



## **Quarterly Report**

**For the period ending  
31 March 2006**

### **Highlights**

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- Commencement of Diamond, Reverse Circulation and Air-core drilling programmes, following up on the Company's previous drill results that included 16m @ 5.44g/t gold from surface, at the Banfora Gold Project, Burkina Faso (West Africa).
- The Company entered into agreements with investor groups including Macquarie Bank and Dundee Precious Metals Inc to raise \$3.5 million.



## Introduction

During the March period Gryphon Minerals Ltd has commenced aggressive exploration programmes consisting of Air-core, Diamond & Reverse Circulation drilling and regional soil geochemical and target generation at the highly prospective Banfora Gold Project, Burkina Faso - West Africa.

The drilling programmes will be undertaken at the Nogbele Prospect as “infill” and “reconnaissance” holes to follow up on the encouraging results from the Company’s previous RC drill programme that intersected mineralisation of up to **16m @ 5.44g/t** Au from surface. Approximately 7500 metres of reconnaissance Air-core drilling and approximately 5000 metres of diamond and RC drilling will be undertaken in this phase of drilling.

The Company has also initiated a regional soil geochemical and target generation programme across portions of the previously unexplored 1150km<sup>2</sup> Banfora Gold Project.

During the quarter the Company entered into agreements with investor groups including **Macquarie Bank** and **Dundee Precious Metals Inc** to raise \$3.5 million. The placement consists of 14 million new ordinary shares to be issued at a price of \$0.25 per share to raise total funds of \$3,500,000. The placement has been undertaken in two tranches, with 5 million shares issued during the March Quarter and a further 9 million to be issued with share holder approval following an EGM to be held on the 9<sup>th</sup> May 2006.

## 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 (2.9Moz) Syama (5.2Moz) and Morila (5.6Moz). The project area contains contiguous exploration licenses covering a total of approximately 1150km<sup>2</sup>.

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 only 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 each continuous for over 1000 metres and have received little or no drilling.



The Company recently completed its inaugural Reverse Circulation (RC) drill programme at the highly prospective Nogbele Prospect at the Banfora Gold Project (ASX release dated 24/01/06). Significant drill results included:

BNRC006 - **16m @ 5.44g/t** Au from surface  
**3m @ 6.95g/t** Au from 34m  
BNRC011 - **48m @ 1.38g/t** Au from surface  
BNRC021 - **6m @ 4.41g/t** Au from 88m  
BNRC030 - **8m @ 3.12g/t** Au from 34m  
BNRC001 - **15m @ 2.03g/t** Au from 36m  
BNRC033 - **12m @ 2.27g/t** Au from 102m

Gryphon Minerals has commenced an aggressive exploration programme which includes a **7500 metre Air Core drill programme**, regional soil geochemical and a target generation programme, as well as a **5000m infill RC/Diamond drill programme**.

**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](http://www.gryphonminerals.com.au)

#### Activities during the March Quarter

The Company has commenced an aggressive exploration programme which includes reconnaissance air-core, "infill" diamond and RC drilling, regional soil sampling and target generation at the highly prospective Banfora Gold Project.

Previous drilling by Gryphon Minerals was undertaken at the Nogbele Prospect (Nogbe-lee) targeting, broad and strike extensive, ground magnetic anomalies within a large grano-diorite intrusion. Significant drill results within a portion of the magnetic anomalies included **16 metres @ 5.44g/t gold from surface, 48m @ 1.38g/t gold from surface and 15m @ 2.03g/t gold from 36m** (ASX release dated 24/01/06).

The current drill programmes consist of approximately 7500 metres of reconnaissance style air-core drilling targeting further magnetic anomalies and soil geochemical anomalies on broad spacings within the Nogbele grano-diorite intrusion.

The diamond and RC drill programmes will consist of approximately 5000 metres and will primarily "infill" the previous Gryphon Minerals RC holes within one of the magnetic anomalies.

A geological mapping, targeting and soil geochemical programme has commenced which will cover portions of the previously unexplored 1150km<sup>2</sup> Banfora Gold Project.

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



## Collurabbie South Project

Gryphon Minerals' 100% owned Collurabbie South Project is located in the North Eastern Goldfields of Western Australia. The project is situated 30 kilometres along strike to the south of the exciting new, Falcon Minerals and BHP-Nickel West (WMC) 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 project area covers approximately 90km<sup>2</sup> and hosts the Southern extension of the sequence of ultramafic and mafic rock types that host the mineralisation at the Collurabbie joint venture nickel discovery.

Reconnaissance Rotary Air Blast (RAB) drilling by Gryphon Minerals has confirmed the presence of rock types favorable to nickel, copper, gold and PGE mineralization, within the Collurabbie South Project.

### Activities during the March Quarter

A review of the Company's first drill results and planning of the next phase of exploration, which may include geophysical studies and further drilling is currently in progress.

## Mount Windarra Project

Gryphon Minerals' Mount Windarra Project, comprising one granted exploration licence, is located only a few hundred metres from Poseidon NL's, famous Mount Windarra nickel discovery of the late 1960s.

The project area contains two ultramafic units interpreted to be the basal Mount Windarra ultramafic unit that hosts the Mount Windarra, South Windarra and Woodline Well nickel deposits. These deposits produced in excess of 85,000 Tonnes of nickel. The two ultramafic units within the project area are under transported sands and clays and were discovered last year by Gryphon Minerals.

Initial reconnaissance RAB drilling by Gryphon Minerals intersected anomalous nickel values up to 15 metres @ 0.53% nickel associated with the ultramafic unit. The successful RAB program was followed up with a detailed ground electromagnetic (EM) survey, which generated three high priority drill targets with the potential to host sulphide nickel mineralisation. Diamond drilling of the targets intersected broad zones of disseminated sulphides (though sub economic) in each of the three holes.

A Second reconnaissance Air-core drill programme to the north of Gryphon's original discovery zone intersected ultramafic rock types, which now increases the strike length of the prospective basal unit to three kilometres.

With the recent tripling of the prospective basal ultramafic sequence and the discovery of broad zones of disseminated sulphides in relatively close proximity to the historic Mount Windarra nickel mine, Gryphon Minerals is encouraged by the potential to discover economic nickel sulphide mineralisation within the project area.



Exploration at the Mount Windarra Project is being funded 100% by Gryphon's joint venture partner Minara Resources, as part of the required \$1,000,000 to be spent on the project over the next two years to earn a 70% interest in the project.

#### Activities during the March Quarter

No exploration field work has been undertaken on the Mount Windarra Project during the period.

#### Radio Project

The Radio Project is an advanced high-grade gold project located in the Bullfinch region of Southern Cross, Western Australia. The project contains 22 semi-contiguous tenements covering an area of approximately 245 square kilometres. Gryphon Minerals owns the majority of the project area 100% including the Radio gold mine.

The project area abuts the +1 million ounce Copperhead gold mine and contains the Radio gold mine, which historically produced over 71,000 ounces of gold at 38.5g/t. The project area is highly prospective for large tonnage multi-million ounce gold deposits as well as smaller high-grade gold deposits.

#### Activities for the March Quarter

A geological mapping and target generation programme was undertaken on regional areas within the Radio Project.

#### Project Generation

During the March 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](http://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.*

# 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
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ABN

31 107 690 657
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Quarter ended ("current quarter")

31 March 2006
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(646)	(1,282)
(b) development	-	-
(c) production	-	-
(d) administration	(203)	(531)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	20	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(829)</b>	<b>(1,750)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	(10)	(10)
(d)term deposit	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans from other entities	-	177
1.12 Loans to employees	(5)	(5)
<b>Net investing cash flows</b>	<b>(15)</b>	<b>162</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(844)</b>	<b>(1,588)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(844)	(1,588)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,793	3,432
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 - costs of share issues	-	(30)
	<b>Net financing cash flows</b>	2,793	3,402
	<b>Net increase (decrease) in cash held</b>	1,949	1,814
1.20	Cash at beginning of quarter/year to date	2,234	2,369
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	4,183	4,183

**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	69
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.23 includes directors fees, salaries for executive and non-executive directors and payments to Mining Corporate Pty Ltd of which Mr Hunter is a Director amounting to \$12,751.

**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

On 30 March 2006, 600,000 \$0.33 cent options were issued to employees of the Company.

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

**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		

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	750
4.2	Development	-
<b>Total</b>		<b>750</b>

**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	2,887	940
5.2	Deposits at call	1,296	1,294
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)		<b>4,183</b>	<b>2,234</b>

**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	Nil		

+ 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	44,164,752	36,864,750		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,000,000 20,000	2,000,000 20,000	25 cents 25 cents	25 cents 25 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	6,000,000 400,000 2,750,000 125,000 7,500,000 980,000 600,000		<i>Exercise price</i> 35 cents 30 cents 25 cents 33 cents 25 cents 25 cents 33 cents	<i>Expiry date</i> 1 April 2007 1 January 2007 31 July 2007 31 January 2007 30 November 2007 31 December 2006 30 March 2009
7.8 Issued during quarter	1,000,000 600,000	- -	25 cents 33 cents	31 December 2006 30 March 2009
7.9 Exercised during quarter	20,000		25 cents	31 December 2006
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 28 April 2006  
(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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* 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.