



## **Quarterly Report**

**For the period ending  
31 June 2006**

### **Highlights**

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- Reconnaissance air-core drill programme intersected significant gold mineralisation on all targeted areas, including up to 41 metres @ 2.12g/t gold in an entire hole at the Nogbele Prospect, Banfora Gold Project – Burkina Faso (West Africa).
- Diamond & Reverse Circulation drilling programme undertaken to follow up on the Company's previous drill results that included 16m @ 5.44g/t gold from surface, at the Banfora Gold Project (results pending).
- Gryphon secures further tenure along strike from the BHP Billiton/Nickel West (BHP) and Falcon Minerals Ltd (FCN) Collurabbie Joint Venture Nickel Discovery.
- Completion of \$3.5 million placement to institutional and sophisticated investors including Macquarie Bank and Dundee Precious Metals Inc.



## Introduction

During the June quarter Gryphon Minerals Ltd undertook an aggressive exploration programme consisting of Air-core, Diamond & Reverse Circulation (RC) drilling and regional soil geochemistry and target generation at the highly prospective Banfora Gold Project, Burkina Faso - West Africa.

During the period “reconnaissance” Air-core drilling was completed over three main target areas (Nogbele North, South and Central) within the large grano-diorite intrusion known as the Nogbele (Nog-be-lee) Prospect. Significant drill results included up to **41 metres @ 2.12g/t gold for an entire hole**, which reinforces the potential for the Banfora Gold Project to host large scale gold mineralization.

Diamond and Reverse circulation drill programmes have been undertaken during the period to follow up on the encouraging results from the Company’s inaugural RC drill programme that intersected mineralisation of up to **16m @ 5.44g/t Au** from surface. Results from the Diamond and Reverse Circulation drilling programmes are pending.

The Company completed a first pass regional target generation programme across portions of the previously unexplored 1150km<sup>2</sup> Banfora Gold Project resulting in a significant number of new high priority targets.

During the period Gryphon acquired a second tenement along strike from the BHP Billiton/Nickel West (ex WMC) and Falcon Minerals Ltd Collurabbie Joint Venture Nickel Discovery. Gryphon’s Project area now covers approximately 270km<sup>2</sup> and hosts both the Northern and the Southern extensions of the sequence of ultramafic and mafic rock types that host the mineralisation at the Collurabbie Joint Venture Nickel Discovery.

During the period the Company issued 9,000,000 shares to investor groups including **Macquarie Bank** and **Dundee Precious Metals Inc** raising \$3.5 million dollars for on-going exploration.

## 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 (10Moz) 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.

Gryphon completed its inaugural Reverse Circulation (RC) drill programme earlier this year 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

**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 June Quarter

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

During the period "reconnaissance" Air-core drilling was completed over three main target areas (Nogbele North, South and Central) within the large grano-diorite intrusion known as the Nogbele (Nog-be-lee) Prospect. Significant drill results included up to **41 metres @ 2.12g/t gold for the entire hole**, which reinforces the potential for the Banfora Gold Project to host large scale gold mineralization (refer to Tables 1, 2 & 3 for details and further significant results):

BNAC051 - **41m @ 2.12g/t** Au from 0m  
*Including 28m @ 3.01g/t* from 4m  
BNAC063 - **7m @ 3.49g/t** Au from 8m  
*Including 1m @ 17.51g/t* Au from 11m  
BNAC152 - **1m @ 15.22g/t** Au from 11m  
BNAC225 - **12m @ 1.33g/t** Au from 20m  
BNAC226 - **4m @ 3.50g/t** Au from 12m

Targeted areas comprised of broad magnetic zones averaging 75 metres width, as well as high order magnitude soil geochemical anomalies. Drilling within each of the target areas intersected significant gold mineralization.



The Company considers the results extremely significant as they confirm the correlation of large scale magnetite alteration and high order magnitude soil geochemical anomalies, with the association of significant gold mineralization. The new target areas identified from the air-core drilling will be followed up with RC and diamond drilling at the earliest opportunity.

A total of 7,107 metres were drilled with an average depth of approx 33 metres each, for the air-core programme. At the Nogbele Prospect the average depth to the base of oxidation (fresh rock) is approx 60 metres below surface. Many of the drill holes stopped in hardened bands of quartz veins and several holes stopped in significant gold mineralization

A regional geological mapping, targeting and soil geochemical programme has commenced covering portions of the previously unexplored 1150km<sup>2</sup> Banfora Gold Project. The exercise has already identified a significant number of new high priority targets in addition to the historic WMC and Resolute targets. All targets will now be evaluated and prioritised for the next phase of exploration.

**Results from the recent Reverse Circulation and Diamond drilling exploration programmes are pending and will be made available at the earliest opportunity.**

**Table 1: Nogbele North Target – Air Core Drilling (ASX announcement 5/5/06)**

Hole Name	Easting	Northing	Dip	From (m)	To (m)	Interval (m)	Gold (g/t)	Gram/Meters g/t
BNAC209	237673	1147690	-60	20	24	4	1.55	6.20
BNAC211	237674	1147651	-60	24	28	4	0.73	2.92
BNAC213	237674	1147602	-60	8	12	4	0.73	2.92
BNAC214	237674	1147570	-60	4	8	4	0.61	2.44
BNAC216	237499	1148314	-60	0	21	21	0.55	11.55*
<i>including</i>				16	21	5	1.11	5.55*
BNAC217	237499	1148295	-60	0	8	8	1.22	9.76
BNAC222	237502	1148189	-60	4	12	8	1.25	10.00
BNAC225	237500	1148120	-60	20	32	12	1.33	15.96*
BNAC226	237496	1148100	-60	12	16	4	3.50	14.00
BNAC234	237504	1147937	-60	12	20	8	0.64	5.12



**Table 2: Nogbele Central Target - Air Core Drilling (ASX announcement 5/5/06)**

Hole Name	Easting	Northing	Dip	From (m)	To (m)	Interval (m)	Gold (g/t)	Gram/Meters g/t
BNAC137	237405	1147296	-60	10	13	3	0.84	2.52
BNAC143	237656	1147305	-60	3	4	1	1.32	1.32*
BNAC152	237850	1147347	-60	11	12	1	15.22	15.22
BNAC155	237853	1147271	-60	21	22	1	4.91	4.91
BNAC160	238053	1147355	-60	21	24	3	1.03	3.09
BNAC161	238060	1147323	-60	8	14	6	0.95	5.70
BNAC165	238068	1147238	-60	24	27	3	0.83	2.49
BNAC166	238177	1147335	-60	11	12	1	4.28	4.28
BNAC182	238174	1147273	-60	11	19	8	1.14	9.12

**Table 3: Nogbele South Target - Air Core Drilling (ASX announcement 5/5/06)**

Hole Name	Easting	Northing	Dip	From (m)	To (m)	Interval (m)	Gold (g/t)	Gram/Meters g/t
BNAC046	236680	1146440	-60	21	30	9	1.26	11.34*
BNAC047	236678	1146425	-60	8	17	9	1.25	11.25
				32	35	3	0.95	2.85
BNAC048	236678	1146410	-60	12	16	4	1.15	4.60
				28	40	12	0.97	11.64*
BNAC049	236671	1146393	-60	4	8	4	0.75	3.0
BNAC051	236679	1146363	-60	0	41	41	2.12	86.92*
<i>including</i>				4	32	28	3.01	84.28
BNAC052	236679	1146343	-60	0	8	8	1.24	9.92
BNAC059	236840	1146561	-60	5	6	1	2.49	2.49
BNAC062	236780	1146461	-60	30	32	2	1.63	3.26
BNAC063	236780	1146443	-60	8	15	7	3.49	24.43
<i>including</i>				11	12	1	17.51	17.51
BNAC091	236933	1146671	-60	8	12	4	0.99	3.96
BNAC094	236933	1146647	-60	17	20	3	1.31	3.93
BNAC099	237234	1146876	-60	6	7	1	2.17	2.17
BNAC106	237230	1146724	-60	14	18	4	0.90	3.60
BNAC107	237231	1146713	-60	31	32	1	2.89	2.89
BNAC110	237229	1146650	-60	18	20	2	1.04	2.08*
BNAC124	237576	1146794	-60	12	14	2	1.03	2.06*

\* Indicates drill holes that stopped in gold mineralisation

Notes

1. All holes drilled by Air-Core.
2. Assays are for 1m splits and 4m composite samples.
3. Some 4m composites are being re-assayed as 1m sample splits.
4. Assaying conducted by Transworld Laboratories, Tarkwa, Ghana using industry standard 50g lead collection fire assay with AAS finish.
5. Reference standards, field duplicates and blank samples are routinely inserted quality control samples are routinely monitored finish.
6. All holes Azimuth direction of 180 degrees.

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## **Collurabbie Project**

Gryphon Minerals' 100% owned Collurabbie Project now covers approximately 270km<sup>2</sup> and hosts both the Northern and the Southern extensions of the sequence of ultramafic and mafic rock types that host the mineralisation at the 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.

The Company's new tenement application is located approximately 30km along strike to the North West while its other tenement licence is located approximately 30km along strike to the South of the BHP Billiton/Nickel West (BHP) and Falcon Minerals Ltd (FCN) 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 June Quarter**

During the period Gryphon applied for a second tenement along strike from the BHP Billiton/Nickel West (ex WMC) and Falcon Minerals Ltd Collurabbie Joint Venture Nickel Discovery. Gryphon's Project area now covers approximately 270km<sup>2</sup> and hosts both the Northern and the Southern extensions of the sequence of ultramafic and mafic rock types that host the mineralisation at the Collurabbie Joint Venture Nickel Discovery.

Gryphon is currently determining the next phase of exploration to be undertaken on its Collurabbie Project.

## **Mount Windarra Project**

Gryphon Minerals' Mount Windarra Project is located only a few hundred metres from Poseidon NL's, famous Mount Windarra nickel discovery of the late 1960s. The project area contains at least 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.

Initial reconnaissance RAB drilling by Gryphon Minerals intersected anomalous nickel values up to 15 metres @ 0.53% nickel associated with the ultramafic unit. Detailed ground electro-magnetics (EM) identified three high priority targets which drill testing revealed broad zones of disseminated sulphides (though sub economic) in each of the three holes.

Reconnaissance Air-core drilling to the north of Gryphon's original discovery zone intersected further ultramafic rock types, which now increases the strike length of the prospective basal unit to three kilometres.

With the 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 within two years to earn a 70% interest in the project.

#### Activities during the June 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 June Quarter

A target review was undertaken on the potential strike extensions of the Radio Mine. A short Reverse Circulation drill programme is currently underway to test potential shallow strike extensions along the Radio Mine shear zone. Results will be made available at the earliest opportunity.

#### Project Generation

During the June 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")

30 June 2006
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(854)	(2,136)
(b) development	-	-
(c) production	-	-
(d) administration	(295)	(826)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	17	80
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(1,132)</b>	<b>(2,882)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(174)	(184)
(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	(3)	174
1.12 Loans to employees	-	(5)
<b>Net investing cash flows</b>	<b>(177)</b>	<b>(15)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,309)</b>	<b>(2,897)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,309)	(2,897)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	821	4,253
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	(17)	(47)
	<b>Net financing cash flows</b>	804	4,206
	<b>Net increase (decrease) in cash held</b>	(505)	1,309
1.20	Cash at beginning of quarter/year to date	4,183	2,369
1.21	Exchange rate adjustments to item 1.20	(3)	(3)
1.22	<b>Cash at end of quarter</b>	3,675	3,675

**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	74
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 \$8,877.26.

**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

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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

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**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	300
4.2	Development	-
<b>Total</b>		<b>300</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	2,379	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>3,675</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	P77/3444 P77/3445	100% 100%	100% 100%

+ 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>	58,482,752	58,482,752		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,318,000	14,318,000	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 7,500,000 662,000 600,000 400,000 300,000		<i>Exercise price</i> 35 cents 30 cents 25 cents 33 cents 25 cents 25 cents 33 cents 25 cents 30.5 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 26 May 2008 23 June 2008
7.8 Issued during quarter	400,000 300,000		25 cents 30.5 cents	26 May 2008 23 June 2008
7.9 Exercised during quarter	318,000		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: 31 July 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.

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+ See chapter 19 for defined terms.