



GRYPHON
MINERALS LIMITED

Gryphon Minerals Limited

ACN 107 690 657

Corporate Governance Statement

As at 30 September 2015



This Corporate Governance Statement reports the governance processes and procedures in place at Gryphon Minerals Limited ('Gryphon', 'group', 'company', 'listed entity') as at 30 September 2015 and has been approved by the board of the Company as at that date. This Corporate Governance Statement is also provided on our website at the following link: <http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>, together with copies of our Board and Board Committee Charters and some of the Company's key policies. The ASX Appendix 4G, which is a checklist cross-referencing the third edition of the ASX Corporate Governance Principles and Recommendations to the relevant disclosures in Gryphon's Corporate Governance Statement and 2015 Annual Report is also provided in that webpage.

Commitment to Good Governance

Gryphon is committed to implementing and maintaining the highest standards in corporate governance. The Company believes that high-quality governance, including risk management, supports long-term value creation. At Gryphon corporate governance is not just a matter for the Board, it is embedded within processes and procedures throughout the entire organisation. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behaviour we expect of our people.

ASX Corporate Governance Council's Principles and Recommendations

Gryphon reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (third edition) ('CGRs').

The commentary below provides details of the Company's adherence to each of the CGRs. Where the Company's compliance with the CGRs is reflected in a separate document or policy, a reference to the location of that document or policy is included in this statement. References in this statement to a "reporting period" are to the full financial year ended 30 June 2015.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - Comply

A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

The Board of Directors is collectively responsible for the success of the Company. In order to achieve this objective, the Board must promote and protect the interests of shareholders and other stakeholders. The Board must also ensure that the Company complies with all of its contractual, statutory and legal obligations.

The conduct of the Board, as well as being governed by federal and state legislation, the ASX Listing Rules and the Common Law, is also regulated by the Company's constitution, Code of Conduct and other Company policies.

The roles and responsibilities of the Board and the Executive Management Team ('EMT') are set out in the Company's Board and Executive Charter, of which a copy is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

The Board and Executive Charter provides that the Board has the following key responsibilities:

- leading and setting the strategic direction/objectives of the Company;
- appointing the Chairman of the Board;
- appointing, and when necessary replacing, the Managing Director;
- approving the appointment, and when necessary replacement, of the EMT and the Company Secretary;
- overseeing the EMT's implementation of the Company's strategic objectives and the EMT's performance generally;
- approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit, satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance;
- overseeing the Company's processes and procedures for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- approving the Company's remuneration framework.

The Board has delegated responsibility for the day to day management of the Company to the Managing Director who is supported by the EMT. However, the Board remains ultimately responsible for the strategic direction of the Company.

The Board and Executive Charter provides that the Managing Director has the following key responsibilities:

- overseeing the day-to-day operations and administration of the Company;
- leading and supervising the EMT; and
- keeping the Board informed of any material issues or developments within the Company;

The charter also states that the Managing Director receives support from the EMT in respect of:

- implementing the strategic direction/objectives provided by the Board;
- supplying the Board with required information in a timely and clear manner;
- developing control and accountability systems in respect of compliance, risk management and corporate governance;
- operating within the risk appetite set by the Board; and
- maintaining accurate financial and other reports.

Recommendation 1.2 - Comply

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

As stipulated in the New CGRs, background checks are now carried out on all new directors prior to their submission to security holders for election. These checks include: gaining character references; confirming the experience and education of the new director; obtaining a police clearance; and bankruptcy checks on that director.

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, including the information referred to in Recommendation 1.2, is provided to shareholders in the Company's Notice of Annual General Meeting.

Recommendation 1.3 - Comply

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each director and senior executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3.

Recommendation 1.4 - Comply

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- advising and supporting the Chairman and the Board and its committees to manage the day to day governance framework of the Company;
- assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and despatch of Board agendas and papers; and
- assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of directors.

The responsibilities of the Company Secretary are set out in the Board and Executive Charter located at: <http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 1.5 – Do not comply

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose the policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy, a copy of which is located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Under the principles outlined in the Company's Nomination and Remuneration Committee Charter the Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them. A copy of the Nomination and Remuneration Committee Charter is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Given the current size of the Company and level of operations, the directors believe that it is not appropriate to set measurable objectives in relation to diversity at this stage. Notwithstanding this, the Company strives to provide the

best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholders value and which reflects the values, principles and spirit of the Company's Diversity Policy.

For the financial year ended 30 June 2015, the Company had a total of:

- 10 women employees out of a total of 106 employees across the organisation;
- no women employees out of a total of 2 employees in senior executive positions; and
- no women directors out of a total of 4 directors on the board.

"Senior Executive" means the two Key Management Personnel listed in the Remuneration Report contained within the Company's 2015 Annual Report.

Recommendation 1.6 - Comply

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board and Executive Charter provides that the Board's performance shall be evaluated in such a manner as the Board deems appropriate. A copy of this Charter is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

During the reporting period, a standing agenda item was discussed at each meeting of the Board, whereby the performance of individual members and the performance of the Board as a whole, was assessed. Standalone board or director performance reviews were not conducted during the reporting period.

Recommendation 1.7 - Comply

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company's process for evaluating the performance of members of the Executive Management Team is stated in the Board and Executive Charter, a copy of which is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

The evaluation is required to include:

- assessment of performance against the requirements of the Board and Executive Charter;
- measurement of performance against previously agreed key performance indicators ('KPIs'); and
- setting new KPIs.

A review of the performance of individual members of the Executive Management Team was carried out during the reporting period. The review was conducted by the Chief Operating and the Managing Director.

Principle 2: Structure the board to add value

Recommendation 2.1 – Comply

The board of a listed entity should:

(a) have a nomination committee which:

1. has at least three members, a majority of whom are independent directors; and
2. is chaired by an independent director,

and disclose:

3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

During the reporting period the Board suspended the Nomination and Remuneration Committee. Given the size of the board it has been decided that there are no efficiencies to be gained from continuing with a separate Nomination and Remuneration Committee. The current board members carry out the roles that would otherwise be undertaken by a nomination and remuneration committee and each director excludes himself from matters in which he has a personal interest.

The Board will continue to assess the Company's circumstances and reinstate the Nomination and Remuneration Committee when deemed appropriate. The procedures detailed in the Nomination and Remuneration Committee Charter continue to be relevant, a copy of which is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

The roles and responsibilities conducted by the full board to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively include:

- considering the size and composition of the Board;
- assessing and determining the independent status of each director;
- regularly determine whether each director has enough time to commit to carry out his or her responsibilities;
- implementing a plan for identifying, assessing and enhancing director competencies;
- developing and implementing processes to identify suitable candidates for nomination or appointment to the Board;
- developing and implementing induction procedures for new directors;
- developing, implementing and reviewing the Company's succession plans in place for membership of the Board and the EMT;
- developing and implementing processes for evaluating the performance of the Board and individual directors;

When deciding to appoint a new director or renew an existing director's tenure, the Board takes into account: the number of directors necessary to add value to the Company; the specific skills sets or experience required by the Company at its current stage of growth; the decision-making and judgment skills a director might bring to the Board; and a director's capacity to commit adequate time to the role.

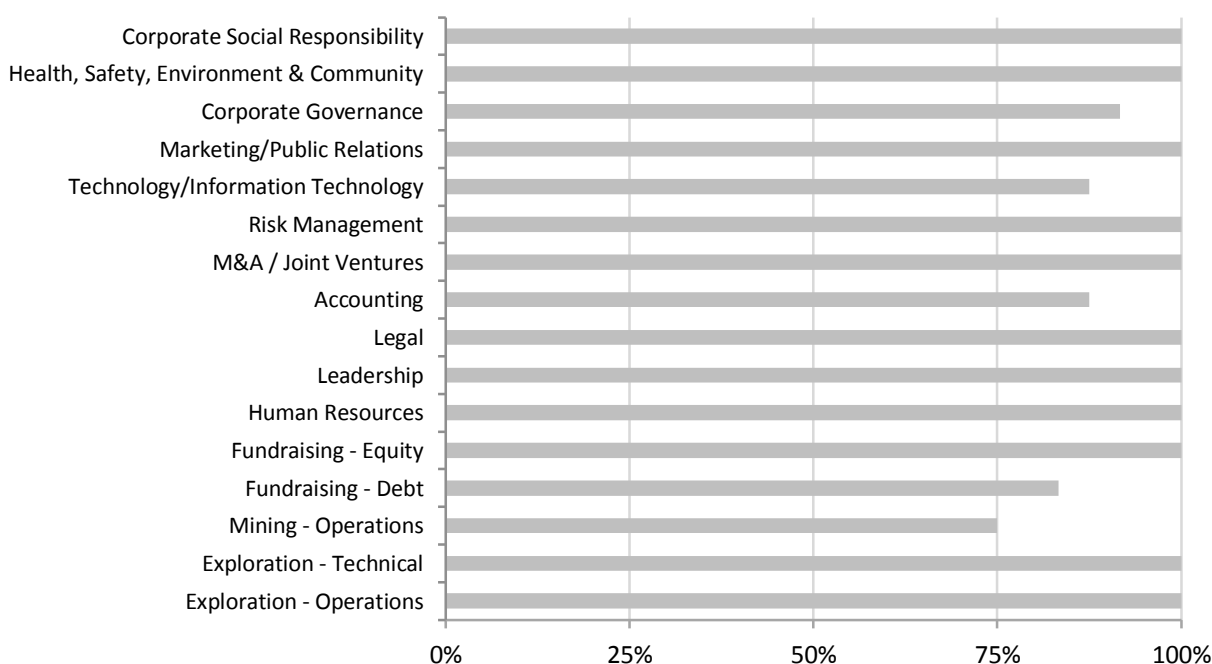
Recommendation 2.2 - Comply

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company’s Board comprises professionals with a wealth of experience in different areas relevant to Gryphon’s business. Gryphon is committed to ensuring the Board is comprised of directors who possess the appropriate mix of skills, expertise and diversity to adequately discharge its responsibilities and duties.

Over the reporting period, through the use of a board skills matrix the Board assessed the need for additional or new directors and the value the current directors bring to the Board. The mix of skills comprised in the current Board, and that the Board would look to maintain and to build on, includes:

Board Experience and Competencies



Details of the Company’s directors including their experience and qualifications are stated in the Director’s Report contained in the June 2015 Annual Report. A copy of the Annual Report is available for inspection on the Company’s Website.

Recommendation 2.3 - Comply

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

The directors comprising the Board over the reporting period were:

<u>Director</u>	<u>Role</u>	<u>Profession</u>	<u>Non-Executive</u>	<u>Independent</u>	<u>In office (yrs)</u>
Mr M Ashton	Chairman	Accountant	Yes	Yes	11
Mr S Parsons	Managing Director	Geologist	No	No	11
Mr D Murcia	Director	Lawyer	Yes	Yes	7
Mr B McFadzean	Director	Mining Engineer	Yes	Yes	1

Recommendation 2.4 - Comply

A majority of the board of a listed entity should be independent directors.

A majority of the Board comprises independent directors (3 out of 4 directors are independent). The Company considers an independent director to be a non-executive director who:

- is not a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001 (Cth));
- within the last 3 years has not been employed in an executive capacity by the Company;
- within the last 3 years been a partner, director or senior employee of a provider of material professional services or material consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a director of the Company;
- has no close family ties with any person who falls within any of the categories above; and
- has not been a director of the Company for such a period that his or her independence may have been compromised.

The Company welcomes the recognition by the New CGRs that the mere fact a director has served on a board for a substantial period, does not necessarily mean they cannot be effective or independent. Mr Norman Mel Ashton, Gryphon’s Chairman has now served on the Gryphon Board for over eleven years and continues to provide a valuable, independent contribution to Board activities. However, the Company has adopted the New CGRs recommendation that the independence of a director who have served for more than ten years shall be “regularly assessed” and the Company’s Board and Executive Charter requires an assessment every six months where this is the case.

The assessment of whether a director is considered independent (both from the perspective of the Company and the director) is based on the following materiality thresholds:

- payments made by the Company to the director or any of his associated entities for the provision of goods and/or services does not exceed 2% of the annual gross expenditure of the Company; or
- payments received by the director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the director or his associated entities.

To assist the directors of the Board with their independent decision making, the Board collectively, and each Director, has, subject to prior consultation with the Chairman, the right to seek independent professional advice at the Company’s expense. A copy of such advice is required to be made available to all members of the Board.

Recommendation 2.5 - Comply

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Board is comprised of a majority of independent directors and has an independent chairman. As recommended by the CGRs and stipulated in the Company’s Board and Executive Charter, the Chairman and CEO (Managing Director) are not the same individual. A copy of the Board and Executive Charter is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 2.6 - Comply

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

In order for the new director to participate fully and actively in board decision-making at the earliest opportunity, an induction process is carried out immediately after appointment. This induction is facilitated by the Company Secretary and involves meeting with other members of the Board, the Managing Director and the EMT; and being provided with a comprehensive pack of relevant documents and information.

All directors are expected to maintain skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education which is paid for by the Company where appropriate.

Principle 3: Act ethically and responsibly

Recommendation 3.1 – Comply

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Company has a Code of Conduct, Continuous Disclosure Policy, Diversity Policy and Security Trading Policy which set out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants. Copies of these documents are located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – Comply

The board of a listed entity should:

(a) have an audit committee which:

1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the relevant qualifications and experience of the members of the committee; and
 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or

(b) if it does not have an audit committee, disclose the fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

During the reporting period the Board suspended the Audit and Risk Management Committee due to the reduced size of the board and level of activity. It was deemed appropriate for audit and risk management matters to be discussed during meetings of the full board, with directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances and reinstate the Audit and Risk Management Committee when deemed appropriate.

The procedures detailed in the Audit and Risk Management Committee Charter continue to be relevant and outlines the process employed by the board of directors to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, a copy of which is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 4.2 - Comply

The board of a listed entity should, before it approves the entity's financial statements for a financial period, received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Mr Stephen Parsons (Managing Director) and Mr Michael Naylor (Chief Financial Officer) have provided the Board with a declaration in accordance with S295A of the Corporations Act that all financial statements lodged throughout the reporting period are founded on a sound system of risk management and internal compliance. Their statements assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 4.3 - Comply

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Representatives from the Company's external auditor, BDO, attend each AGM and are available to answer questions from security holders relevant to the audit of the Company.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - Comply

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

To ensure timely and balanced disclosure in accordance with the Listing Rules, the Company has a Continuous Disclosure Policy and a Shareholder Communications Policy, copies of which are located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Principle 6: Respect the rights of security holders

Recommendation 6.1 - Comply

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Company and its operations is located at: <http://www.gryphonminerals.com.au>

Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) is located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 6.2 - Comply

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company respects the rights of its shareholders and is committed to communicating effectively with them. The Company has a Continuous Disclosure Policy and a Shareholder Communications Policy located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

The Chairman, the Managing Director and the Company Secretary have the primary responsibility for communication with shareholders. Information is communicated through:

- continuous disclosure to relevant stock markets of all material information;
- periodic disclosure through the annual, half year and quarterly financial reports;
- notices of meetings and explanatory material;
- investor presentations;
- the annual general meeting; and
- the Company's website.

The Company also makes available a telephone number and email address for shareholders to make enquiries.

The Company's website is updated with material announcements released to the ASX as soon as practicable after confirmation of release, by the ASX. In addition, shareholders can be notified by email of all material announcements by subscribing to the Company's mailing list (this is done via the Company's website).

Gryphon shareholders are also provided an opportunity to ask questions at the Company's AGM, which is also attended by the Company's external auditor (who can answer questions about the annual audit).

Recommendation 6.3 - Comply

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company's Shareholder Communication Policy sets out how the Company communicates with shareholders and the market effectively and is designed to promote a two-way dialogue, a copy of which is located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 6.4 - Comply

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company welcomes electronic communications from its Shareholders via its publicised email address admin@gryphonminerals.com.au.

Upon admission onto the Company's share register the Company's security registry provides shareholders with the option to receive communications from, and send communications to, the Company's security registry electronically, including the Annual Report and Notice of Meeting and electronic voting. Shareholders can also access their personal information and details of their shareholdings via the Company's security registry website.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Comply

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
1. has at least three members, a majority of whom are independent directors; and
 2. is chaired by an independent director, and disclose:
3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board of Directors is responsible for the oversight of risk management at Gryphon. The Board reviews the Company's risk management framework on an annual basis and oversees the:

- the adequacy of the Company's risk management processes;
- any instances of failure of risk management controls e.g. incidents involving fraud; and
- the Company's insurance portfolio

Responsibility for day-to-day control of risk management is delegated to the Managing Director ('MD') and he, in turn, is required to assist the EMT in maintaining internal controls on risk. The EMT is accountable to the MD for risk management within areas under their control, including the dissemination of the risk management process to operational managers. Collectively, the MD and EMT are responsible for:

- the formal identification risks that impact upon Gryphon's business;
- allocation of priorities;
- the development of risk management plans; and
- review of progress against agreed risk management plans.

The Company has a risk management framework that consists of a Risk Management Policy, an internal Risk Management Standard and internal Risk Management Plans (which include risk registers). The aim of the Risk Management Policy is to ensure that risk management is integrated into all Gryphon operations. A copy of the Risk Management Policy is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 7.2 – Do not comply

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The EMT reviews the Company's risk register and reports the results to the Board of Directors on a quarterly basis. Risk Management Workshops are scheduled to be held by the EMT on an annual basis, to identify current and material risks of the Company and to update the Company's risk management framework. However, a group risk management meeting was not held during the current reporting period.

Recommendation 7.3 – Do not comply

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Given the Company's current size and level of activity, the Board does not deem it appropriate to create an internal audit function or engage an external advisor to complete this function. Through external audit procedures and internal risk management policies and procedures the Board considers there to be sufficient processes in place for evaluating and continually improving the effectiveness of its risk management and internal control processes. Copies of the Company's Audit and Risk Management Committee Charter and Risk Management Policy are available at: <http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 7.4 - Comply

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company, as a gold exploration company, faces inherent risks in its activities, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which are continuously developed and updated to help manage these risks. A copy of this policy is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - Comply

The board of a listed entity should:

- (a) have a remuneration committee which:
 - 1. has at least three members, a majority of whom are independent directors; and
 - 2. is chaired by an independent director, and disclose:
 - 3. the charter of the committee;
 - 4. the members of the committee; and
 - 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

During the reporting period the Board suspended the Nomination and Remuneration Committee due to the reduced size of the board and level of activity. It was deemed appropriate for remuneration matters to be discussed during meetings of the full board, with directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances and reinstate the Nomination and Remuneration Committee when deemed appropriate.

The procedures detailed in the Nomination and Remuneration Committee Charter continue to be relevant and outlines the process employed by the board of directors for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. A copy of this policy is available at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

Recommendation 8.2 - Comply

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Company's Nomination and Remuneration Committee Charter and in the Remuneration Report contained in the 2015 Annual Report. The Nomination and Remuneration Committee Charter is located at:

<http://www.gryphonminerals.com.au/index.php/en/corporate-profile-en/corporate-governance>

A copy of the 2015 Annual Report is located at:

<http://www.gryphonminerals.com.au/index.php/en/investors-4/reports>

Recommendation 8.3 - Comply

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

The Company has an equity-based remuneration scheme. The Company has an internal policy on director and employee incentive hedging which imposes securities trading restrictions on Gryphon employees. Under the policy, employees who have been issued Incentives are strictly prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement.