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Gryphon launches \$20M bid for Shield

Nick Evans
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GRYPHON Minerals has launched an all-share takeover bid for Shield Mining, offering one Gryphon share for every three Shield shares on issue, valuing the exploration junior at around \$A20 million.

The bid, which has won the unanimous support of the Shield board in the absence of a superior bid, will add Shield's Mauritanian prospects to Gryphon's existing west African projects and leave the combined company with around \$23 million in cash to pursue its exploration programs.



Shield Mining's Mauritania camp

The one for three bid values Shield shares at 27.2c, based on Gryphon's closing share price of 81.5c on Monday, when the company entered a trading halt ahead of the bid.

Shield shares last traded at 20c, making the bid a 36% premium to the company's last trading price, and a 55.8% premium to its three-month volume-weighted average trading price.

Gryphon will also offer one of its shares for each of the 21.3 million 20c options (expiring August 2011) that Shield has on issue.

In a joint statement this morning the two companies said the offer, which has a 90% acceptance threshold to succeed, had won pre-bid acceptance agreements from Shield shareholders with 19.9% of the company's total shares on issue.

Gryphon's main asset is the Banfora gold project in Burkina Faso, which has an inferred resource of 14 million tonnes at 2.4 grams per tonne gold for 1.1 million ounces.

Shield has a suite of prospective exploration tenements in Mauritania, and recently went back to the market to raise \$3.38 million for its exploration projects.

Gryphon has around \$20 million at bank, according to the company's statement this morning.

Shield managing director David Netherway will join the Gryphon board as part of the agreement.

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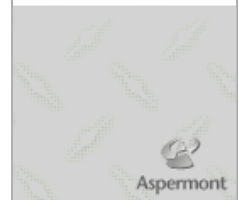
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