish Halliday Management Consultant**

Mr. Halliday has extensive corporate experience in all aspects of mineral exploration and development. He is Managing Director of Adamus Resources Ltd., which has experienced considerable exploration success and growth since listing in 2001. Mr. Halliday also acts as Technical Director for Halcyon Group Ltd.

### **Mr. Mark Bojanjac BComm, CA Non-Executive Director**

Mr. Bojanjac is a Chartered Accountant with over 15 years experience in the development of companies specialising in the gold resources sector. He is currently a director of Halcyon Group Ltd. and of Adamus Resources Ltd. both listed ASX companies with both Australian and overseas mineral assets.

### **Mr. Kent Hunter BBus, CA Non-Executive Director**

Mr. Hunter is a Chartered Accountant with over 10 years corporate and company secretarial experience. He has been involved in the listing of seven exploration companies on the ASX in the past three years with capital raisings exceeding \$26 million. He is currently a director of Cazaly Resources Ltd. and is company secretary of three ASX listed entities including Adamus Resources Ltd.

# Findlay & Co Stockbrokers Limited



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**CORPORATE RESEARCH** Tele (02) 9259 8000 Fax (02) 9247 9342  
Gryphon Minerals Ltd.

Half Yearly

Income Statement AUD\$m	31-Dec-05
Operating Revenue	0.00
Other Revenues	0.11
<b>Total Revenue</b>	<b>0.11</b>
Payments to Employees and Suppliers	0.71
Cost of Operations	-0.71
Exploration Expenditure Written Off	0.00
<b>EBITDA</b>	<b>-0.60</b>
Depreciation & Amortisation	-0.01
Net Interest Paid	0.00
Income Tax Expense @ 30%	0.00
<b>NPAT</b>	<b>-0.62</b>

Consolidated Change in Equity AUD\$m	
Total equity at commencement of the half-year	3.25
Loss for the half year	-0.62
Total recognised income expense and expense	-0.62
Transactions with Equity Holders	
Issue of Shares	0.50
Proceeds from exercise of share options	0.14
Issue of Options	0.37
Share Issue Costs	-0.03
<b>Total Equity at End of Half Year</b>	<b>3.61</b>

Balance Sheet AUD\$m	
Cash	2.70
Receivables	0.05
<b>Total Current Assets</b>	<b>2.75</b>
Receivables	0.09
Property Plant and Equipment (PPE)	0.07
Financial Assets	0.20
Exploration & Development Expenditure	1.47
<b>Non-current Assets</b>	<b>1.83</b>
<b>Total Assets</b>	<b>4.58</b>
Payables	0.29
Unexpanded JV Funds	0.05
Short Term Provisions	0.01
<b>Total Current Liabilities</b>	<b>0.34</b>
<b>Total Liabilities</b>	<b>0.34</b>
<b>Net Assets</b>	<b>4.24</b>
<b>Equity</b>	
Shareholders Equity	4.58
Option Premium Reserve	0.37
Accumulated Losses	-1.34
<b>Total Equity</b>	<b>3.61</b>

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## Top 20 Shareholders as at 6 April 2006

Shareholder	Number of Shares	Percentage
Hightime Investments Pl.	5,762,000	11.7%
MAC 110 Nominees Pty. Ltd.	3,000,000	6.1%
S. Parsons	2,500,001	5.1%
R.A.J. Smith	1,620,000	3.3%
F. Cheffers	1,500,000	3.1%
Merrill Lynch (Australia)	1,147,166	2.3%
Macquarie Bank Ltd.	1,071,429	2.2%
Dundee Precious Metals	1,071,429	2.2%
Z.X. Yu	972,500	2.0%
Max Capital Pty. Ltd.	687,500	1.4%
National Nominees Ltd.	658,000	1.3%
G. Metford	614,286	1.2%
A. Pilalitou	500,600	1.0%
Odd Lot Nominees Pl.	500,000	1.0%
Manotel Pty. Ltd.	500,000	1.0%
Geared Investments Pty. Ltd.	500,000	1.0%
H. Halliday	484,925	1.0%
A.G. Cubbin	400,000	0.8%
P.J. Woodford	357,142	0.7%
Comsec Nominees Pty. Ltd.	353,906	0.7%
<b>Total Top 20</b>	<b>24,200,884</b>	<b>49.2%</b>

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