Gryphon Minerals Ltd

(GRY $0.43) Speculative Buy

EUROZ SECURITIES LIMITED
AUSTRALIAN RESEARCH

Comments **Price Target:** $0.60/sh

Continued exploration success, an imminent resource upgrade to ~ 1moz, ongoing drilling including some at regional target should see the positive momentum continue. We have increased our price target to $0.60/sh and continue to rate GRY as our preferred gold explorer.

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 grantioid hosted resource. The mineralisation at Nangolo is different with little or no quartz veining 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 and importantly six holes (drilled on two lines) on a 700m step out intersected good width of mineralisation including 12m @ 3g/t from 84m 20m @ 2.58 g/t from 44m.

In addition drilling within the main Tongon 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.

We expect a resource upgrade to ~ 1moz will be announced shortly. This is a 25% increase on the April'09 resource estimate.

Post the resource upgrade we expect drilling to recommence with the dual focus on infill drilling and targeting of some of the more regional anomalies. We estimate GRY has current cash of $13m post the $2m placement to IFC in July'09.

Investment Case

We maintain our Speculative Buy on GRY for exposure to a cashed up aggressive explorer which is on target to define ~ 1moz of resource shortly.

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 African 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.

If you assume GRY reaches its 1moz target resource it is currently trading on a Enterprise Value 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 ~ 0.5moz if mineralisation continues. This zone will be drilled shortly.

We have increased our price target to $0.60/sh which equates to an enterprise value per resource oz of ~ $65/oz. We believe this is a reasonable target based on the real potential to increase the current resource and the exploration upside its large tenement package offers.

Euroz Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Gryphon Minerals Ltd during the last year. Euroz Securities has received a fee for these services. This analyst also declares that he has a beneficial interest in Gryphon Minerals Ltd.

Top 20 Shareholders — **as at 31 August 2009**

	Shareholders	**Shares (m)**	**(%)**
1	HSBC Custody Nom Aust Ltd	24.93	14.17
2	Intnl Finance Corp	10.00	5.68
3	Radford Stacey	7.20	4.09
4	Newmont Cap PL	7.00	3.98
5	National Nom Ltd	6.61	3.75
6	HSBC Custody Nom Aust Ltd	4.60	2.61
7	Geared Inv PL	4.59	2.61
8	Macquarie Bank Ltd	4.44	2.53
9	ANZ Nom Ltd	4.35	2.47
10	Cogent Nom PL	3.55	2.02
11	Macquarie Bank Ltd	3.00	1.70
12	Parsons Stephen	2.50	1.42
13	Citicorp Nom PL	1.67	0.95
14	Sandhurst Ttees Ltd	1.52	0.86
15	Cheffers Freya	1.50	0.85
16	Palazzo Nom PL	1.50	0.85
17	Symorgh Inv PL	1.49	0.85
18	SMith Robert A J	1.48	0.84
19	UBS Wealth Mgnt Aust Nom	1.47	0.83
20	Cogent Nom Pl	1.14	0.65
	TOTAL	**94.56**	**53.71**

Market Statistics

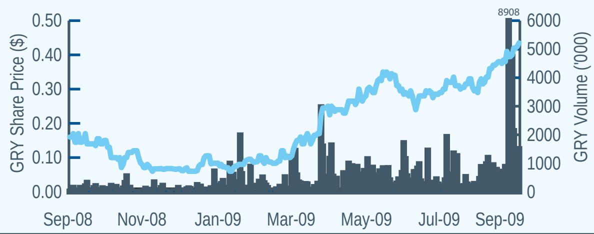
Share Price	**$0.43 A$/sh**
Issued Capital	
FP Ord	176m
Opt (@ $0.45/sh 30/11/09)	4.0m
Opt (@ $0.62/sh 30/11/09)	2.3m
Opt (@ $0.75/sh 30/11/09)	2.3m
Total Dil. FPOrd	**181m**
Market Capitalisation	$76m
Debt	nil
Cash	$13m

Directors

Directors	
Mel Ashton	Non-Exec Chair
Steve Parsons	Managing Dir
Didier Murcia	Non-Exec Dir

Shareholders	
Management	13%
Genesis	8%
Baher Steel	8%

Share Price Performance



Disclaimer

EUROZ
SECURITIES LIMITED
AUSTRALIAN RESEARCH

Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Securities Ltd (ACN 089 314 983) ("Euroz") only. Euroz is the holder of an Australian Financial Services Licence (AFSL 243302) issued by the Australian Securities and Investments Commission ("ASIC") and is a participant of the Australian Securities Exchange Group ("ASX Group").

The information contained herein is confidential and may be legally privileged. If you are not the intended recipient no confidentiality is lost nor privilege waived by your receipt of it. Please delete and destroy all copies, and contact Euroz on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz.

Disclaimer & Disclosure

Euroz and its associates declare that they deal in securities as part of their securities business and consequently may have a relevant interest in the securities recommended herein (if any). This may include providing equity capital market services to their issuing company, hold a position in the securities, acting as principal or agent, or make a market therein and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz declares that it may have acted as an underwriter, arranger, co-arranger or advisor in equity capital raisings, and will have received a fee for its services, for any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.