



GRYPHON
MINERALS LIMITED

Corporate Directory

Non-Executive Chairman
Mel Ashton

Managing Director
Stephen Parsons

Non-Executive Director
Didier Murcia

Company Secretaries
Carl Travaglini & Candice Donnelly

**Advancing the
3.6 Moz Banfora Gold Project,
Burkina Faso³**

- low capital costs
- low operating costs
- high grade Heap Leach
- high margins

Funding:

- US\$40 million cash
- US\$60 million debt

On-track in CYQ2/2014:

- Mine permitting ✓
- Debt mandate ✓
- Feasibility study
- Early site works
- Exploration results

Contact Details

Principal & Registered Office
288 Churchill Avenue
SUBIACO WA 6008
T: +61 8 9287 4333
F: +61 8 9287 4334
E: admin@gryphonminerals.com.au

ASX CODE

GRY

www.gryphonminerals.com.au

Gryphon signs financing mandate for up to US\$60 million in senior debt to develop the Banfora Gold Project

Highlights

- Macquarie mandated to act as sole arranger and underwriter to provide up to US\$60 million Senior Loan Facility and associated Hedging and Cost Over Run Facilities, to fund the development of the Banfora Gold Project¹.
- Gryphon is now well positioned to fund development from its existing cash and investments of A\$43 million (US\$40 million)² and the proposed Macquarie Project Loan Facilities.
- Awarding the mandate further de-risks Banfora Development timetable and under pins Gryphon's future growth.

Gryphon Minerals Limited (ASX: GRY) (Gryphon or the Company) is pleased to announce that, following a competitive tender process, it has signed an exclusive engagement and mandate letter with Macquarie Bank Limited (Macquarie) to act as sole arranger and underwriter for up to US\$60 million Senior Loan Facility and associated Hedging and Cost Over Run Facilities (the Project Loan Facilities) for the development of the Banfora Gold Project (Banfora) in Burkina Faso, West Africa.

The Project Loan Facilities are subject to certain terms and conditions, including completion of the Feasibility Study, due diligence and final credit approval.

Awarding the financing mandate enables the Company to further de-risk the overall development timetable by advancing the financing in parallel with the 2Mtpa Heap Leach Feasibility Studies that are scheduled for completion in mid-2014.

Commenting on the financing mandate Steve Parsons, Managing Director of Gryphon Minerals, said:

"The appointment of Macquarie to provide debt financing represents a significant step towards the development of the Banfora Gold Project. Gryphon has undertaken a rigorous and strongly contested tender process for the Project Finance Facilities and has negotiated some very competitive terms which has resulted in the selection of Macquarie".

"Macquarie has an excellent reputation as a leading international investment bank and combined with its financing capabilities and proven depth of experience in financing mining projects in West Africa, we see their involvement as a major endorsement of the Banfora Gold Project."

"With the A\$43 million in cash and investments as at the end of the March quarter, plus the proposed Macquarie Senior Loan Facility of up to US\$60 million, Gryphon is in a strong position to fund the development of the Banfora Gold Project and starting the significant transition to a gold producer" he added.



As previously announced, Gryphon commenced discussions with potential financiers for Banfora in March 2014 following the successful completion of the Banfora Optimisation and Heap Leach Scoping Study. In April 2014 a number of international banks submitted indicative term sheets which resulted in the Company shortlisting four potential financiers, with Macquarie subsequently selected.

Key points of the debt financing mandate:

- Subject to standard terms and conditions including completion of the Feasibility Study, due diligence and final credit approval.
- The Hedging Facility will further de-risk the operating cash flows of the mine by delivering certainty in the gold price achieved for the amount of gold hedged by the company. The Board believe this is an appropriate risk management strategy for the Company in the current gold environment. The hedged amount is anticipated to be approximately 20-25% of gold production, subject to the achieved forward price.
- The Senior Debt Facility amount may vary depending on the gold price achieved at time of the hedge implementation.
- The term of the Senior Debt Facility is anticipated to be 4.25 years from first gold pour.
- The Cost Over Run Facility will be in addition to the Senior Loan Facility.

About Macquarie Bank

Macquarie Bank Limited is a leading investment bank providing banking, financial, advisory, investment and funds management services. The Metals and Energy Capital Division is well experienced in project financing of gold projects in West Africa, with examples including Youga, Burkina Faso (Endeavour), Edikan, Ghana (Perseus), Sabodala, Senegal (Teranga) and Nzema, Ghana (Endeavour).

Next Steps: Permitting, Feasibility Study & Exploration

Gryphon Minerals was recently granted an Exploitation (Mining) Permit for the development and operation of the Banfora Gold Project which enables the Company to proceed with the proposed 2Mtpa mining operation utilizing a Heap Leach process plant (refer ASX release 2 June 2014).

Key aspects of the permit granted by the Burkina Faso Government include:

- encompasses all four main deposits making up the Banfora Gold Project – Nogbele, Fourkoura, Samavogo and Stinger;
- valid for Heap Leach processing approach to gold extraction; and
- valid for an initial 20 year period, which can be extended under the Mining Code for successive terms of 5 years each until complete exhaustion of all deposits.

The Company is on-track for completion in mid-2014 of the Feasibility Study for a 2Mtpa Heap Leach operation at the Banfora Gold Project. Final heap leach column test work results, undertaken by Kappes Cassiday Perth, are expected in the coming weeks, supporting previously announced test work in the Scoping Study in February this year.

An exploration RC/DD drilling and augering programme is currently underway at the Banfora Gold Project targeting shallow oxide gold mineralisation in close proximity to the proposed mine site. Results are anticipated in the coming weeks.



About Gryphon Minerals²

The Banfora Gold Project (GRY 90% on issue of a mining license, 10% Burkina Faso Government) is located in South-West Burkina Faso, West Africa in a major gold producing district, host to such world class gold deposits as Tongon (4.2 Million oz Au), Syama (5 Million oz Au mined & 6.5 Million oz Au in resources) and Morila (6.5 Million oz Au). Burkina Faso is a stable and progressive nation with over 25 years of strong democratic government and an advanced mining code - demonstrating the nation's desire for mining development.

The Company completed optimisation studies in February 2014, based on a number of alternative development options that are appropriate for current gold market conditions. Initiatives for capital cost reduction were the main focus of the optimisation studies, in conjunction with examining project economics across a range of gold prices, plant throughputs and optimum process routes.

The Company has identified a preferred low cost start up two million tonne per annum heap leach operation that can generate strong returns in a lower gold price environment and is highly leveraged to any gold price increases.

A full Feasibility Study on the heap leach operation has commenced with the results expected in mid-2014.

Detailed information on all aspects of Gryphon's projects can be found on the Company's comprehensive website www.gryphonminerals.com.au

Yours faithfully

Steve Parsons
Managing Director

Notes

- 1 Availability of the Project Loan Facilities is subject to due diligence, credit approval, entering into documentation and satisfaction of conditions precedent.
- 2 As disclosed in the March 2014 quarterly and converted using an USD/AUD exchange rate of 0.94.
- 3 Refer to ASX Announcement dated 4 February 2014. The optimisation studies are at Scoping Study level and therefore based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.
In discussing reasonable prospects for eventual economic extraction in Clause 20 of the JORC Code 2012 (the Code) requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource.
Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the general results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the processes applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves.
While initial mining and processing cases may have been developed during a Scoping Study, it must not be used to allow an Ore Reserve to be developed.